

深圳基本半導體股份有限公司 BASiC Semiconductor Co., Ltd.

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

Stock Code: 9 9 7 1



GLOBAL OFFERING

Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers



(in no particular order)



IMPORTANT

If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.



BASiC Semiconductor Co., Ltd. 深圳基本半導體股份有限公司

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

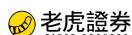
GLOBAL OFFERING

Number of Offer Shares under the Global Offering	: 27,386,200 H Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	: 1,369,400 H Shares (subject to reallocation)
Number of International Offer Shares	: 26,016,800 H Shares (subject to reallocation and the Over-allotment Option)
Maximum Offer Price	: HK\$31.62 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565% (payable in full on application in Hong Kong dollars and subject to refund)
Nominal value	: RMB0.20 per H Share
Stock code	: 9971

*Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers
(in no particular order)*



*Joint Bookrunners and Joint Lead Managers
(in alphabetical order)*



Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be fixed by agreement between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or before Monday, July 6, 2026 (Hong Kong time) and, in any event, not later than 12:00 noon on Monday, July 6, 2026 (Hong Kong time). The Offer Price will be no more than HK\$31.62 and is currently expected to be not less than HK\$27.49 per Offer Share. If, for any reason, the Offer Price is not agreed by 12:00 noon on Monday, July 6, 2026 (Hong Kong time) between the Overall Coordinators (on behalf of the Hong Kong Underwriters) and us, the Global Offering will not proceed and will lapse.

The Overall Coordinators, on behalf of the Underwriters, and with our consent may, where considered appropriate, reduce the number of Hong Kong Offer Shares and/or the indicative Offer Price range below that is stated in this prospectus (which is HK\$27.49 to HK\$31.62) at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published on the website of the Company at www.basicesemi.com and on the website of the Stock Exchange at www.hkexnews.hk as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. Further details are set forth in "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares".

Prior to making an investment decision, prospective investors should consider carefully all of the information set out in this prospectus, including the risk factors set out in "Risk Factors".

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Overall Coordinators (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. See "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination".

Our Company is a Specialist Technology Company (as defined in Chapter 18C of the Listing Rules). The securities of Specialist Technology Companies carry high investment risks including risks of share price volatility and inflated valuation due to the difficulty in valuing such companies. Investors should fully understand the investment risks of a Specialist Technology Company and the risks disclosed by our Company before making their investment decisions.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of U.S. persons (as defined in Regulation S), except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares may be offered, sold or delivered outside the United States to non-U.S. persons in offshore transactions in accordance with Regulation S.

June 29, 2026

IMPORTANT

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide any printed copies of this prospectus for use by the public.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the “*HKEXnews > New Listings > New Listing Information*” section, and our website at www.basicsemi.com. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

To apply for the Hong Kong Offer Shares, you may:

- (1) apply online through the **White Form eIPO** service at www.eipo.com.hk; or
- (2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give **electronic application instructions** via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an **intermediary, broker or agent**, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses above.

For further details, see “How to Apply for Hong Kong Offer Shares” for the procedures through which you can apply for the Hong Kong Offer Shares electronically.

IMPORTANT

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 200 Hong Kong Offer Shares and in one of the numbers set out in the table below.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

BASiC Semiconductor Co., Ltd. (HK\$31.62 per Hong Kong Offer Share)							
NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS							
No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application
	HK\$		HK\$		HK\$		HK\$
200	6,387.78	4,000	127,755.55	60,000	1,916,333.26	300,000	9,581,666.31
400	12,775.55	5,000	159,694.44	70,000	2,235,722.14	350,000	11,178,610.70
600	19,163.33	6,000	191,633.32	80,000	2,555,111.01	400,000	12,775,555.08
800	25,551.11	7,000	223,572.22	90,000	2,874,499.90	450,000	14,372,499.46
1,000	31,938.89	8,000	255,511.10	100,000	3,193,888.76	500,000	15,969,443.86
1,200	38,326.66	9,000	287,449.99	120,000	3,832,666.52	550,000	17,566,388.24
1,400	44,714.45	10,000	319,388.88	140,000	4,471,444.27	600,000	19,163,332.62
1,600	51,102.23	20,000	638,777.75	160,000	5,110,222.03	650,000	20,760,277.00
1,800	57,490.01	30,000	958,166.63	180,000	5,748,999.79	684,600 ⁽¹⁾	21,865,362.52
2,000	63,877.77	40,000	1,277,555.51	200,000	6,387,777.55		
3,000	95,816.66	50,000	1,596,944.39	250,000	7,984,721.93		

(1) Maximum number of Hong Kong Offer Share you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

EXPECTED TIMETABLE⁽¹⁾

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at www.basicsemi.com and the website of the Stock Exchange at www.hkexnews.hk.

Hong Kong Public Offering commences 9:00 a.m. on
Monday, June 29, 2026

Latest time for completing electronic applications under
the designated website at www.eipo.com.hk⁽²⁾ 11:30 a.m. on
Friday, July 3, 2026

Application lists of the Hong Kong Public Offering open⁽³⁾ 11:45 a.m. on
Friday, July 3, 2026

Latest time for (a) completing payment of **White Form eIPO**
applications by effecting internet banking transfer(s)
or PPS payment transfer(s) and (b) giving
electronic application instructions to HKSCC⁽⁴⁾ 12:00 noon on
Friday, July 3, 2026

If you are instructing your **broker** or **custodian** who is a HKSCC Participant to give **electronic application instructions** via HKSCC's FINI system terminals to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists of the Hong Kong Public Offering close⁽³⁾ 12:00 noon on
Friday, July 3, 2026

Expected Price Determination Date⁽⁵⁾ by 12:00 noon on
Monday, July 6, 2026

(1) Announcement of

- Offer Price;
- an indication of the level of interest in the International Offering;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares under the Hong Kong Public Offering;

to be published on the websites of the Stock Exchange
at www.hkexnews.hk and our Company at

www.basicsemi.com⁽⁶⁾ no later than 11:00 p.m. on
Tuesday, July 7, 2026

(2) Announcement of results of allocations in the Hong Kong
Public Offering (including successful applicants'
identification document numbers, where appropriate)
to be available through a variety of channels as
described in "How to Apply for
Hong Kong Offer Shares — B. Publication of Results"
including:

in the website of the Stock Exchange at

www.hkexnews.hk and our Company's website

at www.basicsemi.com⁽⁶⁾ no later than 11:00 p.m. on
Tuesday, July 7, 2026

EXPECTED TIMETABLE⁽¹⁾

in the designated results of allocations website

at www.iporesults.com.hk (alternatively:

www.eipo.com.hk/eIPOAllotment) with

a “search by ID” function from 11:00 p.m. on
Tuesday, July 7, 2026
to 12:00 midnight on
Monday, July 13, 2026
(excluding Saturday,
Sunday and public
holiday in Hong Kong)

from the allocation results telephone enquiry

line by calling +852 2862 8555 between⁽¹⁰⁾

9:00 a.m. and 6:00 p.m. Wednesday, July 8, 2026
to Monday, July 13, 2026
(excluding Saturday, Sunday and
public holiday in Hong Kong)

Despatch of H Share certificates or deposit of
the H Share certificates into CCASS in respect of
wholly or partially successful applications
pursuant to the Hong Kong Public Offering
on or before⁽⁷⁾ Tuesday, July 7, 2026

Despatch/Collection of refund checks and **White**
Form e-Refund payment instructions in respect of
wholly or partially unsuccessful applications
pursuant to the Hong Kong Public Offering
on or before⁽⁸⁾⁽⁹⁾ Wednesday, July 8, 2026

Dealings in H Shares on the Stock Exchange
expected to commence at 9:00 a.m. on
Wednesday, July 8, 2026

Notes:

- (1) All times and dates refer to Hong Kong local times and dates.
- (2) You will not be permitted to submit your application through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (3) If there is/are Severe Weather Signal(s) (as defined in “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements”) in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Friday, July 3, 2026, the application lists will not open or close on that day. Further information is set out in “How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements”.
- (4) Applicants who apply for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to “How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 2. Application Channels”.
- (5) The Price Determination Date is expected to be on or before Monday, July 6, 2026, and in any event, not later than 12:00 noon on Monday, July 6, 2026. If, for any reason, the Offer Price is not agreed between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us by 12:00 noon on Monday, July 6, 2026, the Global Offering will not proceed and will lapse.
- (6) None of the websites or any of the information contained on the websites forms part of this prospectus.
- (7) H Share certificates are expected to be issued on Wednesday, July 8, 2026 but will only become valid evidence of title at around 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects and the right of termination described in “Underwriting — Hong Kong Underwriting Arrangements — Hong Kong Public Offering — Grounds for Termination” has not been exercised. Investors who trade H Shares before the receipt of H Share certificates or before they become valid do so entirely of their own risk.
- (8) **White Form** e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application. Part of the applicant’s identification document number, or, if the application is made by joint applicants, part of the identification document number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s identification document number before encashment of the refund check. Inaccurate completion of an applicant’s identification document number may invalidate or delay encashment of the refund check.

EXPECTED TIMETABLE⁽¹⁾

- (9) Applicants who have applied for Hong Kong Offer Shares through the **HKSCC eIPO** channel should refer to “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share certificates and Refund of Application Monies” for details.

For applicants who apply through the **White Form eIPO** service and paid the application monies from a single bank account, **White Form** e-Refund payment instructions (if any) will be despatched to their application payment bank account on Wednesday, July 8, 2026. For applicants who apply through the **White Form eIPO** service and used multi-bank accounts to pay the application monies, refund check in favour of the applicant (or, in the case of joint applications, the first-named applicant) (if any) will be despatched to the address specified in their electronic application instruction to the **White Form eIPO** Service Provider on or before Wednesday, July 8, 2026 at their own risk.

Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce evidence of identity acceptable to our H Share Registrar at the time of collection. Any uncollected H Share certificates and/or refund checks will be despatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed “How to Apply for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies”.

The above expected timetable is a summary only. You should read carefully the sections headed “Underwriting”, “Structure of the Global Offering” and “How to Apply for Hong Kong Offer Shares” for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of Severe Weather Signals and/or Extreme Conditions and the despatch of refund checks and H Share certificates.

CONTENTS

IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by our Company solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to subscribe for or buy any security other than the Hong Kong Offer Shares. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not included in this prospectus must not be relied on by you as having been authorized by us, the Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Capital Market Intermediaries, and Underwriters, any of our or their respective directors or advisors, or any other person or party involved in the Global Offering. Information contained on our website, located at www.basicsemi.com, does not form part of this prospectus.

	<i>Page</i>
Expected Timetable	iv
Contents	vii
Summary	1
Definitions	19
Glossary of Technical Terms	28
Forward-Looking Statements	32
Risk Factors	33
Waivers from Strict Compliance with the Listing Rules	55
Information about this Prospectus and the Global Offering	58
Directors and Parties Involved in the Global Offering	61
Corporate Information	65
Industry Overview	67
Regulatory Overview	80
History, Development and Corporate Structure	91
Business	135
Continuing Connected Transaction	208
Directors and Senior Management	212
Relationship with Our Controlling Shareholders	220
Substantial Shareholders	225
Share Capital	227
Financial Information	229
Future Plans and Use of Proceeds	259
Underwriting	263

CONTENTS

Structure of the Global Offering	273
How to Apply for Hong Kong Offer Shares	280
Appendix I – Accountants’ Report	I-1
Appendix II – Unaudited Pro Forma Financial Information	II-1
Appendix III – Taxation and Foreign Exchange	III-1
Appendix IV – Summary of Articles of Association	IV-1
Appendix V – Statutory and General Information	V-1
Appendix VI – Documents Delivered to the Registrar of Companies and Available on Display	VI-1

SUMMARY

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you. You should read the whole prospectus before you decide to invest in the Offer Shares. In particular, we are a specialist technology company seeking to list on the Main Board of the Stock Exchange under Chapter 18C of the Listing Rules because we are unable to meet the requirements under Rule 8.05 (1), (2) or (3) of the Listing Rules. There are unique challenges, risks and uncertainties associated with investing in companies such as ours. In addition, we have incurred gross loss and operating loss since our inception, and we may incur gross loss, adjusted net loss (non-IFRS measure) and operating loss for the foreseeable future. We had net cash used in operating activities during the Track Record Period. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your investment decision should be made in light of these considerations.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed “Risk Factors” in this prospectus. You should read that section carefully in full before you decide to invest in the Offer Shares.

OVERVIEW

Founded in 2016, we engage in the research, development, manufacturing and sales of silicon carbide (SiC) power devices in China. We primarily offer automotive- and industrial-grade SiC power modules, SiC discrete devices and power semiconductor gate drivers.

China’s SiC power device market is highly competitive. From 2020 to 2024, China’s SiC power device market, in terms of sales revenue, increased from RMB1.1 billion in 2020 to RMB6.9 billion in 2024 with a CAGR of 59.7%. Such number is expected to rise at a CAGR of 47.1% from 2025 to 2029 and the market size is projected to reach RMB42.8 billion in 2029. According to Frost & Sullivan, in terms of revenue in 2024, we ranked sixth in China’s SiC power module markets with a market share of 2.9%. In terms of revenue in 2024, we ranked ninth and ninth, respectively, in China’s SiC discrete device market and power semiconductor gate driver market, with market share of 2.7% and 1.7%, respectively. These markets are highly concentrated, dominated by a few major international players. According to Frost & Sullivan, in terms of revenue in 2024, major international players (namely, the three largest market players) have a market share of over 50.0% in both China’s SiC power module markets and SiC discrete device market, respectively.

Our Loss-making Position

We incurred gross loss and net loss since our inception. During the Track Record Period, we incurred gross loss because the cost of goods sold and other direct costs exceeded revenue from sales. More specifically, we incurred gross losses mainly due to our market-centric pricing strategies, high raw material costs and significant initial depreciation from new production lines. During the Track Record Period, our net loss experienced certain fluctuations, primarily attributable to revenue growth, gross margin volatility and increases in expenses. See “Financial Information — Year-to-year Comparison of Results of Operations.” Similarly, our net current liabilities primarily resulted from strategic investments to capture market opportunities and production line construction, funded through well-thought debt arrangements. In addition, our net outflow of operating cash reflected our ongoing high investment in R&D, branding and production capacity to capture market opportunities. See “Business — Path to Profitability.”

Set out below is a summary of our key financial data for the Track Record Period:

	Year ended/As of December 31,		
	2023	2024	2025
Gross loss (RMB’000)	(131,564)	(28,981)	(33,860)
Gross loss margin (%) ⁽¹⁾	(59.6)	(9.7)	(10.9)
Net loss (RMB’000)	(342,195)	(237,102)	(335,217)
Net loss margin (%) ⁽²⁾	(155.1)	(79.3)	(107.6)
Net current liabilities (RMB’000)	(87,656)	(293,885)	(278,902)
Net cash used in operating activities (RMB’000)	(119,682)	(24,068)	(111,506)

Notes:

- (1) Gross loss margin equals gross loss for the year divided by revenue for the same year, multiplied by 100%.
(2) Net loss margin equals net loss for the year divided by revenue for the same year, multiplied by 100%.

SUMMARY

OUR BUSINESS MODEL

Our IDM Model

We adopted an integrated device manufacturer (IDM) model in 2020. We have full-suite in-house mass production capabilities spanning wafer fabrication and module packaging, supplemented by gate driver design and testing, enabling seamless synergy between R&D and manufacturing. While maintaining core manufacturing capabilities, we have established partnerships with leading domestic and international SiC material suppliers and foundries. By incorporating foundry-specific process characteristics into our design phase, we are able to leverage the capabilities of process platforms at the foundries, thereby enhancing product performance and reliability. We have developed proprietary processes through in-house research at our wafer fab for critical manufacturing steps, such as high-temperature ion implantation process and gate oxide process, which, when transferred to foundries, further optimize outcomes.

Our Products

We focus on the third-generation power semiconductor industry, which features compound semiconductors using materials such as SiC and gallium nitride (GaN). The market is trending towards third-generation semiconductor due to their superior characteristics such as high breakdown electric field strength, high thermal conductivity. SiC has been widely adopted in high-voltage and high-current scenarios such as new energy vehicles (NEV), renewable energy systems, smart grids, and industrial motor drives, gradually replacing conventional silicon-based power semiconductor devices and driving the evolution of power electronics and supporting the transition to more sustainable and efficient technologies. We offer SiC power modules, SiC discrete devices, and power semiconductor gate drivers, each suited to different application scenarios.

As an IDM, we design, develop and manufacture SiC and gate driver products, suitable for a range of application areas, including (i) NEVs, and (ii) renewable energy and industrial applications.

SiC Power Modules

We are dedicated to delivering high-frequency and high-power-density integrated SiC products. We primarily provide two types of power modules, which are produced using transfer molding and gel potting, respectively. These modules, with power capacities ranging from 200kW to up to 500kW, are suitable for a diverse range of automotive applications.

In response to the industry's transition from silicon-based insulated gate bipolar transistors (IGBTs) to SiC power modules in NEVs — a shift motivated by the demand for enhanced efficiency, compact designs, superior performance and increased reliability — we have developed a diverse array of SiC power module products specifically tailored for the main traction inverters. Furthermore, capitalizing on our expertise developed through the creation of automotive-grade SiC power modules, we have expanded our portfolio to encompass industrial-grade SiC power modules. Our industrial-grade SiC power modules feature low conduction loss and low switching loss.

SiC Discrete Devices

We design, develop and manufacture SiC discrete devices, featuring SiC metal oxide semiconductor field effect transistors (MOSFETs) and SiC Schottky diodes, for various applications, including automotive and industrial electronics sectors. Leveraging our technology platform, we are dedicated to the development and mass production of our flagship products with voltage ratings of 650V, 750V and 1200V, designed to meet the diverse application needs of industrial power supplies such as PV systems, energy storage systems, industrial controls, as well as data and server centers.

Power Semiconductor Gate Drivers

Power semiconductor gate drivers are critical components that facilitate the efficient operation of power transistors, such as both silicon- and SiC-based MOSFETs and IGBTs, by providing the requisite voltage and current for their activation and deactivation. Essential in applications like inverters, motor drives and power converters, gate drivers contribute significantly to the efficiency and reliability of power electronic systems by ensuring precise control and optimized thermal management.

SUMMARY

We primarily offer two types of gate driver products, including gate driver integrated circuits (ICs) and gate driver boards, covering various power electronics application scenarios and addressing high-end application requirements. Furthermore, to meet the increasing power demands and the growing number of parallel modules required in renewable energy applications such as wind power, photovoltaics and energy storage systems, we have introduced integrated gate driver products. Our integrated gate driver products offer a maximum power of up to 3MW, a maximum single-channel power of 4W and a peak current of 60A.

Key Operational and Financial Data

The table below sets forth the sales volume, average selling price (ASP) and key financial data by product line:

	Year ended December 31,																	
	2023					2024					2025							
	Sales Volume	ASP ⁽¹⁾	Revenue	% of total revenue	Gross loss/profit	Gross margin	Sales Volume	ASP ⁽¹⁾	Revenue	% of total revenue	Gross loss/profit	Gross margin	Sales Volume	ASP ⁽¹⁾	Revenue	% of total revenue	Gross loss/profit	Gross margin
	(unit)	(RMB)	(RMB'000)	(%)	(RMB'000)	(%)	(unit)	(RMB)	(RMB'000)	(%)	(RMB'000)	(%)	(unit)	(RMB)	(RMB'000)	(%)	(RMB'000)	(%)
SiC power modules . . .	30,106	2,558.7	77,033	34.9	(50,820)	(66.0)	61,755	2,357.2	145,567	48.7	(40,605)	(27.9)	180,768	677.0	122,373	39.3	(29,253)	(23.9)
Automotive-grade . . .	30,104	2,559	77,031	34.9	(50,821)	(66.0)	61,401	2,369	145,445	48.6	(40,666)	(28.0)	50,367	1,769	89,087	28.6	(41,247)	(46.3)
Industrial-grade	2	752	2 ⁽²⁾	0.0	1 ⁽²⁾	84.7 ⁽²⁾	354	344	122	0.0	61	50.0	130,401	255	33,286	10.7	11,994	36.0
SiC discrete devices . . .	14,900,596	3.5	52,630	23.9	(96,870)	(184.1)	9,043,934	5.7	51,982	17.4	(50,159)	(96.5)	8,566,373	6.8	58,389	18.8	(38,200)	(65.4)
Power semiconductor gate drivers	404,261	165.3	66,832	30.3	30,430	45.5	1,670,153	48.0	80,092	26.8	37,151	46.4	1,224,516	83.8	102,607	33.0	34,820	33.9

Notes:

- (1) The ASP is a mathematical average calculated by dividing relevant revenue with sales volume. The sales price of individual products under the same category may vary significantly based on specifications and functionalities.
- (2) The revenue and gross profit for industrial-grade SiC power modules in 2023 was RMB1,504.4 and RMB1,274.0, respectively, leading to a gross profit margin of 84.7%.

SUMMARY

SiC Power Modules

The sales volume of our SiC power modules increased in 2024 compared to 2023, primarily due to the completion of qualification of our automotive-grade modules in 2023 and the rapid increase in demand from leading customers in 2024. The sales volume of our SiC power modules further increased in 2025, primarily due to the commencement of mass delivery for industrial-grade SiC power modules in the second half of 2025 in line with rapidly growing demand for industrial-grade SiC power modules, which was partially offset by a decrease in sales volume of our automotive-grade SiC power modules, mainly as a result of lower-than-expected sales of relevant vehicle models by one of our major customers amid intense market competition.

The ASP of our SiC power modules remained relatively stable in 2024 compared to 2023. The ASP of our SiC power modules decreased in 2025, primarily attributable to the increase in sales of industrial-grade products, which are typically priced lower than the automotive-grade products due to fewer chips and less packaging materials required. Specifically, the decrease in ASP of our automotive-grade SiC power modules was mainly due to (a) our strategic reduction of sales prices in the second half of 2025 to maintain long-term customer relationships; and (b) our forward-looking pricing strategy under which we set competitive pricing incorporating expected future cost optimization and long-term profitability considerations in order to accelerate customer acquisition and market penetration for automotive-grade SiC power modules.

In addition, the decrease in ASP of our industrial-grade SiC power modules was mainly due to (a) our transition from the small-batch sample production to mass production, leading to less technology validation and customer customization which are typically required during sample production stage, and therefore lower sales prices; and (b) change in product mix, as revenue contribution from products with lower voltage and current specifications increased due to the varying requirements of customers. These products had fewer chip count and lower packaging requirements and, accordingly, lower sales prices compared with products with higher voltage and current specifications.

Notwithstanding the fact that our industrial-grade SiC power modules are typically priced lower than the automotive-grade products, industrial-grade SiC power modules generally had better gross margin than automotive-grade products. Our industrial-grade SiC power modules are already applied to the industrial power and energy-storage sectors, establishing first-mover advantages and industry barriers. As a result, our principal models have shown strong profitability. In addition, our relatively strong bargaining power with our customers, given the extensive application scenarios and the relatively dispersed customer base, also contributed to the strong profitability. According to Frost & Sullivan, the gross profit margin profile for the industrial-grade SiC power module industry is generally better than that for automotive-grade SiC power modules.

As a result of the foregoing, revenue from SiC power modules increased from 2023 to 2024 but decreased from 2024 to 2025. Our gross loss and gross loss margin for SiC power modules narrowed in 2024 compared to 2023, primarily due to improved gross loss margin of our automotive-grade SiC power modules as a result of reduced apportioned fixed costs per product, supply chain management advantages, lower material costs, improved production processes and higher yields as we achieved economies of scale. Our gross loss and gross loss margin for SiC power modules further narrowed in 2025, mainly due to the increased revenue contribution from industrial-grade SiC power modules, which generally had better gross margin than automotive-grade products. Nonetheless, the gross profit margin for industry-grade SiC power modules decreased during the same period, mainly as a result of the transition from the small-batch sample production to mass production and change in product mix, as discussed above.

SiC Discrete Devices

For SiC discrete devices, although the SiC discrete device market remained competitive and SiC Schottky diode products continued to face profitability pressure due to market oversupply and aggressive industry pricing, the ASP of our SiC discrete devices increased during the Track Record Period, primarily as a result of the increased contribution from higher-value SiC MOSFET products. In the meantime, the sales volume of our SiC discrete devices decreased during the Track Record Period. We selectively reduced offerings of certain SiC Schottky diode products with relatively low technological barriers, large sales volume and low ASP, and reallocated resources toward SiC MOSFET products with higher technical barriers, higher ASP and broader application scenarios, including welding machines and PV inverters.

As a result of the foregoing product mix optimization, our revenue from SiC discrete devices remained relatively stable from 2023 to 2024 and increased from 2024 to 2025, and our gross loss margin improved from 2023 to 2025. In addition, our improved product design and production processes, which increased yields and enhanced our ability to utilize domestic equipment and materials with relatively lower costs while maintaining product quality, further supported the improved gross loss margin of our SiC discrete devices.

SUMMARY

Power Semiconductor Gate Drivers

For power semiconductor gate drivers, the ASP decreased significantly from 2023 to 2024 while sales volume increased significantly, primarily because we increased the offering and sales of gate driver IC products in line with market demand and cleared inventories of low-integration general-purpose products, while excluding gate driver IC products, ASP remained relatively stable. From 2024 to 2025, ASP increased while sales volume decreased, primarily due to changes in product mix, as we significantly reduced the offering and sales of gate driver IC products and increased sales of gate driver board products, which are designed for high-power applications and have higher technical barriers and greater product value.

Revenue increased throughout the Track Record Period, primarily due to our development and increased sales of gate driver board products for more application scenarios, especially in the renewable energy and industrial applications, in line with increased market demand, as well as our enhanced sales efforts to acquire new, high-quality customers. Gross profit margin decreased in 2025 compare to 2024, primarily due to changes in product mix within our gate driver board products and customer mix, with a higher proportion of sales at lower margins to achieve higher sales volume with certain leading customers and enlarge our market share.

The table below sets forth our additional key operational data:

	Year ended December 31,					
	2023		2024		2025	
	Automotive electronics	Renewable energy and industrial applications	Automotive electronics	Renewable energy and industrial applications	Automotive electronics	Renewable energy and industrial applications
Number of customers	50	540	51	459	39	426
Number of new customers ⁽¹⁾	35	285	34	220	25	198
Average customer value (RMB'000) ⁽²⁾⁽⁶⁾	4,807	1,129	11,226	1,263	7,802	1,959
Average transaction value (RMB'000) ⁽³⁾⁽⁶⁾	35	25	32	26	30	30
Customer retention rate (%) ⁽⁴⁾⁽⁶⁾	66.7	62.5	50.0	48.8	53.8	56.4
Net revenue retention rate (%) ⁽⁵⁾	94.1	80.8	96.8	73.5	97.8	81.6

Notes:

- (1) Number of new customers in a given period refers to customers who contributed to our revenue in that period and did not do so in the previous period.
- (2) The average customer value for a given period is calculated by dividing the revenue from the application area in that period by the number of customers operating in that application area during the same period.
- (3) Average transaction value for a given period is calculated by dividing revenue from the application area in that period by the number of corresponding transactions during the period.
- (4) Customer retention rate is calculated by dividing the number of customers that contributed to our revenue in both the current and previous periods by the number of customers in the previous period, and then multiplying by 100%.
- (5) Net revenue retention rate is calculated by dividing the revenue generated from the customers in the current year by the revenue generated from the same customers in the immediately preceding year.
- (6) Our calculation is based on mass-delivery customers and their transactions, excluding the impact of sampling transactions that had insignificant value or other incidental transactions.

The average customer value for automotive electronics products increased from RMB4.8 million in 2023 to RMB11.2 million in 2024, primarily attributable to the completion of qualification of our automotive-grade modules in 2023 and the rapid increase in demand from leading customers in 2024. The average customer value from automotive electronics decreased from RMB11.2 million in 2024 to RMB7.8 million in 2025, primarily due to decreases in selling prices of automotive-grade SiC power module products and decreases in customers' demand.

The general decreasing trend in the number of customers and new customers from the automotive electronics and renewable energy and industrial applications sectors during the Track Record Period was primarily attributable to (i) our discontinuation of certain lower-margin products, which led to the termination of cooperation with certain customers; and (ii) our strategic focus on higher-quality customers and improved product qualification pass rates, leading to a more concentrated but higher-value customer base.

SUMMARY

The customer acquisition cost, defined as the selling and distribution expenses, deducting the share-based payments expenses, and then divided by the number of new customers (not including distributors) for each year, amounted to RMB103.3 thousand, RMB119.7 thousand and RMB129.0 thousand in 2023, 2024 and 2025, respectively. The increasing trend from 2023 to 2025 was primarily because of (i) our strategy of leveraging high technical barriers to entry to acquire high-end, international customers, whose validation processes are more complex; (ii) our increased sales of products with relatively high technological barriers that lead to greater investment in marketing, demonstrations and after-sales support; and (iii) our strategic reduction in the promotion of products with low technological barriers which led to a decrease in the number of new customers acquired, resulting in an increase in customer acquisition cost.

During the Track Record Period, the majority of our revenue was derived from sales to the renewable energy and industrial application scenarios. The revenue derived from sales to the automotive electronics application scenarios in each year during the Track Record Period as a proportion to our total revenue generally ranged from approximately 28% to approximately 50% and, despite fluctuations, showed an overall decreasing trend during the Track Record Period. The revenue derived from sales to the renewable energy and industrial application scenarios in each year as a proportion to our total revenue generally ranged from approximately 50% to 72% and, despite fluctuations, showed an overall increasing trend during the Track Record Period. The gross margin of our sales to the renewable energy and industrial application scenarios was generally better than that of our sales to the automotive electronics application scenario, primarily due to more stringent qualification requirements, longer validation cycles and higher cost structures, as well as more intense competition and pricing pressure in automotive electronics applications, which is in line with the industry norm, according to Frost & Sullivan.

Research and Development

Our ability to develop new technologies, design new products, and enhance existing products is critical for maintaining our market position. Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products which help maintain our technological advantages and market competitiveness. Each of our core R&D team members has more than 16 years of experience in the power device industry. As of December 31, 2025, our R&D team consisted of 155 members, approximately 79.4% of which held a bachelor's degree or above. Our R&D team represented 29.5% of total employees as of the same date. We incurred R&D expenses of RMB75.8 million in 2023, RMB91.1 million in 2024 and RMB109.7 million in 2025.

Specialist Technology Industries

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that based on the above, each of our products falls within an acceptable sector of a Specialist Technology Industry, namely, Semiconductors under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules. Accordingly, we meet the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules.

INTELLECTUAL PROPERTY RIGHTS

As of December 31, 2025, we held 170 patents, including 72 invention patents, 81 utility patents and 17 design patents, and had filed 132 patent applications. As of the same date, we also had 48 layout-designs of ICs, three software copyrights, four domain names and 39 registered trademarks. We had 16 registered trademarks and eight trademark applications overseas as of December 31, 2025. In addition, we have been using five trademarks of Bronze Group registered in the PRC on a royalty-free basis in the business of our Group since our establishment, and we intend to continue to use these trademarks in such connection after the Listing. We acquire key patented technologies through self-development. We use patents to protect our core fundamental technologies that are used in various types of products across different application scenarios. As of December 31, 2025, we co-owned three patents with our Controlling Shareholder and had no co-ownership or co-sharing arrangements of our patents and patent applications with other third parties. According to the agreement reached between us and our Controlling Shareholder and the relevant PRC laws and regulations, the rights and commercial interests of the co-owned patents are equally shared between us and our Controlling Shareholder. None of these co-owned patents relates to our key technologies or any of our Specialist Technology Products.

SUMMARY

MANUFACTURING

Set forth below are the production capacity, production volume and utilization rates of our production bases for the years indicated:

	Year ended December 31,								
	2023			2024			2025		
	Production Capacity ⁽¹⁾	Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Production Capacity ⁽¹⁾	Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Production Capacity ⁽¹⁾	Production Volume ⁽²⁾	Utilization Rate ⁽³⁾
			(%)			(%)			(%)
Guangming production base ⁽⁴⁾ (pieces)	–	–	–	6,750	3,052	45.2	8,625	5,943	68.9
Wuxi production base ⁽⁵⁾⁽⁶⁾ (units)	60,000	29,533	49.2	120,000	63,119	52.6	120,000	48,022	40.0
Pingshan testing base ⁽⁶⁾ (units)	500,000	376,303	75.3	550,000	437,520	79.5	750,000	685,875	91.5

Notes:

- (1) The production capacity for each year is calculated based on the hourly capacity and working hours of the respective production base.
- (2) The production volume refers to actual production of respective products of each production base for the relevant period.
- (3) The utilization rate during the year is calculated by dividing production volume by the production capacity for the same period.
- (4) Our Guangming production base commenced operation in April 2024.
- (5) Our Wuxi production base commenced operation in July 2022. The production capacity of our Wuxi production base increased from 2023 to 2024, primarily because we strategically expanded our in-house production capacity in response to growing customer demand and remained stable in 2025. The utilization rate of our Wuxi production base increased from 49.2% in 2023 to 52.6% in 2024 and decreased to 40.0% in 2025, primarily due to the changes in customer demand particularly for automotive-grade SiC power modules, which resulted in lower production volume.
- (6) The production capacity and production volume of our Wuxi production base is measured in terms of three-phase full-bridge modules.

SALES AND MARKETING

We have an experienced and highly trained sales and marketing team that proactively identifies market opportunities and designs sales strategies. Our products are sold through both direct sales and distributorship. We adopt direct sales mainly for our automotive-grade SiC power modules and most of our power semiconductor gate drivers (which are customized), which allows us to accurately grasp and address customer needs. We generally adopt a distribution model to sell our more standardized products, such as industrial-grade SiC power modules, SiC discrete devices and a small portion of power semiconductor gate drivers (which are standardized). This facilitates rapid establishment of regional sales networks, thereby enhancing our market penetration.

CUSTOMERS AND SUPPLIERS

We serve companies operating in various industries, including automotive electronics and renewable energy and industrial applications. Our customers in the automotive industry are primarily leading automotive manufacturers and their Tier-1 Suppliers. Our customers in the renewable energy and industrial applications are primarily reputable companies operating in the wind power, solar power, energy storage and rail transportation sectors. Revenue generated from our largest customer in each year during the Track Record Period accounted for 29.7%, 45.5% and 20.6% of our total sales in the respective years. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 46.4%, 63.1% and 40.4% of our total sales during those periods.

Our major suppliers are suppliers of SiC wafers, SiC epitaxial wafers, as well as production equipment and machinery. Starting from 2024, we began procuring raw materials for outsourced manufacturing services, enabling better control over material quality and supply, as well as improved cost efficiency. Purchases from our largest supplier in each year during the Track Record

SUMMARY

Period accounted for 20.2%, 26.5% and 21.0%, respectively, of our total purchase amount during those periods. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 52.4%, 43.9% and 38.2% of our total purchases in the respective years.

COMPETITIVE LANDSCAPE

As the market trends towards third-generation semiconductor materials, SiC stands out as an ideal choice for high-power, high-temperature and high-frequency applications with its wide bandgap, high thermal conductivity and excellent radiation resistance. We are a major player in the SiC semiconductor industry, with a track record of innovation that positions us at the forefront of the industry's evolution. These markets are highly concentrated, dominated by a few major international players. According to Frost & Sullivan, in terms of revenue in 2024, major international players (namely, the three largest market players) have a market share of over 50% in both China's SiC power module markets and SiC discrete device market, respectively.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in “Risk Factors” in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. We believe the most significant risks we face include, but are not limited to, the following: (i) if we fail to develop new products that address end customer preferences and achieve market acceptance in a timely and cost-effective manner, our business, results of operation and future prospects could be adversely affected; (ii) we have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve; (iii) the SiC power device industry is highly competitive. If we are not able to compete successfully, our business, results of operation and future prospects will be harmed; (iv) we incurred gross loss for the sales of our SiC semiconductor products during the Track Record Period; (v) we have incurred significant operating losses and net losses during the Track Record Period and may not be able to achieve or subsequently maintain profitability in the near future.

THE CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, Dr. Wang controlled 45.98% of the voting power at the general meetings of our Company, comprising (i) 19.56% beneficially owned by Bronze Group, which is owned as to (a) 40.85% by Dr. Wang directly, (b) 27.35% by Bronze Holding LP, which is controlled by Dr. Wang as its general partner, (c) 19.57% by InteBridge Tech, which is owned as to 13.00% by Dr. Wang and as to 25.00% by Ms. Wang Yongmiao (王永苗), Dr. Wang's mother, and pursuant to the concert party agreement between Dr. Wang and InteBridge Tech, they agreed to act in concert with respect to their shareholder rights in Bronze Group, including voting and proposing resolutions, with Dr. Wang's decision prevailing in case of disagreement, and (d) 12.23% by Ms. Wang Yongmiao; (ii) 6.65% beneficially owned by BASiC Principle LP, which is controlled by Dr. Wang as its general partner; (iii) 6.38% beneficially owned by BASiC Createnjoy LP, which is controlled by Dr. Wang as its general partner; (iv) 4.33% by BASiC Innotech LP, which is controlled by Dr. Wang as its general partner; (v) 4.15% beneficially owned by BASiC Creation LP, which is controlled by Dr. Wang as its general partner; (vi) 3.52% beneficially owned by BASiC Entrepreneur LP, which is controlled by Dr. Wang as its general partner; and (vii) 1.39% beneficially owned by BASiC Original LP, which is controlled by Dr. Wang as its general partner. BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP are employee share incentive platforms of our Company. Therefore, Dr. Wang, Ms. Wang Yongmiao, Bronze Holding LP, InteBridge Tech, Bronze Group, BASiC Principle LP, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, BASiC Entrepreneur LP and BASiC Original LP were a group of Controlling Shareholders (“**Controlling Shareholders Group**”) as of the Latest Practicable Date. Immediately after completion of the Global Offering, the Controlling Shareholders Group will, directly and indirectly continue to control in aggregate approximate 41.84% of total issued share capital of our Company (assuming the Over-allotment Option is not exercised). See “Relationship with Our Controlling Shareholders” for further details.

SUMMARY

PRE-IPO INVESTMENTS

To fund our strategic development and broaden our shareholder base, we have conducted several rounds of Pre-IPO Investments since the establishment of our Company. See “History, Development and Corporate Structure — Pre-IPO Investments” for details. Our Company issued ordinary Shares (representing the number of shares after conversion into a joint stock company) to certain Pre-IPO investors for a total net cash proceeds of approximately RMB1,032 million.

The Pre-IPO Investors were granted special rights including, among others, veto right, director/supervisor nomination or appointment right, right to prior consent for certain corporate actions, pre-emptive right, anti-dilution right, liquidation preferences, most favorable treatment, information rights and redemption rights (collectively the “**Special Rights**”) pursuant to the shareholders’ agreements and share subscription agreements. On 31 July 2023, the Company and the relevant Pre-IPO Investors entered into supplemental agreements (collectively, the “**2023 Agreements**”), agreeing that certain Special Rights granted by the Company to the relevant Pre-IPO Investors, including redemption rights undertaken by the Company (i.e. rights requiring the Company repurchase shares and to pay the repurchase price), liquidation preferences and anti-dilution rights, have been irrevocably terminated and shall be deemed void prior to the commencement of the Track Record Period. Taking into account the PRC legal and regulatory framework, which is the jurisdiction of our Company, and the PRC law, which governs the 2023 Agreements, and based on the PRC Legal Adviser’s view that the retrospective termination of the relevant rights granted to the Pre-IPO Investors pursuant to the 2023 Agreements does not violate any applicable PRC laws, and that such rights could be validly terminated on a retrospective basis under the 2023 Agreements, our Directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Track Record Period.

Had the Special Rights granted by our Company to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the finance costs associated with the redemption financial liabilities, the net loss for the year, basic and dilutive loss per share would have been:

	Year ended December 31, 2023 RMB’000
Financial costs associated with the redemption financial liabilities	48,626
Total net loss	(390,821)
Basic and dilutive loss per share	(1.49)

See Note 29 to the Accountants’ Report of Appendix I to this prospectus.

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The following tables set forth summary financial data from our consolidated financial information for the Track Record Period, derived from the Accountants’ Report set out in Appendix I to this prospectus. The summary consolidated financial data set forth below should be read together with the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRS.

Selected Items from the Consolidated Statements of Profit or Loss

The following table sets forth selected items from our consolidated statements of profit or loss for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
(RMB in thousands, except for percentage)						
Revenue	220,586	100.0	299,015	100.0	311,165	100.0
Cost of sales	(352,150)	(159.6)	(327,996)	(109.7)	(345,025)	(110.9)

SUMMARY

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
<i>(RMB in thousands, except for percentage)</i>						
Gross loss	(131,564)	(59.6)	(28,981)	(9.7)	(33,860)	(10.9)
Other income and gains . .	4,884	2.2	26,704	8.9	13,074	4.2
Selling and distribution expenses	(38,700)	(17.5)	(35,524)	(11.9)	(43,658)	(14.0)
Administrative expenses . .	(82,365)	(37.3)	(86,352)	(28.9)	(129,333)	(41.6)
Research and development costs	(75,827)	(34.4)	(91,087)	(30.5)	(109,734)	(35.3)
Impairment losses on financial assets, net . . .	(3,279)	(1.5)	(2,209)	(0.7)	(6,644)	(2.1)
Other expenses	(924)	(0.4)	(924)	(0.3)	(611)	(0.2)
Finance costs	(14,419)	(6.5)	(18,729)	(6.3)	(23,918)	(7.7)
Loss before tax	(342,194)	(155.1)	(237,102)	(79.3)	(334,684)	(107.6)
Income tax expense	(1)	(0.0)	–	–	(533)	(0.2)
Loss for the year	(342,195)	(155.1)	(237,102)	(79.3)	(335,217)	(107.7)

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-IPO investments, see Note 29 to the Accountants' Report set out in Appendix I to this prospectus.

Non-IFRS Financial Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss for the year (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year, period to period, and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as it helps our management. However, such non-IFRS financial measure we present may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations or financial condition as reported under IFRS.

We define adjusted net loss for the year (non-IFRS measure) as net loss for the year adjusted by adding back (i) share-based payment expenses and (ii) listing expense. The following table reconciles our adjusted net loss for the year (non-IFRS measure) in accordance with IFRS, which is net loss for the year:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Loss for the year	(342,195)	(237,102)	(335,217)
Add:			
– Share-based payment expenses ⁽¹⁾	28,697	32,000	72,457
– Listing expense ⁽²⁾	–	2,166	22,434
Adjusted net loss for the year (non-IFRS measure)	(313,498)	(202,936)	(240,326)

Notes:

- (1) Share-based payment expenses were related to the non-cash employee benefit expenses incurred in connection with our award to management and key employees.
- (2) Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering and the Listing.

SUMMARY

Revenue

See “— Our Business Model — Our Products” for breakdown of revenue by product category.

Gross Profit/Loss and Gross Profit/Loss Margin

The following table sets forth a breakdown of our gross profit/loss and gross profit/loss margin by product type for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit/loss	Gross profit/loss margin (%)	Gross profit/loss	Gross profit/loss margin (%)	Gross profit/loss	Gross profit/loss margin (%)
<i>(RMB in thousands, except for percentage)</i>						
SiC power modules	(50,820)	(66.0)	(40,605)	(27.9)	(29,253)	(23.9)
SiC discrete devices	(96,870)	(184.1)	(50,159)	(96.5)	(38,200)	(65.4)
Power semiconductor gate drivers	30,430	45.5	37,151	46.4	34,820	33.9
Others ⁽¹⁾	(5,320)	(22.1)	6,556	30.7	8,430	30.3
Subtotal	(122,580)	(55.6)	(47,057)	(15.7)	(24,203)	(7.8)
Less: Inventory write-down/(reversal) ⁽²⁾ .	8,984		(18,076)		9,657	
Total	(131,564)	(59.6)	(28,981)	(9.7)	(33,860)	(10.9)

Notes:

- (1) Others primarily include sales of power stack, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.
- (2) Inventory write-down/(reversal) primarily represents the provision or reversal made for inventory write-down. See “Significant Accounting Judgements and Estimates — Estimation Uncertainty — Provision Against Obsolete and Slow-moving Inventories” in Note 3 in the Accountants’ Report of Appendix I to this prospectus.

In 2024, compared with 2023, our net loss for the year narrowed by RMB105.1 million, of which a reduction in gross loss of RMB102.6 million was the primary driver, reflecting the initial effects of our cost optimization and product mix strategies. Specifically, gross loss from SiC discrete devices (before write-down of inventories) decreased by RMB46.7 million, mainly benefiting from our sales mix adjustment for SiC discrete device products, where the scale of low-margin SiC Schottky diode sales was controlled and the share of SiC MOSFET sales with relatively stronger gross margin increased rapidly. Scale effects of our SiC power modules began to emerge and cost optimization measures took effect, improving gross loss margin of SiC power modules (before write-down of inventories) from 66.0% to 27.9% and reducing gross loss from SiC power modules (before write-down of inventories) by RMB10.2 million while maintaining high revenue growth. At the same time, the favorable market performance of our products resulted in an inventory reversal of RMB18.1 million, which further narrowed the gross loss.

In 2025, compared with 2024, our net loss for the year increased by RMB98.1 million, of which a reduction in other income and gains an increase in administrative expenses due to an increase in listing expenses was the primary driver. In addition, increases in our gross loss, R&D expenses and finance costs also contributed to the increase in net loss for the year.

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected items from our consolidated statements of financial position as of the dates indicated:

	As of December 31,		
	2023	2024	2025
<i>(RMB in thousands)</i>			
Total current assets	298,993	343,645	422,088
Total current liabilities	386,649	637,530	700,990
Net current liabilities	(87,656)	(293,885)	(278,902)

SUMMARY

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Total non-current assets	602,625	598,203	592,595
Total non-current liabilities	176,205	161,076	299,902
Net non-current assets	426,420	437,127	292,693
Net assets	338,764	143,242	13,791

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-IPO investments, see Note 29 to the Accountants' Report set out in Appendix I to this prospectus.

Our net current liabilities remained relatively stable at RMB293.9 million as of December 31, 2024 and RMB278.9 million as of December 31, 2025.

Our net current liabilities increased by 235.1% from RMB87.7 million as of December 31, 2023 to RMB293.9 million as of December 31, 2024, primarily due to (i) an increase of RMB80.2 million in trade payables, (ii) an increase of RMB69.1 million in other payables and accruals, (iii) an increase of RMB54.4 million in interest-bearing bank and other borrowings, and (iv) an increase of RMB42.0 million in redemption liabilities to non-controlling shareholders, partially offset by an increase of RMB41.9 million in trade and bills receivables.

Our net assets decreased by 57.7% from RMB338.8 million as of December 31, 2023 to RMB143.2 million as of December 31, 2024, primarily due to the loss for the year of RMB237.1 million, partially offset by (i) the share-based payments of RMB32.0 million; and (ii) the issue of ordinary shares of RMB10.0 million in 2024. Our net assets decreased from RMB143.2 million as of December 31, 2024 to RMB13.8 million as of December 31, 2025, primarily due to (i) the loss for the year of RMB335.2 million; and (ii) the put option granted to non-controlling shareholders of RMB166.0 million, partially offset by (i) the issuance of ordinary shares of RMB150.0 million; (ii) capital contribution of non-controlling shareholders of RMB150.0 million; and (iii) the share-based payments of RMB72.5 million.

Selected Items from the Consolidated Statements of Cash Flow

The following table sets forth selected items from our consolidated statements of cash flow as of the dates indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash used in operating activities	(119,682)	(24,068)	(111,506)
Net cash used in investing activities	(141,197)	(36,513)	(110,214)
Net cash generated from financing activities	191,350	71,429	275,223
Cash and cash equivalents at beginning of year	103,966	34,790	45,371
Effect of foreign exchange rate changes, net	353	(267)	(198)
Cash and cash equivalents at end of year	34,790	45,371	98,676

In 2023, 2024 and 2025, our net operating cash outflows amounted to RMB119.7 million, RMB24.1 million and RMB111.5 million, respectively. Although net operating cash outflows persisted during the Track Record Period, the total cash and cash equivalents increased during the same period.

In 2025, we had net cash used in operating activities of RMB111.5 million, which represents our loss before tax of RMB334.7 million, as adjusted by (i) the add-back of non-cash and non-operating items, primarily comprising (a) equity-settled share-based payments of RMB72.5 million, (b) depreciation of property, plant and equipment of RMB54.4 million, (c) finance costs of RMB23.9 million, and (d) depreciation of right-of-use assets of RMB18.4 million; and (ii) changes

SUMMARY

in working capital, primarily comprising (a) an increase in trade payables of RMB32.1 million, (b) a decrease in prepayments, other receivables and other assets of RMB33.4 million, and (c) an increase in other payables and accruals of RMB18.8 million, partially offset by (a) an increase in trade and bills receivables of RMB25.0 million, and (b) an increase in inventories of RMB13.7 million.

In 2024, we had net cash used in operating activities of RMB24.1 million, which represents our loss before tax of RMB237.1 million, as adjusted by (i) the add-back of non-cash and non-operating items, primarily comprising (a) equity-settled share-based payments of RMB32.0 million, (b) depreciation of property, plant and equipment of RMB29.5 million, (c) depreciation of right-of-use assets of RMB20.0 million, and (d) finance costs of RMB18.7 million, partially offset by reversal of inventories to net realizable value of RMB18.1 million; and (ii) changes in working capital, primarily comprising (a) an increase in trade payables of RMB80.2 million, (b) an increase in other payables and accruals of RMB42.5 million, (c) an increase in deferred income of RMB22.4 million, and (d) a decrease in inventories of RMB20.0 million, partially offset by an increase in trade and bills receivables of RMB44.4 million.

In 2023, we had net cash used in operating activities of RMB119.7 million, which represents our loss before tax of RMB342.2 million, as adjusted by (i) the add-back of non-cash and non-operating items, primarily comprising (a) equity-settled share-based payments of RMB28.7 million, (b) depreciation of property, plant and equipment of RMB22.6 million, (c) depreciation of right-of-use assets of RMB15.6 million, and (d) finance costs of RMB14.4 million; and (ii) changes in working capital, primarily comprising (a) a decrease in pledged deposits of RMB68.6 million, (b) an increase in trade payables of RMB40.8 million, (c) a decrease in prepayments, other receivables and other assets of RMB38.2 million, and (d) a decrease in inventories of RMB22.6 million, partially offset by an increase in trade and bills receivables of RMB65.5 million.

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) payments for property, plant and equipment, (iii) payments of lease liabilities, and (iv) interest paid on bank and other borrowings. Our historical cash burn rate was RMB23.8 million, RMB6.9 million and RMB19.7 million in 2023, 2024 and 2025, respectively. Our relatively high burn rate in 2023 and 2025 was primarily due to significant cash expenditure on purchasing property, plant and equipment for the construction of Guangming production base and upgrading of our existing production bases. We had an aggregate of cash and cash equivalents of RMB124.5 million and committed unutilized banking facilities of RMB366.6 million (including project-based loans of RMB51.6 million), totalling RMB491.1 million, as of April 30, 2026. We estimate that we will receive net proceeds of approximately HK\$658.7 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK\$27.49 per Offer Share, being the low-point of the indicative Offer Price range in this prospectus.

Assuming that the average cash burn rate going forward will be RMB9.2 million, calculated based on our projected cash requirements for business operations and expansion going forward, based on the underlying assumptions that (i) the number of our employees will not increase significantly; (ii) we expect to focus on existing operations before securing new financing, control the scale of loss-making businesses, and refrain from making large capital expenditure in the short to medium term. This is because our existing production bases are fully built and have sufficient capacity. Current spending is only for long-term infrastructure, which can be deferred. Furthermore, our flexible production model allows increased demand to be met without immediate new investment; (iii) we do not expect significant acquisitions or investment; (iv) our committed unutilized banking facilities (excluding project-based loans) amounted to RMB315.0 million as of April 30, 2026 will be renewed upon termination of its current term; and (v) the total monetary compensation of RMB14.3 million sought in Plaintiff's Remedies were deducted in the worst case scenario, we estimate that our cash and cash equivalents, pledged deposits and committed unutilized banking facilities as of April 30, 2026, will be able to maintain our financial viability for 46.4 months starting May 2026 or, if we take into account 10% of the estimated net proceeds from the Global Offering or HK\$65.9 million (namely, the portion allocated for our working capital and other general corporate purposes), 52.6 months starting May 2026 or, if we also take into account the estimated net proceeds from the Global Offering, or HK\$658.7 million, 108.8 months. We will continue to monitor our cash flows from operations closely. See "Financial Information — Indebtedness." We do not expect to have the next round of financing before the Global Offering. In addition, we have been continually negotiating with banks and obtaining new banking facilities.

SUMMARY

We expect to obtain additional bank financing while maintaining our financial independence, including short-term loans and credit facilities for ongoing operational needs, as well as project-based borrowing for our construction of product bases in Pingshan and Zhongshan, Guangdong Province and financial leasing for certain production and R&D equipment.

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

KEY FINANCIAL RATIOS

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

	As of/For the Year ended December 31,		
	2023	2024	2025
Gross loss margin (%) ⁽¹⁾	(59.6)	(9.7)	(10.9)
Net loss margin (%) ⁽²⁾	(155.1)	(79.3)	(107.6)
Adjusted net loss margin (non-IFRS measure) (%) ⁽³⁾	(142.1)	(67.9)	(77.2)
Current ratio ⁽⁴⁾	0.8	0.5	0.6
Revenue growth (%) ⁽⁵⁾	N/A	35.6	4.1

Notes:

- (1) Gross loss margin equals gross loss for the year divided by revenue for the same year, multiplied by 100%.
- (2) Net loss margin equals net loss for the year divided by revenue for the same year, multiplied by 100%.
- (3) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss for the year (non-IFRS measure) divided by revenue for the same year, multiplied by 100%.
- (4) Current ratio equals total current assets as of the end of the year divided by total current liabilities as of the same date.
- (5) Revenue growth is calculated by subtracting the previous year's revenue from the current year's revenue, dividing the result by the previous year's revenue, multiplied by 100%.

PATH TO PROFITABILITY

As of January 1, 2023, our accumulated losses were primarily due to our products remaining in the R&D and market expansion stages, without achieving mass production or cost optimization. During the Track Record Period, we incurred gross losses mainly due to our market-centric pricing strategies, high raw material costs and significant initial depreciation from new production lines. Similarly, our net current liabilities primarily resulted from strategic investments to capture market opportunities and production line construction, funded through well-thought-out debt arrangements, and the net outflow of operating cash reflected our ongoing high investment in R&D, branding and production capacity to capture market opportunities.

We believe our robust R&D pipeline, scalable production capabilities, comprehensive product portfolio as well as strong commercialization capabilities have laid a solid foundation for our business sustainability and long-term development. In particular, we expect that our profitability will be enhanced in the next few years, primarily attributable to:

Revenue growth acceleration. We anticipate improvement in our profitability as we further increase our revenue with the growth of the global SiC power device industry, convert design-wins into mass production and revenue as well as diversify our customer base and expand the applications of our products;

Gross margin improvement. As our business and revenue grew during the Track Record Period, we benefited from economies of scale and experienced a significant improvement in the gross loss margins of our SiC products. Based on our technological advancements, production cost reduction, supply chain management and swift increase in sales volume of high-margin products, we anticipate further improvement in our gross margin that will underpin our long-term sustainable profitability; and

Operational efficiency enhancement. Specifically, we are implementing targeted measures to optimize our R&D, selling and administrative expenses, which we believe will contribute to improving our overall profitability.

SUMMARY

GLOBAL OFFERING STATISTICS

The statistics in the following table are based on the assumption that the Global Offering has been completed and 287,534,442 H Shares are issued pursuant to the Global Offering.

	Based on an Offer Price of HK\$27.49 per H Share	Based on an Offer Price of HK\$31.62 per H Share
Market capitalization of our H Shares ⁽¹⁾	HK\$7,904.3 million	HK\$9,901.8 million
Market capitalization of our Shares ⁽²⁾	HK\$8,364.9 million	HK\$9,621.6 million
Unaudited pro forma adjusted consolidated net tangible assets per Share ⁽³⁾	HK\$2.29	HK\$2.64

Notes:

- (1) The calculation of market capitalization is based on the 287,534,442 H Shares expected to be in issue immediately upon completion of the Global Offering.
- (2) The calculation of market capitalization is based on the 304,289,725 Shares expected to be in issue immediately upon completion of the Global Offering.
- (3) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after making the adjustments referred to in Appendix II to this prospectus.

LISTING EXPENSES

The listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering and the Listing. We estimate that our listing expenses, will be approximately HK\$97.0 million (including (i) underwriting commission of approximately HK\$48.7 million, and (ii) non-underwriting related expenses of approximately HK\$48.3 million, which consist of fees and expenses of legal advisors and Reporting Accountant approximately HK\$35.1 million and other fees and expenses of approximately HK\$13.2 million), representing approximately 12.0% of the gross proceeds from the Global Offering, (assuming an Offer Price of HK\$29.56 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option). Among the total listing expenses, approximately HK\$46.9 million is directly attributable to the issue of our Offer Shares and will be deducted from equity upon the completion of the Global Offering, approximately RMB24.6 million has been expensed during the Track Record Period, and the remaining amount of approximately HK\$21.8 million is expected to be expensed upon the Listing.

FUTURE PLANS AND USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK\$29.56 per Share (being the mid-point of the indicative Offer Price range of HK\$27.49 and HK\$31.62), we estimate that we will receive net proceeds of approximately HK\$712.5 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below: (i) Approximately 60.0% of the net proceeds, or HK\$427.5 million, will be used to expand our production capacity of wafers and modules over the next four years as well as purchase and upgrade equipment and machinery for production. (ii) Approximately 20% of the net proceeds, or approximately HK\$142.5 million, will be used for our R&D efforts in new SiC products and technological innovation over the next five years. (iii) Approximately 10.0% of the net proceeds, or HK\$71.3 million, will be used for expanding the global distribution network of our SiC products over the next five years. (iv) Approximately 10.0% of the net proceeds, or HK\$71.3 million, will be used for working capital and other general corporate purposes.

DIVIDENDS AND DIVIDEND POLICY

No dividends have been paid or declared by us during the Track Record Period. We do not have any formal dividend policy nor pre-determined dividend payout ratio. We did not declare or distribute any dividend to our Shareholders during the Track Record Period. Subject to legal, regulatory, corporate governance and other contractual restrictions, any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and

SUMMARY

expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, and other factors which our Directors consider relevant. As advised by our PRC Legal Adviser, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

LEGAL PROCEEDINGS

On November 21, 2025, a customer of us (the “**Plaintiff**”) brought a contractual claim against Bronze Tech, one of our subsidiaries (the “**Defendant**”) to the Court. The Plaintiff sought various remedies against the Defendant from the Court, including, among others, requests that the Defendant shall perform warranty obligations by replacing certain power semiconductor gate driver products alleged to be defective (“**Subject Products**”) (“**Remedy 1**”). This litigation is hereinafter referred to as “the **Litigation**.” The Litigation is limited to the Subject Products which were provided to the Plaintiff and no other customers and generated a revenue of RMB1.6 million during the Track Record Period, representing an insignificant proportion of our total revenue from our power semiconductor gate drivers during the same period. In addition, no systemic product quality issues have been identified. Our Directors are of the view that the Litigation would not materially and adversely affect our Group’s business, financial conditions or results of operations.

Nonetheless, in the worst case scenario, where we lose the Litigation and are required to pay the maximum claimed damages, the accounting treatment of the litigation compensation of RMB14.3 million and accrued interest, if any, is expected to result in a reduction in subsequent net profit and net assets. If such damages are paid, it will further pressure our cash flow. In addition to the litigation compensation, there may be other limited impact on our business operations, such as litigation-related costs, diversion of managerial resources, damage to our reputation, negative impact on market acceptance of our other products, and reduced investors’ recognition of our business.

On November 24, 2025, the Court granted the Plaintiff’s request for an injunction to freeze the assets of the Defendant for a value of RMB14.3 million, which equals the total monetary compensation sought in Plaintiff’s Remedies. As a result, on November 28, 2025, RMB0.7 million in bank deposits of the Defendant were frozen. On the advice of the PRC Litigation Counsel, we have implemented measures to lift the injunction order on the Defendant’s bank account or other assets. On December 12, 2025, the Court issued a ruling which lifted the injunction on the Defendant’s asset and released the previously frozen bank account of the Defendant. As a result, our Directors are of the view that the Plaintiff’s request for an injunction does not have any material adverse impact on our cash flow and daily operations. On April 15, 2026, the initial hearing of the Litigation was held. During the hearing, the Court instructed the Plaintiff to further supplement evidence. A subsequent hearing were originally scheduled for May 26, 2026, as of which date the Plaintiff had not provided any supplemental evidence. The hearing was subsequently postponed until further notice, and as of the Latest Practicable Date, a new hearing date has yet to be determined.

See “Risk Factors — Risks Relating to Our General Operations — We May be Involved in Legal Proceedings and Disputes, Which Could Materially and Adversely Affect Our Reputation, Business, Financial Condition and Results of Operations” and “Business — Legal Proceedings and Compliance — Legal Proceedings.”

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

As of the Latest Practicable Date, we have successfully expanded into diversified industrial applications, uncovering demand across more than 10 scenarios and successfully completing validation for multiple premium industrial customers with products of superior quality. As of the same date, we have cumulatively secured sales orders for more than 120,000 units of industrial-grade SiC power module products for industrial applications, applied in scenarios such as welding machines, induction heating and electroplating. Subsequent to the Track Record Period and up to

SUMMARY

the Latest Practicable Date, we have secured four new design-wins for our products used in NEV applications. Our gross margin in the four months ended April 30, 2026 improved compared to the gross margin for the same period in 2025 and for the year ended December 31, 2025.

We expect to record a net loss in 2026, primarily because of the selling and distribution expenses, administrative expenses, research and development costs and finance costs are expected to offset our gross profit.

No Material Change

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

DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms and expressions have the meanings set forth below. Certain other terms are explained in “Glossary of Technical Terms” in this prospectus.

“Accountants’ Report”	the accountants’ report of the Company, the text of which is set out in Appendix I to this prospectus
“AFRC”	Accounting and Financial Reporting Council (會計及財務匯報局)
“Articles of Association” or “Articles”	the articles of associations of our Company, as amended from time to time, which shall become effective on the Listing Date, a summary of which is set out in Appendix IV to this prospectus
“Audit Committee”	the audit committee of the Board
“BASiC Createnjoy LP”	Shenzhen BASiC Createnjoy Holding Partnership (Limited Partnership)* (深圳基本創享控股合夥企業(有限合夥)), a limited liability partnership established in the PRC with Dr. Wang as its general partner, an employee share incentive platform of our Company, and a member of the Controlling Shareholders Group
“BASiC Creation LP”	Shenzhen BASiC Creation Holding Partnership (Limited Partnership)* (深圳基本創造控股合夥企業(有限合夥)), a limited liability partnership established in the PRC with Dr. Wang as its general partner, an employee share incentive platform of our Company, and a member of the Controlling Shareholders Group
“BASiC Entrepreneur LP”	Shenzhen BASiC Entrepreneur Management Partnership (Limited Partnership)* (深圳基本創業管理合夥企業(有限合夥)), a limited liability partnership established in the PRC with Dr. Wang as its general partner, an employee share platform of our Company, and a member of the Controlling Shareholders Group
“BASiC Innotech LP”	Shenzhen BASiC Innovation Technology Partnership (Limited Partnership)* (深圳基本創新技術合夥企業(有限合夥)), a limited liability partnership established in the PRC with Dr. Wang as its general partner, an employee share platform of our Company, and a member of the Controlling Shareholders Group
“BASiC Original LP”	Shenzhen BASiC Original Holding Partnership (Limited Partnership) * (深圳基本原創控股合夥企業(有限合夥)), a limited partnership established in the PRC with Dr. Wang as its general partner, and a member of the Controlling Shareholders Group
“BASiC Principle LP”	Shenzhen BASiC Principle Holding Partnership (Limited Partnership)* (深圳基本原理控股合夥企業(有限合夥)), a limited liability partnership established in the PRC with Dr. Wang as its general partner, and a member of the Controlling Shareholders Group

DEFINITIONS

“BASiC Research”	Shenzhen BASiC Innovation Research Limited* (深圳基本創新研究有限公司), a limited liability company established in the PRC on June 28, 2021 and one of our wholly-owned subsidiaries
“BASiC Zhongke LP”	Nanjing BASiC Zhongke Venture Capital Management Partnership (Limited Partnership)* (南京基本中科創業投資管理合夥企業(有限合夥)), a limited liability partnership established in the PRC on April 29, 2019 and our non-wholly-owned subsidiary
“BJ BASiC”	BASiC Semiconductor (Beijing) Limited* (基本半導體(北京)有限公司), a limited liability company established in the PRC on March 18, 2020 and one of our direct wholly-owned subsidiaries
“Board” or “Board of Directors”	the board of Directors
“Bronze Group”	Bronze Technologies Group Co., Ltd.* (深圳青銅劍科技股份有限公司), a joint stock limited liability company established in the PRC and a member of the Controlling Shareholders Group
“Bronze Holding LP”	Shenzhen Bronze Holding Partnership (Limited Partnership)* (深圳青銅劍控股合夥企業(有限合夥)), a limited liability partnership established in the PRC with Dr. Wang as its general partner, and a member of the Controlling Shareholders Group
“Bronze Tech”	Bronze Technologies Limited* (深圳青銅劍技術有限公司), a limited liability company established in the PRC on August 28, 2019 and one of our direct wholly-owned subsidiaries
“business day(s)”	any day(s) (other than Saturday(s), Sunday(s) or public holiday(s) in Hong Kong) on which licensed banks in Hong Kong are generally open for general banking business throughout their normal business hours
“Capital Market Intermediaries” or “capital market intermediary(ies)” or “CMI(s)”	the capital market intermediaries as named in “Directors and Parties Involved in the Global Offering”
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“China” or “PRC”	the People’s Republic of China and, except where the context otherwise requires and only for the purpose of this prospectus, references in this prospectus to China or the PRC exclude Hong Kong, the Macao Special Administrative Region and Taiwan Region
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time

DEFINITIONS

“Company” or “our Company” or “the Company”	BASiC Semiconductor Co., Ltd. (深圳基本半導體股份有限公司), a limited liability company established in the PRC on June 7, 2016 and converted into a joint stock limited liability company on November 15, 2024
“Controlling Shareholder(s)” or “Controlling Shareholders Group”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Dr. Wang, Ms. Wang Yongmiao, Bronze Holding LP, InteBridge Tech, Bronze Group, BASiC Principle LP, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, BASiC Entrepreneur LP and BASiC Original LP
“Corporate Governance Code” or “CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“CSDC”	China Securities Depository and Clearing Corporation Limited (中國證券登記結算有限責任公司)
“CSRC”	the China Securities Regulatory Commission (中國證券監督管理委員會)
“Director(s)”	the director(s) of our Company
“Domestic Share(s)” or “Domestic Unlisted Share(s)”	ordinary share in our capital, with a nominal value of RMB0.20 each, which are subscribed for and paid up in Renminbi, and are not listed on any stock exchange
“Dr. Wang”	Dr. Wang Zhihan (汪之涵), the founder, chairman of the Board and an executive Director, a member of the Controlling Shareholders Group
“EAR”	the Export Administration Regulations (15 CFR Parts 730-774)
“EIT Law”	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得稅法》), as amended, supplemented or otherwise modified from time to time
“Extreme Conditions”	the occurrence of “extreme conditions” as announced by any government authority of Hong Kong due to serious disruption of public transport services, extensive flooding, major landslides, large-scale power outage or any other adverse conditions before Typhoon Signal No. 8 or above is replaced with Typhoon Signal No. 3 or below
“FINI”	“Fast Interface for New Issuance”, an online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement for new listings in Hong Kong
“General Rules of HKSCC”	the General Rules of HKSCC as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

DEFINITIONS

“Group”, “our Group”, “the Group”, “we”, “us”, or “our”	our Company and our subsidiaries, or any one of them as the context may require or, where the context refers to any time prior to its incorporation, the business which its predecessors or the predecessors of its present subsidiaries, or any one of them as the context may require, were or was engaged in and which were subsequently assumed by it
“Guider for New Listing Applicants” or “Guide”	the Guide for New Listing Applicants published by the Stock Exchange, as amended, supplemented and otherwise modified from time to time
“H Share(s)”	ordinary share(s) in the share capital of our Company with nominal value of RMB0.20 each, which are to be subscribed for and traded in Hong Kong dollars and are to be listed on the Stock Exchange
“H Share Registrar”	Computershare Hong Kong Investor Services Limited
“HK BASiC”	BASiC Semiconductor (HK) Limited (基本半導體(香港)有限公司), a limited liability company established in Hong Kong on January 21, 2019 and one of our direct wholly-owned subsidiaries
“HK\$” or “Hong Kong dollars” or “HK dollars”	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
“HKSCC EIPO”	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant’s stock account through causing HKSCC Nominees to apply on your behalf, including by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC’s FINI system to apply for the Hong Kong Offer Shares on your behalf
“HKSCC Operational Procedures”	the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC’s services and the operations and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
“HKSCC Participant”	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Offer Shares”	the 1,369,400 H Shares initially offered for subscription pursuant to the Hong Kong Public Offering, subject to reallocation as described in “Structure of the Global Offering”
“Hong Kong Public Offering”	the offering by our Company of the Hong Kong Offer Shares for subscription by the public in Hong Kong, as further described in “Structure of the Global Offering”

DEFINITIONS

“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering listed in “Underwriting — Hong Kong Underwriters”
“Hong Kong Underwriting Agreement”	the underwriting agreement dated Friday, June 26, 2026 relating to the Hong Kong Public Offering and entered into by, among others, our Company, our Controlling Shareholders, the Joint Sponsors, the Overall Coordinators and the Hong Kong Underwriters, as further described in “Underwriting — Underwriting Arrangements and Expenses”
“HZ BASiC”	BASiC Semiconductor (Hangzhou) Limited* (基本半導體(杭州)有限公司), a limited liability company established in the PRC on August 18, 2025 and one of our direct wholly-owned subsidiaries
“Independent Third Party(ies)”	an individual(s) or a company(ies) who or which, as far as our Directors are aware after having made all reasonable enquiries, is/are not a connected person of our Company
“International Offer Shares”	the 26,016,800 H Shares initially offered by our Company for subscription pursuant to the International Offering (assuming that no Over-allotment Option is exercised) together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option (subject to reallocation as described in “Structure of the Global Offering”)
“International Offering”	the offer of the International Offer Shares by the International Underwriters outside the United States in offshore transactions in accordance with Regulation S, as further described in “Structure of the Global Offering”
“International Underwriters”	the group of international underwriters expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement expected to be entered into on or around Monday, July 6, 2026 by, among others, our Company, our Controlling Shareholders, the Joint Sponsors, the Overall Coordinators and the International Underwriters in respect of the International Offering, as further described in “Underwriting — Underwriting Arrangements and Expenses — The International Offering”
“InteBridge Tech”	Shenzhen InteBridge Technology Limited* (深圳英倫博智科技有限公司), a limited liability company established in the PRC and a member of the Controlling Shareholders Group
“Joint Global Coordinators”, “Joint Bookrunners” or “Joint Lead Managers”	the joint global coordinators, the joint bookrunners or the joint lead managers as named in “Directors and Parties Involved in the Global Offering”
“Joint Sponsors”	the joint sponsors as named in “Directors and Parties Involved in the Global Offering”

DEFINITIONS

“JP BASiC”	BASiC Semiconductor Kabushiki Kaisha* (基本半導體株式會社), a company incorporated in Japan on January 28, 2021 and one of our indirect non-wholly-owned subsidiaries
“Latest Practicable Date”	June 22, 2026, being the latest practicable date for ascertaining certain information in this prospectus before its publication
“Listing”	the listing of the H Shares on the Main Board
“Listing Committee”	the Listing Committee of the Stock Exchange
“Listing Date”	the date on which dealings in our H Shares first commence on the Main Board
“Listing Rules” or “Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with GEM of the Stock Exchange
“MOFCOM”	the Ministry of Commerce of the PRC (中華人民共和國商務部)
“NJ BASiC”	BASiC Semiconductor (Nanjing) Limited* (基本半導體(南京)有限公司), a limited liability company established in the PRC on April 28, 2019 and one of our indirect non-wholly-owned subsidiaries
“Nomination Committee”	the nomination committee of the Board
“Offer Price”	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%), at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering
“Offer Share(s)”	the Hong Kong Offer Shares and the International Offer Shares, together with, where relevant, any additional H Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
“Overall Coordinators”	the overall coordinators as named in “Directors and Parties Involved in the Global Offering” of the prospectus
“Over-allotment Option”	the option expected to be granted by our Company to the International Underwriters, exercisable by the Overall Coordinators (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to issue up to an additional 4,107,800 H Shares (representing not more than 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in “Structure of the Global Offering”

DEFINITIONS

“Pathfinder SII(s)” or “PSII(s)”	has the meaning ascribed to it in Chapter 2.5 of the Guide, and unless the context otherwise requires, refers to our pathfinder sophisticated independent investors, and the details of which are set out in “History, Development and Corporate Structure — Pre-IPO Investments — Information regarding our Pre-IPO Investors — Pathfinder SIIs”
“PRC Company Law” or “Company Law”	the Company Law of the PRC 《中華人民共和國公司法》, as enacted by the Standing Committee of the Eighth National People’s Congress on December 29, 1993 and effective on July 1, 1994, as amended, supplemented or otherwise modified from time to time
“PRC Legal Adviser”	King & Wood, legal advisers to our Company as to the PRC Law
“PRC Litigation Counsel”	JunZeJun Law Offices, legal advisers to our Company as to a PRC litigation, and the details of which are set out in “Business — Legal Proceedings and Compliance — Legal Proceedings”
“Pre-IPO Investment(s)”	the pre-IPO investment(s) in our Company undertaken by the Pre-IPO Investors. See “History, Development and Corporate Structure — Pre-IPO Investments”
“Pre-IPO Investors”	our pre-IPO investors in relation to Pre-IPO Investments of our Group. See “History, Development and Corporate Structure — Pre-IPO Investments”
“Price Determination Date”	the date, expected to be on or before Monday, July 6, 2026 (Hong Kong time) on which the Offer Price is determined, or such later time as the Overall Coordinators and our Company may agree, but in any event no later than 12:00 noon on Monday, July 6, 2026
“prospectus”	this prospectus being issued in connection with the Hong Kong Public Offering
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration and Appraisal Committee”	the remuneration and appraisal committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented and otherwise modified from time to time
“SH BASiC”	BASiC Semiconductor (Shanghai) Limited* (基本半導體(上海)有限公司), a limited liability company established in the PRC on November 4, 2021 and one of our direct wholly-owned subsidiaries

DEFINITIONS

“Share(s)”	ordinary share(s) with nominal value RMB0.20 each in the share capital of our Company, comprising Domestic Shares and H Shares
“Share Subdivision”	the subdivision of one Share with nominal value of RMB1.00 into five Shares with nominal value of RMB0.20 each
“Shareholder(s)”	holder(s) of the Share(s)
“Specialist Technology”	has the meaning ascribed to it under the Listing Rules
“Sophisticated Independent Investor(s)” or “SII(s)”	has the meaning ascribed to it in Chapter 2.5 of the Guide, and unless the context otherwise requires, refers to our sophisticated independent investors, and the details of which are set out in “History, Development and Corporate Structure — Pre-IPO Investments — Information regarding our Pre-IPO Investors”
“Stabilizing Manager”	Sinolink Securities (Hong Kong) Company Limited
“State Council”	the State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SZ BASiC”	BASiC Semiconductor (Shenzhen) Limited* (基本半導體(深圳)有限公司), a limited liability company established in the PRC on June 13, 2022 and one of our direct wholly-owned subsidiaries
“SZ NEV Fund”	Shenzhen Investment Holdings Cornerstone New Energy Vehicle Industry Private Equity Investment Fund Partnership (Limited Partnership)* (深圳市投控基石新能源汽車產業私募股權投資基金合夥企業(有限合夥)), a limited liability partnership established in the PRC on May 8, 2024
“SZ Packaging”	BASiC Packaging (Shenzhen) Limited* (基本封裝測試(深圳)有限公司), a limited liability company established in the PRC on August 12, 2024 and one of our direct non-wholly-owned subsidiaries
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Track Record Period”	the period comprising the three financial years ended December 31, 2023, 2024 and 2025
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“US\$” or “U.S. dollars”	United States dollars, the lawful currency of the United States
“United States” or “U.S.”	the United States of America

DEFINITIONS

“White Form eIPO”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of the White Form eIPO Service Provider at www.eipo.com.hk
“White Form eIPO Service Provider”	Computershare Hong Kong Investor Services Limited
“WX BASiC”	BASiC Semiconductor (Wuxi) Limited* (基本半導體(無錫)有限公司), a limited liability company established in the PRC on April 15, 2021 and one of our direct wholly-owned subsidiaries
“WX Innovation”	Wuxi Innovation and Investment Partnership (Limited Partnership)* (無錫新投創融股權投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on July 6, 2023
“ZS BASiC”	BASiC Semiconductor (Zhongshan) Limited* (基本半導體(中山)有限公司), a limited liability company established in the PRC on December 5, 2024 and one of our direct wholly-owned subsidiaries

In this prospectus, the terms “associate”, “close associate”, “connected person”, “core connected person”, “connected transaction”, “controlling shareholder”, and “substantial shareholder” shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

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

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain technical terms used in this prospectus. As such, these terms and their meanings may not correspond to standard industry meanings or usage of these terms.

“A”	ampere, the standard unit of electric current
“AC”	alternating current, an electric current that periodically reverses direction, contrasting with DC
“AMB”	active metal brazing, a joining technology used to attach thick copper sheets to ceramic substrates, enhancing thermal management and electrical performance
“AQG-324”	a standard issued by the European Center for Power Electronics (ECPE) for testing and qualifying power modules used in automotive applications
“ASP”	average selling price
“bandgap”	the energy difference in semiconductors between the top of the valence band and the bottom of the conduction band
“BEV”	battery electric vehicle, a type of EV that is powered entirely by electricity stored in rechargeable battery packs, without the use of an internal combustion engine
“BMS”	battery management system, an electronic system embedded within NEVs that monitors, controls and optimizes the performance, safety and longevity of the vehicle’s battery pack
“breakdown voltage”	the maximum voltage a semiconductor device can withstand (typically in the reverse-biased or off-state condition) before it fails or significant current begins to flow. It indicates the device’s capability to operate under high voltage stress without damage
“third-generation B3M chip”	our third generation silicon carbide MOSFET series, produced on a 6 inch platform with lower specific on resistance and switching loss and improved reliability versus the prior generation
“CAGR”	compound annual growth rate
“cell”	the smallest functional unit in an IC design
“CPLD”	complex programmable logic device, a type of digital IC with programmable logic cells and interconnections
“DC”	direct current, an electric current that flows in one direction only
“DCM”	direct cooled molded, a packaging technology that enhances thermal management by directly cooling the module
“DC-DC converters”	an electronic circuit that converts a source of DC from one voltage level to another

GLOSSARY OF TECHNICAL TERMS

“design-in”	a stage in which a product has passed the stringent performance testing requirements of customers, indicating its selection for potential integration into their systems
“design-win”	a confirmation from customers adopting a supplier’s product design, indicating the supplier’s ability to meet the customer’s production, delivery and cost requirements
“die”	one individual chip cut from a wafer before being packaged
“discrete device”	discrete components in electronic circuits that perform specific functions
“epitaxial wafer”	SiC wafer with a thin, high-purity crystalline layer grown on its surface, used as a substrate in semiconductor device manufacturing for improved performance and quality
“ERP”	enterprise resource planning, a type of software used to manage and integrate a company’s core business processes in real time
“etching”	a process used in semiconductor manufacturing to selectively remove layers from the surface of a material, typically to create patterns or structures on a wafer
“eV”	electronvolt, a unit of energy used in semiconductor physics, commonly to express bandgap energy
“EVs”	electric vehicle(s)
“fabless”	a semiconductor company that does not operate a wafer fabrication plant, but only focuses on design, development and marketing of semiconductor products. Production of designs is outsourced
“foundry”	a semiconductor company that manufactures wafers containing semiconductor products designed by other companies
“FPGA”	field-programmable gate array, a type of IC that can be programmed and reprogrammed after manufacturing to perform various digital logic functions
“HPD”	hybrid pack drive, a packaging technology for power modules characterized by high integration, widely used in the main drive of EVs
“HTRB”	high-temperature reverse bias, a reliability test where devices are subjected to high reverse bias voltage at elevated temperatures to evaluate their long-term stability and performance
“IATF 16949”	international technical specification of automotive industry quality management system prepared by International Automotive Task Force (IATF) and ISO
“IC(s)”	integrated circuit(s), a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components
“IDM”	integrated device manufacturer, a company that takes charge of design, manufacturing, packaging, testing and subsequent sales of the finished products

GLOSSARY OF TECHNICAL TERMS

“IGBT(s)”	insulated gate bipolar transistor(s), a type of transistor that combines the high efficiency and fast switching of a MOSFET with the high current and low saturation voltage of a bipolar transistor
“ISO”	the International Organization for Standardization, a worldwide federation of national standards bodies
“ISO 14001”	the Environmental Management System published by the ISO
“ISO 45001”	the Occupational Health and Safety Management System published by the ISO
“ISO 9001”	the International Quality Management System published by the ISO
“JFET”	junction field effect transistor, used to control current flow in semiconductor circuits
“kW”	kilowatt, a unit of power equal to 1,000 watts
“micro-pitch”	our fourth-generation devices featuring an even smaller cell pitch than mini-pitch devices
“mini-pitch”	our third-generation devices featuring small cell pitch
“module(s)”	packaged components that include integrated circuits or other electronic components, which are used to build larger systems or devices
“MOSFET(s)”	metal oxide semiconductor field effect transistor, used for amplifying or switching electronic signals
“MW”	megawatt, a unit of power equal to one million watts
“mΩ”	milliohm, a unit of electrical resistance equal to one-thousandth of an ohm (10^{-3} Ω), commonly used to measure the on-resistance of semiconductor devices, where lower values indicate higher efficiency
“nano silver sintering technology”	A high-performance semiconductor die-attach method that uses nanoscale silver particles to form strong, thermally conductive bonds under heat and pressure, enhancing device reliability and heat dissipation
“NEV(s)”	new energy passenger vehicles, comprising battery electric vehicles and plug-in hybrid electric vehicles
“nH”	nanohenry, a unit of inductance equal to one-billionth of a henry (10^{-9} H), commonly used to quantify stray inductance in semiconductor devices, where minimizing inductance is critical for high-speed switching performance
“ns”	nanosecond, a unit of time that equals to one billionth of a second
“OBC”	on-board charger, one of the key components of NEVs, which converts alternating current (AC) power from external sources, such as residential outlets, into DC power to charge the vehicle’s battery pack
“on-resistance”	the total resistance between the drain and source terminals of a field-effect transistor (FET) when it is in operation

GLOSSARY OF TECHNICAL TERMS

“PCB”	printed circuit board
“photolithography”	a process in semiconductor manufacturing that uses light to transfer patterns onto a wafer, enabling the creation of intricate circuit structures
“power density”	the amount of power processed per unit volume or unit area
“PV”	photovoltaic, the conversion of light into electricity using semiconducting materials
“PVD”	a vacuum deposition method that involves high-temperature vacuum evaporation and sputtering to produce a metal vapor, which is then deposited on electrically conductive materials as a thin, highly adhered pure metal or alloy coating. It is a critical process in the manufacturing of semiconductor devices, enabling the creation of thin films and coatings on substrates
“SiC”	silicon carbide, a compound of silicon and carbon known for its high thermal conductivity, high breakdown voltage, and efficiency in high-power, high-temperature applications
“sq.m.”	square meter(s)
“substrate”	a foundational material used in the manufacturing of semiconductor components and PCBs
“three-phase full-bridge module”	a power semiconductor device that converts DC to three-phase AC using six switching elements arranged in a full-bridge configuration
“Tier-1 supplier”	a company that supplies parts or systems directly to automotive manufacturers
“UPS”	uninterruptible power supply, a device that provides emergency power to a load when the main power source fails
“V”	basic unit of voltage
“W”	watt, the standard unit of power
“wafer”	a thin slice of semiconductor material, on which arrays of integrated circuits or discrete devices are fabricated during the manufacturing process
“xEV”	A collective term for all types of electrified vehicles, including hybrid electric vehicles, plug-in hybrid electric vehicles, BEVs and fuel cell electric vehicles

FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements and information relating to our Company and our subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this prospectus, the words “aim”, “anticipate”, “believe”, “can”, “continue”, “could”, “forecast”, “expect”, “going forward”, “intend”, “ought to”, “may”, “might”, “plan”, “potential”, “predict”, “project”, “seek”, “should”, “will”, “would” and the negative of these words and other similar expressions, as they relate to our Group or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, financial performance, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this prospectus. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our Company which could affect the accuracy of forward-looking statements include, but are not limited to, the following:

- our operations and business prospects;
- our ability to maintain and enhance our market positions;
- general economic, political and business conditions, and future developments, trends and conditions in the industry in which we operate;
- our business strategies and plans to achieve these strategies;
- changes to the regulatory environment and general outlook in the industry and markets in which we operate;
- the effects of the global financial markets and economic crisis;
- our ability to reduce costs;
- our dividend policy;
- capital market developments;
- the actions and developments of our competitors;
- risks identified under “Risk Factors”; and
- certain statements in “Business” and “Financial Information” with respect to trends in prices, volumes, margins, exchange rates and other statements in this prospectus that are not historical facts.

You should read this prospectus in its entirety and with the understanding that actual future results may be materially different from what we expect. We undertake no obligation to update any forward-looking statements in light of new information, future events or otherwise.

RISK FACTORS

An investment in our Shares involves various risks. You should carefully consider all the information in this Prospectus and in particular the risks and uncertainties described below before making an investment in our H Shares. The following is a description of what we consider to be our material risks. The occurrence of any of the following risks could materially and adversely affect our business financial condition and results of operations. If any of these events occurs the trading price of our Shares could decline and you may lose all or part of your investment.

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated will not be updated after the date hereof and is subject to the cautionary statements in “Forward-looking Statements.”

RISKS RELATING TO THE RESEARCH AND DEVELOPMENT OF OUR PRODUCTS

If we fail to develop new products that address end customer preferences and achieve market acceptance in a timely and cost-effective manner, our business, results of operation and future prospects could be adversely affected.

Our products are primarily based on the SiC semiconductor technologies, and our future success depends on the successful expansion of our product portfolio and customer base. Our customers are constantly seeking new products with more features and functionality at lower cost, and our success relies heavily on our ability to continue to develop and provide our customers with new and innovative products and improvements to existing products. In order to gain market share and remain at the forefront of the SiC power device industry, we must constantly introduce new and innovative products and respond to new and evolving customer demands.

The success of a new product depends on a variety of specific implementation factors, including:

- timely development of new technologies and adaptation to changes in existing technologies;
- timely and cost-effective processing and mass production to accommodate new product designs, while ensuring functionality, performance and reliability;
- effective marketing, sales and services to gain market share; and
- strong and sustainable market demand.

To the extent that we fail to timely introduce new products or to quickly penetrate new markets, our business, financial condition and results of operations could be materially and adversely affected. In addition, we may not be able to optimize our production processes and the ability to mass produce in a cost-effective manner. We may also encounter lower manufacturing yields and longer delivery schedules in commencing mass production of new products that we introduce, which could increase our costs and disrupt our supply of such products. Further, if initial sales volumes for new or enhanced products do not reach anticipated levels within the time periods we expect, we may be required to engage in additional marketing efforts to promote such products and the costs of developing and commercializing such products may be higher than we predict. To the extent that we fail to timely develop new products or to quickly achieve market acceptance in a cost-effective manner, our results of operations could be materially and adversely affected.

We have been and intend to continue investing significantly in R&D, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

The SiC power device industry is highly competitive. Our research and development costs amounted to RMB75.8 million, RMB91.1 million and RMB109.7 million in 2023, 2024 and 2025, respectively. We may invest significant resources in R&D activities and incur significant research and development expenses in the future to achieve technological breakthroughs, as well as maintain the competitiveness of our products. In addition, to enhance our market position, we expect to incur significant capital expenditures for R&D of new products, purchase of property, plant and equipment and purchase of intangible assets. Our capital expenditures were RMB146.0 million, RMB36.6 million and RMB112.5 million in 2023, 2024 and 2025, respectively.

RISK FACTORS

Meanwhile, product design, development, innovation and iteration are often complex, time consuming and costly processes involving significant investment in R&D with no assurance of return on investment. Inherent risk exists for such significant R&D expenditures and capital expenditures as our investment may not succeed or generate the benefits that we expect. R&D activities are inherently uncertain, and we may not be able to obtain and retain sufficient resources, including qualified R&D personnel. Even if we succeed in our R&D efforts and generate the results we expect, our short-term cash flow and liquidity may be adversely affected, and we may still encounter practical difficulties in commercializing our development results. New technologies could render our technologies, our technological infrastructure or products that we are developing, or expect to develop in the future, obsolete or unattractive, thereby limiting our ability to recover related technology and product development costs, which could result in a decline in our revenues, profitability and market share. In addition, regulatory authorities may subject us to new rules or restrictions in response to our innovations that could increase our expenses or prevent us from successfully commercializing new products, solutions or technologies.

Our R&D efforts may not contribute effectively to our future results of operations, if at all, and such contributions may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, results of operations, financial condition and competitive position.

RISKS RELATING TO OUR FINANCIAL POSITION

We incurred gross loss for the sales of our SiC semiconductor products during the Track Record Period.

Our results of operations have been, and may continue to be, influenced by the expansion of our product offerings and production lines. In the early stage of business development, we recorded revenue from sales of a limited number of products produced during process and equipment commissioning. We also incurred substantial expenses before achieving economies of scale. In 2023, 2024 and 2025, we recorded gross loss of RMB131.6 million, RMB29.0 million and RMB33.9 million, respectively. We may continue to incur gross loss in the short term, as we are in the stage of expanding our business and operations.

We remain committed to actively extending the application areas of our SiC semiconductor products, while continuing to expand our product offerings. Such expansion may not be consistently successful and may incur losses if the revenue from the sales of our SiC semiconductor products fails to offset our costs, which may materially and adversely affect our financial condition, results of operations and prospects.

We have incurred significant operating losses and net losses during the Track Record Period and may not be able to achieve or subsequently maintain profitability in the near future.

Since our inception, we have incurred net losses. In 2023, 2024 and 2025, we had loss for the year of RMB342.2 million, RMB237.1 million and RMB335.2 million, respectively. Our gross loss was RMB131.6 million, RMB29.0 million and RMB33.9 million for the years ended December 31, 2023, 2024 and 2025, respectively. We may continue to incur net losses in the short term, as we are in the stage of expanding our business and operations and are continuously investing in R&D. We may not be able to achieve or subsequently maintain profitability in the near future. We believe that our future revenue growth will depend on, among other factors, our ability to develop new technologies, enhance customer experience, establish effective commercialization strategies, compete effectively and successfully, develop new products and successfully maintain and secure additional customers. Accordingly, you should not rely on the revenues of any prior periods as an indication of our future performance. We also expect our costs and expenses to increase in future periods as we continue to expand our business and operation and invest in R&D and geographic expansion. In addition, we expect to incur substantial costs and expenses as a result of being a public company. If we are unable to generate adequate revenues and manage our expenses, we may continue to incur significant losses and may not be able to achieve or subsequently maintain profitability.

Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth.

We remain in the early stage of development. We have experienced rapid revenue growth and generated revenue of RMB220.6 million, RMB299.0 million and RMB311.2 million in 2023, 2024 and 2025, respectively, representing a CAGR of 18.8% from 2023 to 2025. In particular, our

RISK FACTORS

revenue from SiC power modules increased from RMB77.0 million in 2023 to RMB122.4 million in 2025, representing a CAGR of 26.1%. However, there can be no assurance that we will be able to maintain our historical growth rates in future periods. We may encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, and any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable industry. Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. We may incur significant losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors' perceptions of our business and prospects may be adversely affected and the market price of our Shares could decline.

Any significant delay in payment or default on our receivables could materially and adversely affect our liquidity and financial performance. Selling our products on credit terms may increase our working capital requirements and expose us to the credit risk of our customers.

Our trade and other receivables primarily include amounts due from our customers for products in the ordinary course of business. As of December 31, 2023, 2024 and 2025, our trade and bills receivables amounted to RMB121.7 million, RMB163.6 million and RMB175.1 million, respectively. The credit period granted to our customers was generally 30 to 90 days upon receipt of invoice or after the monthly clearing date.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstances. Our trade and bills receivables turnover days increased from 149.8 days in 2023 to 174.1 days in 2024. Our trade and bills receivables turnover days increased from 174.1 days in 2024 to 198.6 days in 2025. We may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

We had net current liabilities and recorded net operating cash outflows historically, which may continue into the foreseeable future and expose us to liquidity risk.

We had net current liabilities of RMB87.7 million and RMB293.9 million as of December 31, 2023 and 2024, and net current liabilities of RMB278.9 million as of December 31, 2025. A net current liabilities position can expose us to the risk of shortfalls in liquidity, in which case our ability to raise funds, obtain bank loans and declare and pay dividends will be materially and adversely affected. If we are unable to improve our net current liabilities position, we may face increasing difficulties in meeting our short-term obligations as they fall due, which could result in defaulting on payments to creditors and suppliers, and may also restrict our ability to pursue business opportunities or respond to unforeseen events. In addition, persistent net current liabilities may negatively impact our creditworthiness and increase our financing costs, further exacerbating our liquidity risk. If we are unable to reverse this trend or secure sufficient external financing on favorable terms, or at all, our business, financial condition and results of operations could be materially and adversely impacted.

We recorded net cash used in operating activities of RMB119.7 million and RMB24.1 million in 2023 and 2024, respectively and net cash used in operating activities of RMB111.5 million in 2025. We cannot assure you that we will be able to generate positive cash flows from operating activities in the future. If we continue to record net operating cash outflows in the future, our working capital may be constrained, which may adversely affect our financial condition. Sustained negative operating cash flows may also limit our ability to fund our ongoing operations, invest in business development initiatives, or respond to changes in our industry or regulatory environment. In addition, insufficient cash generated from operating activities may require us to seek additional external financing to satisfy our liquidity requirements, which may not be available on terms favorable or commercially reasonable to us, or at all. Continued reliance on external financing could increase our financial costs and expose us to further liquidity and refinancing risks. Persistent operating cash outflows may also negatively affect the confidence of our investors, creditors and other stakeholders, which could further restrict our access to capital and adversely impact our business operations. If we are unable to improve our operating cash flow position, our ability to maintain normal operations and achieve our business objectives may be materially and adversely affected.

RISK FACTORS

Our future liquidity primarily depends on our ability to maintain adequate cash inflows from our operating activities and adequate external financing such as offering and issuing securities, and/or other sources such as external debt, which may not be available on terms favorable or commercially reasonable to us or at all. If we fail to obtain sufficient funding in a timely manner and on reasonable terms, or at all, we will be in default of our payment obligations and may not be able to expand our business. Thus, our business, financial condition and results of operations may be adversely affected.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, financial condition, results of operations and prospects.

During the Track Record Period, we benefited from government grants, many of which are non-recurring in nature or are subject to periodic review. As of December 31, 2023, 2024 and 2025, the government grants we recognized as other income amounted to RMB2.4 million, RMB24.0 million and RMB11.5 million, respectively. In addition, we enjoy various types of preferential tax treatment according to the prevailing PRC tax laws. For example, we were recognized as a high and new technology enterprise and were entitled to a preferential income tax rate of 15% instead of 25% during the Track Record Period. See Note 10 to the Accountants' Report in Appendix I to this prospectus.

The authorities may decide to reduce or cancel such grants or preferential tax treatment, or require us to repay part or all of the grants we previously received at any time, which could adversely affect our business, financial condition, results of operations and prospects. As these grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations and prospects.

Our results of operations are affected by seasonal fluctuations.

Our results of operations are affected by seasonal fluctuations in demand for our products. In particular, we typically experience higher sales in the second half of the year since many automotive manufacturers push NEV sales toward the end of the year, and the automotive industry usually experiences a decline in its own sales volume during and following the Chinese New Year, which may impact our sales in the first quarter. If we are unable to increase our production capacity to meet demand, we may lose potential sales and our customers may seek other sources to meet their needs. If we are unable to manage our production capacity during a seasonal or market-related downturn in demand, we may be unable to control costs. Our inability to react to changes in seasonal or cyclical demand on a timely basis may have a material adverse effect on our business, financial condition and results of operations.

The fair value measurements of certain financial assets require the use of estimates that are based on unobservable inputs, which inherently involves a certain degree of uncertainty, and our financial position and results of operations may be adversely affected by fair value changes in our financial assets measured at fair value through profit or loss.

Some of our financial assets are measured at fair value, which include unlisted equity investment and wealth management products. For financial reporting purposes, fair value measurements of these financial assets are categorized into level 1, 2 or 3, based on, among other things, the degree to which the inputs to the fair value measurements are “observable”. The fair value of financial assets classified in levels 1 and 2 is determined based on observable prices and inputs, while the determination of the fair value of level 3 financial assets is based on valuation techniques and various assumptions of inputs that are unobservable, which inherently involve a certain degree of uncertainty. See “Material Accounting Policies” in Note 2.3 to the Accountants' Report in Appendix I to this prospectus.

Changes in these unobservable inputs will affect the estimated fair value of our level 3 financial assets, which leads to uncertainty in accounting estimates. A range of factors, many of which are beyond our control, may influence and cause adverse changes to the estimates we use and thereby affect the fair value of these assets. These factors include, but are not limited to, general economic condition, changes in market interest rates and stability of the capital markets. Many of these factors, as well as others, could cause our estimates to vary from actual results and cause the

RISK FACTORS

fair value of our financial assets to fluctuate substantially. We are also subject to credit risks of our counterparties for our financial assets measured at fair value. A substantial decrease in the fair value of our financial assets may have an adverse effect on our financial position and may cause us to recognize a significant fair value change in financial assets at fair value through profit or loss which may in turn adversely affect our results of operations.

We have granted, and may continue to grant, certain awards under our share incentive plans, which may result in increased share-based payment expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive plans including share-based payment for the benefit of our Directors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2023, 2024 and 2025, we incurred share-based payments of RMB28.7 million, RMB32.0 million, and RMB72.5 million, respectively. We believe the granting of share-based payment is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based payment expenses could potentially dilute the shareholding of existing shareholders. We may continue to grant share-based payment awards to employees in the future. As a result, our expenses associated with share-based payment may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive plan from time to time. If we choose to do so, we may experience a substantial change in our share-based payment expenses in the reporting periods following this offering.

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

Based on our cash and cash equivalents, pledged deposits and unutilised banking facilities as of December 31, 2025, and assuming our average cash burn rate going forward will be RMB9.2 million, we estimate that we will be able to maintain our financial viability for approximately 46.4 months starting May 2026 without taking into account the net proceeds from the Global Offering. If we are unable to obtain the net proceeds from the Global Offering or secure alternative sources of funding in a timely manner and on terms favorable to us, we may not be able to meet our working capital requirements or fund our planned capital expenditures, which could have a material adverse effect on our business, financial condition and results of operations.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

The SiC power device industry is highly competitive. If we are not able to compete successfully, our business, results of operation and future prospects will be harmed.

The SiC power device industry is highly competitive. Competition in the SiC power product and related industries is based on many factors, such as price and cost, production capacity, logistics capabilities and product quality. We expect intensive price competition from other companies that may be able to supply SiC power products for lower costs than us due to various factors, including their lower production cost and transportation cost. It is also possible that our suppliers such as wafer manufacturers, wafer fabrication and packaging service providers and other semiconductor companies may scale up their operations by expanding upstream or downstream and hence become our direct competitors in certain stages. Our future success will depend on our ability to respond in an effective and timely manner to competitive pressure. If we fail to capture sufficient market share in the competition in the course of commercialization, or if the commercialization does not meet our or the market's expectations, we may not be able to recover our costs, and our business, results of operations and future prospects will be harmed. Meanwhile, significant technological advancements in SiC and alternative semiconductor materials could render our existing or future SiC semiconductors products uncompetitive, obsolete or otherwise unmarketable, and may materially and adversely affect our business and prospects in ways we cannot currently anticipate.

RISK FACTORS

In addition, the SiC power module industry is marked by a high level of concentration, with the top ten companies holding a combined market share of 89.7%. The introduction of new products and technologies by our competitors, the market acceptance of products based on competitors' new or alternative technologies, or our failure to anticipate or timely develop new or enhanced products or technologies in response to changing market demand, whether due to technological shifts or otherwise, could result in loss of customers and reduced competitiveness. Moreover, some of our direct and indirect competitors may have greater resources and certain advantages, including but not limited to longer operating history, better financing capabilities, well developed technologies and intellectual properties, more efficient sales and marketing and stronger customer relations. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

Our development strategies may not succeed, which may materially and adversely affect our business, financial condition and results of operations.

We have been and will continue introducing new products and improving existing ones to meet market demand and customer needs. However, there can be no assurance that our strategies align with market development, including technological advancements, industry trends and customer preferences. If any of our business strategies are proven to deviate from such market development, it could have a negative impact on our business, financial condition and results of operations. In addition, we may fail to obtain the necessary resources to fund our future plans or employ suitable personnel to manage our expanded business. If we are unable to develop and introduce new products and improve existing products in a cost-effective and timely manner, our business, financial condition, results of operations and competitive position would be materially and adversely affected.

The success of some of our products is dependent on our end customers' ability to develop products that achieve market acceptance, and our end customers' failure to do so could negatively affect our business, financial condition and results of operations.

The success of some of our products is heavily dependent on the timely introduction, quality, and market acceptance of our end customers' products incorporating our products, which are impacted by factors beyond our control. Our end customers' products are often very complex and subject to design complexities that may result in design flaws, as well as potential defects, errors, and bugs. In other cases, end customer products are delayed due to incompatible deliverables from other vendors. Such end customers have in the past, and may in the future, vary order levels significantly from period to period, request postponements of scheduled delivery dates, modify their orders or reduce lead times. This is particularly common during periods of low demand.

We may incur significant design and development costs in connection with designing our products for end customers' products that may not ultimately achieve market acceptance. If our end customers discover design flaws, defects, errors, or bugs in their products, or if they experience changing market requirements, failed evaluations or field trials, or incompatible deliverables from other vendors, they may delay, change, or cancel a project, and we may have incurred significant additional development costs and may not be able to recoup our costs, which in turn would adversely affect our business, financial condition and results of operations. In addition, developing industry trends, as well as end customers' use of outsourcing and new or revised supply chain models, may affect our revenue, costs and working capital requirements.

Our success and revenue growth hinges on securing design-wins and convincing customers to adopt our products. If we do not continue to win designs or our products are not adopted by our end customers, our business and results of operations will be harmed.

We sell our SiC semiconductor products to customers who select and adopt them in their product offerings. This selection process is typically lengthy and may require us to incur significant design and development costs and dedicate scarce engineering resources in pursuit of a single design-win with no assurance that our products will be selected. If we fail to convince our current or prospective customers to adopt our products in their product offerings or to constantly achieve design-wins, our business, financial condition and results of operations will be materially and adversely affected.

RISK FACTORS

Because of our extended sales cycle, our revenue in future years may be highly dependent on design-wins we are awarded in prior years. It is typical that a design-win will not result in meaningful revenue until one year or more later, if at all. If we do not continue to secure design-wins in the short term, our revenue in the following years will deteriorate.

Further, a significant portion of our revenue in any period may depend on a single product design-win with a large customer. As a result, the loss of any key design-win or any significant delay in mass production of the customer's products could adversely affect our business, financial condition and results of operations.

In addition, due to the interdependence of various components in the systems within which our products and the products of our competitors operate, customers are unlikely to change to another design or material, once adopted, until the next generation of technology. As a result, if we fail to introduce new or enhanced products that meet the needs of our customers or penetrate new markets in a timely manner, and our products do not gain acceptance, we will lose market share and our competitive position.

The loss of a key customer or design-win, a reduction in sales to any key customer, a significant delay or negative development in our customers' product development plans, or our inability to attract new significant customers or secure new key design-wins could materially and adversely affect our business, financial condition and results of operations.

There can be no assurance that our efforts in commercializing our products will succeed, and the time from product design to mass production is long and we are subject to the risks of termination or postponement of contracts or unsuccessful implementation.

Our products are based on novel SiC power device technology and our future success depends on the successful development of products based on SiC power device technology. There can be no assurance that any development problems we experience in the future related to our products will not cause significant delays or unanticipated costs, or that such development problems can be solved.

Meanwhile, we compete in a dynamic environment characterized by rapid technology and product evolution. Our failure to timely develop new technologies or to react quickly to changes in existing technologies could materially delay our development of new products, which could result in product obsolescence, decreased revenue, and/or a loss of market share to competitors. In addition, as we develop new product lines or enter into new markets, we must adapt to market conditions that are unfamiliar to us, such as competitors and distribution channels that are different from those we have known in the past. If we are unable to adapt rapidly to these new and additional conditions, we may not be able to successfully penetrate new markets.

Further, if initial sales volumes for our new or enhanced products do not reach anticipated levels within the time periods we expect, we may be required to engage in additional marketing efforts to promote such products and the costs of marketing and commercializing such products may be higher than we predict. We may also encounter lower manufacturing yields and longer delivery schedules in commencing mass production of new products that we introduce, which could increase our costs and disrupt our supply of such products. These could lead to customer dissatisfaction, which may result in the termination or postponement of contracts or unsuccessful implementation.

Undetected defects, errors or reliability issues in our products could reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design and production process, our products may contain undetected defects, errors or reliability issues when first introduced or after commencement of commercial shipments, which might require product replacement or recall. Further, changes of raw material used in the production processes may cause our products to fail. If defects, errors or reliability issues occur in our products, we could experience loss in revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our results of operations.

RISK FACTORS

In addition, the production of our products, including the fabrication of semiconductor wafers, packaging processes and the assembly and testing of products, involve highly complex processes. For example, minute levels of contaminants in the manufacturing environment, difficulties in the wafer fabrication process or other factors can cause a substantial portion of the components on a wafer to be nonfunctional. These problems may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. They may also result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

We depend on third parties to manufacture certain products. Such arrangements may reduce our control over product quality, quantity, development, enhancement and product delivery schedule and could harm our business.

We engage certain third-party contract manufacturers to carry out wafer fabrication, gate driver manufacturing and discrete device packaging. In 2023, 2024 and 2025, we engaged 10, 13 and 17 third-party contract manufacturers to provide manufacturing outsourcing services, with related costs amounting to RMB31.6 million, RMB24.3 million and RMB40.9 million, respectively. In 2023, 2024 and 2025, our outsourcing services costs accounted for 9.0%, 7.4% and 11.8% of our cost of sales during the same periods. Our inability to engage qualified contract manufacturers may hinder our ability to fulfill customer orders. Our regular monitoring of and quality checks on the performance of contract manufacturers may not be effective or sufficient to ensure their service quality. We are exposed to legal liabilities if we are not able to monitor the performance of our contract manufacturers, or if our contract manufacturers violate any laws, rules or regulations in connection with matters such as environmental protection, and health and safety, which may affect their renewal of relevant registrations or license or may even lead to revocation of their registrations or license.

In addition, the engagement of contract manufacturers also exposes us to risks associated with any non-performance, delayed performance or substandard performance by our contract manufacturers. In such cases, we will have to appoint replacement service providers and additional costs will be incurred. We may also incur additional costs or be subject to liability due to delay in schedule or defect in the works of our contract manufacturers or if there is any accident causing personal injuries or death of our contract manufacturers' employees. These events may impact our profitability, results of operation and reputation, as well as result in litigation or damages claims.

We have limited control over the operations of our distributors. Our business may be negatively affected due to risks relating to the acts of our distributors and their potential breach of agreements.

We collaborate with third-party professional distributors for marketing, branding and sales of our products such as SiC discrete devices and power semiconductor gate drivers. In 2023, 2024 and 2025, revenue from our distributors amounted to RMB68.6 million, RMB75.8 million and RMB112.2 million, representing 31.1%, 25.3% and 36.0% of the total revenue for the same periods, respectively, and the number of distributors at the end of each of these years was 163, 141 and 94. The performance of our distributors, their ability and distribution network to sell our products are crucial to our rapid growth, which may have direct impacts on our revenue and profitability. There can be no assurance that we will be successful in detecting any breach by our distributors with the provisions of their distribution agreements. Breach by our distributors could negatively affect our brand reputation and disrupt our sales.

Furthermore, we may be exposed to the risks of fraud or other misconduct committed by our distributors. Fraud or other misconduct by our distributors may involve engaging in unauthorized misrepresentation to our customers, misappropriating third-party intellectual property and other proprietary rights and engaging in bribery or other unlawful payments. In any such event, we could, as a result, incur liability to our customers for fraud or misconduct committed by such distributor. Any claims could subject us to costly litigation and impose a significant strain on our financial resources and attention of management personnel regardless of whether the claims have merit, any of which could result in complaints from our customers, regulatory and legal liabilities, as well as serious harm to our reputation.

RISK FACTORS

A substantial amount of our revenue is attributable to a limited number of customers in each year, and such amount may fluctuate in any given period.

Our major customers include automotive manufacturers and their Tier-1 suppliers, as well as high-tech companies specializing in new energy technology. Revenue generated from our largest customers in each year during the Track Record Period accounted for 29.7%, 45.5% and 20.6%, of our total sales in the respective years. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 46.4%, 63.1% and 40.4%, of our total sales in the respective years. We operate in an industry where market players tend to have a high concentration of customers. We cannot assure that our major customers will not change their business scope or business model nor suspend their operation, while maintaining their operation in compliance with applicable laws and holding appropriate operating licenses and approvals, or that they will not encounter any operating or financial difficulties. Any material adverse changes in the business, operation and financial conditions of such customers may have a material adverse effect on us. There is no assurance that we are able to maintain a good relationship with our major customers, or that our major customers will continue to have high demands for our products in the future. Under the aforementioned circumstances, if we are unable to identify suitable new customers within a reasonable period of time, our business, financial condition and results of operation may be adversely affected.

We have a limited track record in commercialization of our products in the fast evolving SiC power device industry, which involves significant risks and uncertainties.

We have a limited track record in developing, commercializing and marketing our products. Our ability to successfully commercialize our products may involve more uncertainties, take longer, and cost more than it would if we were a company with a longer track record. We may not be able to attract, motivate and retain qualified and professional employees in the function of commercializing our products who have, among other things, adequate technical knowledge to communicate effectively with potential customers, sufficient experience in sales and marketing of products, and extensive industry connections and experience. We may not be able to scale up rapidly enough to generate significant revenue, raise additional capital or operate profitably. We will continue to encounter risks and difficulties frequently experienced by companies at an early stage of commercialization, including marketing our products, scaling up our operation and headcount, and may incur unforeseen expenses, difficulties, or delays in connection with our growth.

If we are unable to retain existing customers, acquire new customers, and increase revenue from our customer base, our financial condition and results of operations would be materially and adversely affected.

Our ability to retain existing customers, attract new ones, and maintain our customers' continued and broadening use of our products is critical to our revenue growth. Our customer engagement may decrease for a variety of reasons, including their level of satisfaction with our products, our pricing and the pricing and quality of competing products, overall economic conditions, or changes to our customers' operations. If we are unable to encourage customers to contract and use our products, anticipate changing industry trends, enhance our offerings, innovate and develop new products that meet our customers' evolving needs, and expand our operations into new markets, we may not be able to attract and acquire new customers. Our success will depend on our ability to continue to expand our sales capabilities to widen our customer base. If we are unable to attract, motivate and retain a sufficient number of qualified sales and marketing personnel to support our business, the commercialization of our products and our ability to attract new customers may be adversely affected.

The loss of a significant number of customers, or a decline in their growth rate, could have a material adverse effect on our business, financial condition, results of operations and prospects. The growth of our business depends in part on existing customers continuing or expanding their use of our products. However, we cannot assure you that our customers will continue to use our products, or if there is a decline in our customers' business performance, our growth may slow or decline, and our business may be materially and adversely affected.

RISK FACTORS

RISKS RELATING TO OUR GENERAL OPERATIONS

Our business depends substantially on our management and highly skilled personnel including research and development personnel, and our operations may be severely disrupted if we lose their services.

Our future performance depends on the service and contribution of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and operating results. From time to time, there may be changes in our management team, resulting from the hiring or departure of executives, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. We have experienced, and we expect to continue to experience, difficulty in hiring and retaining highly skilled employees with appropriate qualifications in competition with other companies, particularly in the areas of engineering and product development. In addition, job candidates and existing employees often consider the value of the equity awards they receive in connection with their employment. If the estimated value of our equity or equity awards declines, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

Our products may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly.

Our products are based on industry standards that are continually evolving. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products uncompetitive with products designed and developed by our competitors. As a result, we could be required to invest significant time and effort and may incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards or requirements, we could miss opportunities to achieve crucial design wins, which in turn could have a material adverse effect on our business, financial condition and results of operations.

The ASP of certain of our SiC products has experienced a downward trend during the Track Record Period and may continue to face downward pressure, which could materially and adversely affect our profit margins.

The ASP of our products is influenced by a variety of factors, including, but not limited to, market demand, product mix, technological advancements, competitor pricing, customer bargaining power and raw material costs, some of which are beyond our control. During the Track Record Period, both the market price of SiC products and the ASP of our major products generally exhibited fluctuations. For SiC products in China, the ASP of SiC power semiconductor discrete devices in China ranged from RMB3 to RMB15 per piece in 2023, RMB3 to RMB10 per piece in 2024 and RMB2 to RMB7 per piece for 2025E to 2027E; the ASP of SiC power semiconductor modules ranged from RMB2,000 to RMB4,000 per unit in 2023, RMB1,800 to RMB3,600 per unit in 2024 and RMB1,500 to RMB2,800 per unit for 2025E to 2027E; and the ASP of power semiconductor gate drivers ranged from RMB130 to RMB200 in 2023, RMB40 to RMB100 in 2024 and RMB32 to RMB80 for 2025E to 2027E. For our major products, the ASP of our SiC power modules was RMB2,558.7, RMB2,357.2 and RMB677.0 per unit in 2023, 2024 and 2025, respectively; the ASP of our SiC discrete devices was RMB3.5, RMB5.7 and RMB6.8 in 2023, 2024 and 2025, respectively; and the ASP of our power semiconductor gate drivers was RMB165.3, RMB48.0 and RMB83.8 in 2023, 2024 and 2025, respectively. See “Business — Key Operational Data.” We cannot precisely predict the future trend of the ASP of our products. Any sustained or further decline in the ASP of our products, if not offset by a corresponding decrease in our costs, could result in a significant reduction in our gross profit margins and net profit and could materially and adversely affect our results of operations and financial condition.

RISK FACTORS

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products, and the constant emergence of new industry standards and practices.

The successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and materially and adversely affect our business, financial condition and results of operations.

We may be involved in legal proceedings and disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be subject to various complaints, disputes and lawsuits arising out of the ordinary course of our business, including, from time to time, actual or threatened litigation relating to commercial transactions, product liability, workers' compensation, IP claims and regulatory actions. If any complaint is dealt with improperly, we may be subject to litigation and required to pay substantial damages. Any complaints, disputes and lawsuits filed by or against us, whether or not meritorious, could result in significant costs and diversion of resources, and could cause serious damage to our reputation.

During the Track Record Period and up to the Latest Practicable Date, our subsidiaries had been subject to ongoing product liability legal proceedings and claims against us, and we cannot assure you that we can successfully defend ourselves against these proceedings or claims or that legal proceedings and claims against us will not recur in the future. On November 21, 2025, a customer of us brought a contractual claim against Bronze Tech, one of our subsidiaries to the Court (the “**Litigation**”). In the worst case scenario, where we lose the Litigation and are required to pay the maximum claimed damages, the accounting treatment of the litigation compensation of RMB14.3 million and accrued interest, if any, is expected to result in a reduction in subsequent net profit and net assets. If such damages are paid, it will further pressure our cash flow. In addition to the litigation compensation, there may be other limited impact on our business operations, such as litigation-related costs, diversion of managerial resources, damage to our reputation, negative impact on market acceptance of our other products, and reduced investors' recognition of our business. See “Business — Legal Proceedings and Compliance — Legal Proceedings.” Ongoing legal proceedings, regardless of the merit of the cases, may result in court injunctions being issued against the relevant subsidiaries, leading to the freezing of their bank accounts. Our reputation could also be adversely affected by such claims, whether or not successful. In addition, potential damages claimed by customers, delayed deliveries, or our failure to comply with quality requirements could negatively affect market acceptance of our other products, which could have a material adverse effect on our business, financial condition and results of operations.

In addition, complaints, disputes and lawsuits filed against us may result from improper or poor-quality supplies made to us, while our suppliers may not compensate us for any costs we incur, as a result of such complaints, disputes and lawsuits, in a timely manner or at all. In that case, our business and financial condition may be negatively affected.

Our expansion into new geographical areas and jurisdictions involves inherent risks, which may adversely affect our business and results of operations.

We may face various challenges in relation to our overseas expansion plans, such as our ability to identify suitable markets, secure favorable terms with overseas sales partners, the popularity of our products in the markets we wish to penetrate, the relevant logistics and warehousing arrangements in overseas markets, and our ability to meet the legal and other requirements of the local market. More specifically, different markets have their unique social and economic circumstances and consumer preferences, which present challenges for us to introduce our products in these markets. Different legal and other requirements, such as product safety standards, may also lead to additional compliance costs and divert the attention of our management and our resources. Furthermore, operations in certain countries may be negatively affected by deterioration in political and economic relations among countries, sanctions and export controls, international trade regulations and trade protection measures, and may be subject to other geopolitical challenges,

RISK FACTORS

economic and labor conditions, increased duties, taxes and other costs and political instability. In addition, our international expansion plan is also subject to challenges in localizing our business and competing against competitors with more local resources in the overseas market. As a result, we cannot guarantee that our expansion plan into overseas markets can be successfully implemented. Failure to execute our overseas expansion plan could have a material and adverse impact on our future prospects, business, results of operations and financial condition.

We may not have sufficient insurance coverage to cover our business risks, including all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we do not maintain any business interruption insurance or product liability insurance, which is not mandatory under PRC laws. We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under the insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial conditions, results of operations and prospects may be materially and adversely affected.

Our business growth and results of operations may be affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Our business may be materially and adversely affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics or pandemics, wars, terrorism, environmental accidents, power outages, or communication interruptions. The global power device industry is influenced by macroeconomic factors, including changes in economic conditions at various levels. Deterioration of the global economy, recession fears, or reduced customer confidence may decrease orders and adversely affect our financial condition and results of operations. Disruptions in global financial markets, such as sovereign debt or banking crises, may limit credit availability and restrict our access to financing, materially impacting our business and financial results.

Uncertainty regarding the long-term effects of monetary and fiscal policies, as well as concerns over international trade policies, treaties, regulations, and tariffs, may also affect our operations. Economic conditions in our operating locations are sensitive to global trends and domestic policies. Natural disasters, epidemics, pandemics, and social disruptions may cause temporary closure of our or our partners' facilities, severely disrupting operations and adversely affecting our business and financial performance. For example, typhoons, fires, and droughts pose significant risks to our regions of operation. Operations may also be disrupted if employees or partners are suspected of epidemic or pandemic illnesses, requiring quarantine or disinfection measures. Our revenue and profitability could be materially reduced if such events harm the global or PRC economy.

Our business, financial condition and results of operations may be materially and adversely affected by international policies and international export controls and economic sanctions.

Certain foreign jurisdictions have imposed or may impose export controls, economic sanctions or other trade-related measures in various forms (such as heavy tariffs or harsh trade conditions) against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. Export controls and economic sanctions laws or regulations could change in a way that could affect our business, exports or sales in other countries and/or could result in restrictions, penalties or fines. For instance, heightened tensions between major economies, such as the United States and China, could result in stricter export controls on chips and/or semiconductors, including the licensing requirements on certain high-performance chips and items subject to the EAR depending on the end-user and/or end-use of the items set forth

RISK FACTORS

in relevant rules. Furthermore, if we export our products to other countries which are subject to sanctions or export controls in the future and/or if the scope of the export controls or sanctions are expanded, our business, financial condition and results of operations may be materially and adversely affected.

On August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern, granting the U.S. government the authority to establish and enforce an outbound investment screening regime. On October 28, 2024, the Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the “Final Rule”) to implement the President’s Order of August 9, 2023. The Final Rule is effective on January 2, 2025. The Final Rule imposes investment prohibition and notification requirements on U.S. Persons for a wide range of investments in entities associated with China (including Hong Kong and Macau) that are engaged in activities relating to three sectors: (i) semiconductors and microelectronics, (ii) quantum information technologies, and (iii) artificial intelligence systems, collectively defined as “covered activities.” U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in a “covered foreign persons,” which are defined as “covered transactions,” and include acquisitions of equity interests and contingent equity interests, certain debt financing, greenfield and brownfield investments, joint ventures, and certain investments as a limited partner in a non-U.S. person pooled investment fund. The Final Rule excludes some investments from the scope of covered transactions, including those in publicly traded securities. As advised by our legal adviser in connection with the foregoing matters, we are a “covered foreign person” that engage in business activities that fall within the “semiconductors and microelectronics” sectors defined under the scope of the “notifiable transactions” under the Final Rule. See “Business — Impacts of U.S. Trade and Investment-Related Laws and Regulations — Impact of the U.S. Outbound Investment Rules.” As such, if U.S. persons engage in a “covered transaction” (as defined under the Final Rule), including a transaction that involves the acquisition of our equity interests, such U.S. persons are not prohibited from but may need to make a notification pursuant to the Final Rule. Any U.S. initial purchasers involved in the underwriting process would bear the obligation to notify the Treasury. Under the Final Rule, U.S. persons obligated to notify must submit a detailed electronic notification to the Department of the Treasury within 30 days of completing a notifiable transaction or acquiring relevant knowledge. The notification should encompass essential information, including representative contact details, descriptions of the U.S. and foreign persons involved, transaction specifics (rationale, status, value, and equity stakes), organizational charts, and details of the covered activities that trigger the notification requirement. Notifications filed prior to transaction completion must be updated within 30 days if there are material changes. With the completion of the notification, there will be no further risk exposure according to the Final Rule as of the date of this prospectus. However, upon the completion of the Global Offering, a U.S. person will be permitted to invest in our H Shares under the Final Rule based on the publicly traded securities exception as long as such investment does not give the U.S. person any right beyond standard minority shareholder protections. Nevertheless, the Final Rule may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, affecting the investor sentiment towards us, and therefore negatively impacting our ability to raise capital. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects. As of the date of this prospectus, there have been no further updates to the Final Rule.

In addition, our business may also be significantly impacted by the imposition of tariffs by the U.S. and any resulting retaliatory tariffs in the countries in which we operate. Since February 2025, additional tariffs have been imposed under the International Emergency Economic Powers Act (“IEEPA”) on all imports from China. The IEEPA tariffs comprised reciprocal tariffs and fentanyl tariffs, both of which underwent multiple rate adjustments following their enactment. As of the Latest Practicable Date, in view of the U.S. Supreme Court’s ruling that tariffs imposed under the IEEPA are invalid, both the reciprocal tariffs and the fentanyl tariffs have ceased to be collected since February 2026. On February 20, 2026, the U.S. government announced that a global tariff is currently imposed on imports from countries including China, under Section 122 of the Trade Act of 1974 at a rate of 10% (the “Section 122 Tariffs”). The Section 122 Tariffs are effective for a period from February 24, 2026 to July 24, 2026. There is significant uncertainty in relation to the development of these trade and political tensions. Policy changes and related uncertainty about policy changes could increase market volatility.

RISK FACTORS

Historically, tariffs have led to increased trade and political tensions, between not only the U.S. and China, but also between the U.S. and other countries in the international community. There is significant uncertainty as to whether countries will be able to successfully reach any trade deals with the U.S. Rising political tensions as a result of trade policies could reduce trade volume, investment, and other economic activities between major international economies. During the Track Record Period, our products are offered to customers primarily in China. There is, however, no assurance that our sales or our customers' sales of their products will not be subject to the restrictions introduced by the U.S. from time to time.

These geopolitical tensions and their developments, or the perception that any of them could occur, may have a material adverse effect on global economic conditions and the stability of global financial markets, which in turn can significantly impact our business and results of operations.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and results of operations.

Our products are incorporated into a variety of end products. The use of end products that adopt our products could result in an unsafe condition or injury as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or information. These factors could result in product liability or warranty claims; we could be named as a defendant in such claims, and any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subject to claims as a result of such accidents and bring claims against us to hold us accountable.

In addition, in the event that our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially and adversely affect our business, results of operations and financial condition. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. Warranty, recall, product liability claims, or negative publicity may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting and adversely affect our business and results of operations.

RISKS RELATING TO THE MANUFACTURING OF OUR PRODUCTS

Any disruption to the operation of our production bases could restrict our ordinary business operations and materially and adversely affect our financial condition and results of operations.

During the Track Record Period, we had three production bases, namely, Guangming production base, Wuxi production base and Pingshan testing base. The operation of our production bases may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. As our production process, especially wafer epitaxial growth processing and safety-critical operations, requires substantial amounts of electricity, any power outage, disruption or shortage in power supply could therefore have a materially adverse impact on our production and employee safety.

As part of our production operations, we are engaged in certain inherently risky and hazardous activities, including, among other things, use of special equipment and management of special gases. Therefore, we are subject to risks associated with these activities, including gas leakages, equipment failures, industrial accidents, fires and explosions. These risks can result in personal injuries and fatalities, damage to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences, if significant, could disrupt the operation of our production bases and result in business interruption and legal liability, and materially and adversely affect our financial condition and results of operations.

RISK FACTORS

Failure to successfully execute production capacity expansion plans and our equipment maintenance and upgrades or to effectively utilize our production bases may have a material adverse effect on our business, financial condition and results of operations.

Our growth prospects and future profitability depend on, among other things, our ability to upgrade and expand the production capability, either generally or with respect to demand from customers for particular products.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected.

In addition, if we do not receive sufficient orders from our customers to effectively utilize our production bases, we may be subject to low utilization rates of production capacity or over-capacity for our production bases, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new production bases or expansion of any existing facilities and maintenance of expanded production capacity. Furthermore, we have entered, and may in the future enter, into agreements for our expansion plans. Any delay or cancellation of our expansion plan or any failure to fulfill related commitments could also subject us to penalties or disputes with various counterparties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are susceptible to supply shortages, long lead times and increased costs of raw materials and key components, any of which could disrupt our supply chain, increase our production costs, delay deliveries of our products to customers and adversely affect our profitability.

We depend on third-party suppliers to provide a variety of materials necessary for the manufacturing of our SiC semiconductor products, including SiC wafers, specialized packaging materials, photoresists, cleaning fluids, target materials and specialty gases. Our material costs allocated to cost of sales amounted to RMB 288.4 million, RMB280.5 million and RMB229.8 million, respectively, in 2023, 2024 and 2025, representing 81.9%, 85.5%, and 66.6% of our total cost of sales for the respective periods. Our production volume and production costs depend on our ability to source key raw materials at competitive prices. However, the raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and governmental regulations and policies.

During the Track Record Period, we experienced significant fluctuations in the prices of critical raw materials for our production, particularly silicon carbide substrates and epitaxial wafers, which contributed to downward pressure on our ASP. The average cost of SiC substrates in China ranged from RMB3.6 thousand to RMB5.6 thousand per piece in 2023, RMB2.3 thousand to RMB4.3 thousand per piece in 2024 and RMB2.0 thousand to RMB4.1 thousand per piece for 2025E to 2027E. The average cost of SiC epitaxial wafers ranged from RMB7.8 thousand to RMB9.8 thousand per piece in 2023, RMB6.5 thousand to RMB7.5 thousand per piece in 2024 and RMB5.5 thousand to RMB7.1 thousand per piece for 2025E to 2027E. Such volatility could adversely impact our business, financial performance, and customer relationships. There can be no assurance that raw material prices will remain stable or that supply shortages will not occur, as these factors are subject to uncertainties in the global power device industry, shifts in economic and trade policies, regulatory changes, geopolitical disruptions, or supply chain constraints. Furthermore, potential supplier quality issues or a sharp near-term rise in SiC wafer costs — without the ability to promptly pass these increases downstream — could compress our profit margins and reduce gross profitability. These risks may hinder our ability to secure cost-competitive and stable raw material supplies, fulfill customer contracts, or sustain operational efficiency, any of which could materially and adversely affect our business, financial condition, and results of operations.

If we are unable to manufacture or deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our products is crucial to our future prospects. As we have been ramping up our production capacity, we may face difficulties managing our production facilities and meeting our delivery deadlines when there is a surge in customer demand. If any of our production facilities experiences interruptions, delays or disruptions in supplying products, our ability to deliver

RISK FACTORS

products to customers would be impeded. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. We may also experience delays in shipments caused by our third-party logistic service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, financial condition and results of operations.

We are exposed to concentration risk of reliance on our major suppliers.

Our major suppliers include suppliers of SiC wafers, SiC epitaxial wafers, as well as production equipment and machinery. Purchases from our largest suppliers in each year during the Track Record Period accounted for 20.2%, 26.5% and 21.0% of our total purchase amount for the respective periods. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 52.4%, 43.9% and 38.2% of our total purchase amount in the respective years.

Our reliance on these major suppliers subjects us to the concentration and counterparty risks. We cannot assure you that we will be able to maintain our relationships with our major suppliers in the future. Moreover, we cannot guarantee that our major suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business with us. For example, if the supply of key raw materials from our major suppliers is disrupted or delayed, there can be no assurance that we will be able to find new suppliers with similar supply capacity on comparable commercial terms within a reasonable period of time, or at all. Should any of these occur, our business, financial condition, results of operations and profitability may be adversely affected.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Our inventories primarily consisted of raw materials, work in progress, finished goods, goods in transit and production supplies. As of December 31, 2023, 2024 and 2025, we had inventories of RMB80.9 million, RMB78.9 million and RMB83.0 million, respectively. Our inventory turnover days were 100.2 days, 88.9 days and 85.6 days in 2023, 2024 and 2025, respectively. Our business model requires us to manage our inventories efficiently.

We rely on demand forecasts to guide raw material purchases and production planning, but demand can fluctuate significantly and is not always predictable. Factors such as market conditions, new product launches, pricing, and discounts — many beyond our control — affect demand. When developing new products, we may face challenges in establishing stable supplier relationships and accurately forecasting demand. Some raw materials require long lead times, prepayment, and may not be returnable. As we expand our product range, managing inventory and logistics becomes more complex.

We cannot guarantee that inventory levels will promptly meet customer demand or that all inventory will be sold within a reasonable time. Ineffective inventory management may lead to higher storage costs, increased risk of obsolescence, reduced inventory value, and significant write-offs. Assessing net realizable value and required write-downs involves significant judgment and is based on current market conditions, contract prices, and historical sales experience, all of which carry considerable uncertainty. In 2023, 2024 and 2025, we made inventory write-down of RMB9.0 million, reversal of inventories of RMB18.1 million and inventory write-down of RMB9.7 million, respectively. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in diminished customer base and loss of revenue, any of which could harm our business, financial condition and results of operations.

RISK FACTORS

RISKS RELATING TO OUR INTELLECTUAL PROPERTY RIGHTS

Our business depends on our ability to protect our intellectual property rights, and we may be exposed to intellectual property infringement and other claims by third parties in the relevant jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by our employees and confidentiality agreements signed with third parties to protect our intellectual property rights. If we are unable to successfully apply for and obtain new intellectual property rights in a timely and cost-effective manner in the future, as such applications may be expensive and time consuming, our business, financial condition and results of operations could be materially and adversely impacted. Unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in foreign jurisdictions, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. As of the Latest Practicable Date, we were not involved in any legal proceeding against parties who we believe are infringing upon our intellectual properties.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. We may receive communications from intellectual property right holders regarding their proprietary rights. Companies holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. Our uses of trademarks relating to our design, software, technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to (i) cease to sell products that are involved in the challenged intellectual property rights owned by others; (ii) pay damages; (iii) redesign our products; or (iv) establish and maintain alternative branding for our products.

The validity and scope of any potential claims or requests can be complicated and involve complex scientific, legal and factual questions and analysis and, therefore, may be highly uncertain. The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings or requests can be both costly and time consuming and may significantly divert the efforts and resources of our management. A determination in any such litigation or proceedings or requests to which we are a party may invalidate our patents, subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Any of the aforementioned will materially and adversely affect our business, financial condition and results of operations.

Obtaining and maintaining our patent protection depends on compliance with various procedural, documentary, fee payment, and other requirements imposed by governmental patent agencies, and our patent protection could be reduced or eliminated for noncompliance with these requirements.

The CNIPA and various governmental patent agencies require compliance with a number of procedural, documentary, fee payment and other similar provisions during the patent application process and over the lifetime of the patent. Non-compliance events, including failure to respond to official actions within prescribed time limits, non-payment of periodic maintenance fees, and failure to properly legalize and submit formal documents, can result in abandonment or lapse of the patent or patent application, leading to partial or complete loss of patent rights in the relevant jurisdiction. In any such event, our competitors might be able to enter the market, which would materially and adversely affect our business.

RISK FACTORS

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our products.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other countries may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will issue as patents in any particular jurisdiction or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future issue as patents, they may not issue in a form that will provide us with any meaningful protection, prevent competitors or other third parties from competing with us, or otherwise provide us with any competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN THE PRINCIPAL PLACE OF OUR BUSINESS

Changes in economic, political or social conditions or government policies in the countries and regions where we operate could have a material and adverse effect on our business and operations.

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy has experienced significant growth over the past decades, and the Chinese government has implemented various measures to encourage economic growth. Any economic downturn, whether actual or perceived, further decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides. Under the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules, dividends from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20% and gains from PRC sources realized by such investors on the transfer of shares are generally subject to 20% PRC income tax, in each case, subject to any reduction or exemption set forth in applicable tax treaties and PRC laws.

If PRC income tax is imposed on gains realized through the transfer of our H Shares or on dividends paid to our non-resident investors, the value of your investment in our Shares may be adversely affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

RISK FACTORS

Certain judgments obtained against us by our Shareholders may be difficult to enforce.

We are a company incorporated under the laws of the PRC, and substantially all of our assets and subsidiaries are located in the PRC. The majority of our Directors and senior management reside within the PRC. As a result, it may be difficult for you to directly effect service of process upon us or such Directors or senior management who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

The holders of the Shares will not be able to bring actions on the basis of violations of the Listing Rules and must rely on the Stock Exchange to enforce its rules. The Listing Rules and the Codes on Takeovers and Mergers and Share Repurchases of Hong Kong do not have the force of law in Hong Kong.

The foreign exchange regulations may limit our business and results of operations and our ability to remit dividends.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the Chinese current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

Fluctuations in exchange rates could result in foreign currency exchange losses.

The exchange rate of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms. Remittances of Renminbi into and out of China are subject to strict restrictions.

RISK FACTORS

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares, an active trading market for our H Shares may not develop, and their trading price may fluctuate significantly.

There was no public market for our H Shares prior to the Global Offering. There can be no guarantee that a public market for our H Shares with adequate liquidity and trading volume will develop and be sustained following the completion of the Global Offering. In addition, the Offer Price of our H Shares is expected to be fixed by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and us, which may not be indicative of the market price of our H Shares following the completion of the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares may be materially and adversely affected.

Substantial future sales or the expectation of substantial sale of our H Shares in the public market could cause the price of our H Shares to decline.

The market price of our Shares could decline as a result of future sales of a substantial number of our Shares or other securities relating to our Shares in the public market, the issuance of new shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital at a specific time and on terms favorable to us. Equity-linked securities issued by us may also confer rights and privileges that take priority over those conferred by the Shares.

We may need additional capital, and the sale or issue of additional H Shares or other equity securities could result in additional dilution to our Shareholders.

Notwithstanding our current cash and cash equivalents and the net proceeds from the Global Offering, we may require additional cash resources to finance our continued growth or other future developments. We cannot assure you that financing will be available in the amounts or on terms acceptable to us, if at all. If we fail to raise additional funds, we may need to sell additional equity securities, which could result in additional dilution to our Shareholders.

As the Offer Price of our H Shares is higher than our consolidated net tangible book value per Share, purchasers of our H Shares in the Global Offering may experience immediate dilution upon such purchases.

As the Offer Price of our H Shares is higher than the consolidated net tangible assets per Share immediately prior to the Global Offering, purchasers of our H Shares in the Global Offering may experience an immediate dilution. Our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their H Shares. In addition, holders of our H Shares may experience further dilution of their interest if the Underwriters exercise the Over-allotment Option or if we issue additional H Shares in the future to raise additional capital.

The liquidity, trading volume and market price of our H Shares following the Global Offering may be volatile, which could result in substantial losses to investors.

The price at which our H Shares will trade after the Global Offering will be determined by the marketplace, which may be affected by various factors beyond our control, including:

- our financial performance;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, ourselves and the industry in which we operate;
- an assessment on the prospects for, and timing of, our future revenue and cost structures that independent research analysts may publish, if any;
- the present state of our development;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;

RISK FACTORS

- general market sentiment regarding the industry we operate in;
- changes in laws and regulations of China;
- our actual or perceived failure to compete effectively in the market; and
- political, economic, financial and social conditions.

In addition, the Stock Exchange has from time to time experienced significant volatility in trading prices and volumes that have affected the market prices of securities of companies quoted on the Stock Exchange. As a result, investors in our H Shares may experience volatility in the market price of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Our Controlling Shareholders Group has substantial influence over our Group and its interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders Group have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), the Controlling Shareholders Group will be together entitled to control the exercise of approximately 36.69% of the voting rights and thus remain as a group of Controlling Shareholders of our Company. The interests of our Controlling Shareholders Group might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders Group cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders Group and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our operations and prospects. In order to meet its financing needs, the shareholders of Bronze Group pledged the shares they own in Bronze Group to Shenzhen Rural Commercial Bank Co., Ltd. Guangming Branch* (深圳農村商業銀行股份有限公司光明支行) (“**Shenzhen Rural Commercial Bank**”) as collateral for a credit facility of RMB160 million (the “**Bronze Group Credit Facility**”). If an event of default, such as non-payment, occurs under the Bronze Group Credit Facility, Shenzhen Rural Commercial Bank may enforce its rights against the pledgor, including enforcing its rights over all or part of the shares of Bronze Group under the Bronze Group Pledge. See “Substantial Shareholders — Pledge of Shares in Bronze Group.”

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS Accounting Standards (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

Certain facts, forecast and statistics contained in this prospectus are derived from publicly available official government sources and they may not be reliable.

This Prospectus, particularly the section headed “Industry Overview” contains information and statistics relating to the industries in which we operate. Such information and statistics have been derived from various official government. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Only the information from official government sources has not been

RISK FACTORS

independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy. Collection methods of such information may be flawed or ineffective, or there may be discrepancies between published information and market practice, which may result in the statistics being inaccurate or not comparable to statistics produced for other economies. You should therefore not place undue reliance on such information. In addition, we cannot assure you that such information is stated or compiled on the same basis or with the same degree of accuracy as similar statistics presented elsewhere. In any event, you should consider carefully the importance placed on such information or statistics.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements and information that are forward-looking and uses forward-looking terminology such as “believe,” “expect,” “estimate,” “predict,” “aim,” “intend,” “will,” “may,” “plan,” “consider,” “anticipate,” “seek,” “should,” “could,” “would,” “continue,” and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this prospectus are qualified by reference to this cautionary statement.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the Global Offering.

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the Global Offering. Prior to the publication of this prospectus, there has been press and media coverage regarding us and the Global Offering. Such press and media coverage may include references to certain information that does not appear in this prospectus, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this prospectus, we disclaim responsibility for it and you should not rely on such information.

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

In preparation for the Global Offering, our Company has applied for the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong, which normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong.

Pursuant to Rule 19A.15 of the Listing Rules, the requirement in Rule 8.12 may be waived by having regard to, among other considerations, our arrangements for maintaining regular communication with the Stock Exchange.

Since our principal business and operations are in the PRC, all of our executive Directors are based in China as the Board believes it would be more effective and efficient for its executive Directors to be based in a location where our operations are conducted. It would be practically difficult and commercially unnecessary for us to relocate two of our executive Directors to Hong Kong. Therefore, we do not and, for the foreseeable future, will not have executive Directors who are ordinarily resident in Hong Kong for the purposes of satisfying the requirements of Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, pursuant to Rule 19A.15 of the Listing Rules, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the following conditions:

- (i) we have appointed Dr. Wang, being our executive Director, and Ms. Jian Xuegen (“**Ms. Jian**”), being our joint company secretary, as the authorized representatives (the “**Authorized Representatives**”) for the purpose of Rule 3.05 of the Listing Rules. Our Authorized Representatives will act as our principal channel of communication with the Stock Exchange and would be readily contactable by phone and email to deal promptly with enquiries from the Stock Exchange. Accordingly, our Authorized Representatives will be able to meet with the relevant members of the Stock Exchange to discuss any matters in relation to our Company within a reasonable period of time;
- (ii) our Authorized Representatives have means contacting all Directors promptly at all times as and when the Stock Exchange proposes to contact a Director with respect to any matter;
- (iii) each Director has provided our Authorized Representatives and the Stock Exchange with the contact details (such as mobile phone number, office phone number and e-mail addresses, if any). In the event that any Director expects to travel or otherwise be out of office, he/she will provide the phone number of the place of his/her accommodation to our Authorized Representatives;
- (iv) each Director who does not ordinarily reside in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period; and
- (v) we have appointed Rainbow Capital (HK) Limited as our Compliance Advisor (the “**Compliance Advisor**”) upon Listing pursuant to Rules 3A.19 of the Listing Rules for a period commencing on the Listing Date and ending on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date. The Compliance Advisor will have access at all times to our Authorized Representatives, our Directors and the other senior management and act as the additional channel of communication with the Stock Exchange and answer enquiries from the Stock Exchange.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rules 3.28 and 8.17 of the Listing Rules, we must appoint a company secretary who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

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

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

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (ii) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and
- (iii) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

Note 2 to Rule 3.28 of the Listing Rules further provides that, in assessing “relevant experience”, the Stock Exchange will consider the individual’s:

- (i) length of employment with the issuer and other issuers and the roles he/she played;
- (ii) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Takeovers Code;
- (iii) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and
- (iv) professional qualifications in other jurisdictions.

We have appointed Mr. Zhang Yu (“**Mr. Zhang**”) as one of our joint company secretaries. He has a thorough understanding of the operations of the Board and our Company and has gained experience in handling corporate governance and general administrative matters relating to our Company. Although he presently does not possess the qualifications required under Rules 3.28 and 8.17 of the Listing Rules, we would like to appoint him as our joint company secretary due to his past experience within our Group and his thorough understanding of the internal administration and business operations of our Group. In addition, we have appointed Ms. Jian as the other joint company secretary to assist Mr. Zhang in discharging the duties of a company secretary. Ms. Jian is a member of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants. Ms. Jian therefore meets the qualification requirements under Note 1 to Rule 3.28 of the Listing Rules and is in compliance with Rule 8.17 of the Listing Rules. See “Directors and Senior Management” for further information regarding the biographies of Mr. Zhang and Ms. Jian.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to our Company, a waiver from strict compliance with the requirements of Rules 3.28 and 8.17 of the Listing Rules for an initial period of three years from the Listing Date on the basis of the following proposed arrangements:

- (i) Mr. Zhang will endeavor to attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Listing Rules, and seminars organized by the Stock Exchange for listed issuers from time to time;
- (ii) both Mr. Zhang and Ms. Jian have confirmed that each of them will be attending a total of no less than 15 hours of training courses on the Listing Rules, corporate governance, information disclosure, investor relations, as well as the functions and duties of the company secretary of a Hong Kong listed issuer during each financial year as required under Rule 3.29 of the Listing Rules;
- (iii) Ms. Jian will assist Mr. Zhang to enable him to acquire the relevant experience (as required under Rule 3.28 of the Listing Rules) to discharge the duties and responsibilities as our company secretary;
- (iv) Ms. Jian will communicate regularly with Mr. Zhang on matters relating to corporate governance, the Listing Rules, and any other laws and regulations which are relevant to us and our affairs. Ms. Jian will work closely with, and provide assistance to, Mr. Zhang in the discharge of his duties as a company secretary, including organizing our Board meetings and Shareholders’ general meetings;
- (v) prior to the expiry of Mr. Zhang’s initial term of appointment as the company secretary of our Company, our Company will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Listing Rules, and whether ongoing assistance should be arranged so that Mr. Zhang’s appointment as the company secretary of the Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Listing Rules;

WAIVERS FROM STRICT COMPLIANCE WITH THE LISTING RULES

- (vi) our Company has appointed Rainbow Capital (HK) Limited as its Compliance Advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as the additional communication channel with the Stock Exchange and provide professional guidance and advice to our Company and Mr. Zhang as to compliance with the Listing Rules and all other applicable laws and regulations; and
- (vii) the waiver may be revoked with immediate effect if our Company commits material breaches of Rules 3.28 and 8.17 of the Listing Rules.

Prior to the expiration of the three-year period, our Company will further evaluate the qualifications and experience of Mr. Zhang to determine whether he has satisfied the requirements as stipulated under the Listing Rules and whether he needs further assistance. We will liaise with and assist the Stock Exchange in assessing whether Mr. Zhang, having benefited from the assistance of Ms. Jian for three years, has acquired the skills necessary to carry out the duties of a company secretary and the relevant experience within the meaning of Note 2 to Rule 3.28 of the Listing Rules so that a further waiver will not be necessary.

CONTINUING CONNECTED TRANSACTIONS

We have applied to the Stock Exchange for, and the Stock Exchange has granted, waivers in relation to our partially-exempt continuing connected transaction. For further details, see “Continuing Connected Transactions — Partially-exempt Continuing Connected Transaction”.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY STATEMENT

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

CSRC FILING

The CSRC issued a notification on November 26, 2025 confirming our completion of the filing procedures for the Listing and the Global Offering. In issuing such notification, the CSRC accepts no responsibility for our financial soundness or the accuracy of any of the statements made or opinions expressed in this prospectus.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Capital Market Intermediaries, and Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

UNDERWRITING

See “Underwriting” for further details on the Underwriters and the underwriting arrangements.

INFORMATION ON THE CONVERSION OF CERTAIN UNLISTED SHARES INTO H SHARES

The CSRC accepted our Company's filing application and issued the Notice of Completion of Filing on November 26, 2025 for the Global Offering, the conversion of certain Unlisted Shares into H Shares and the making of the application to list our H Shares on the Stock Exchange.

RESTRICTIONS ON OFFER AND SALE OF H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his or her acquisition of Hong Kong Offer Shares to, confirm that he is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered and sold, directly or indirectly, in the PRC or the United States.

Potential investors for Offer Shares should consult their financial advisers and take legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. Potential investors for the Offer Shares should inform themselves as to the relevant legal requirements of applying for the Offer Shares and any applicable exchange control regulations and applicable taxes in the countries of their respective citizenship, residence or domicile.

APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option and the H Shares to be converted from our Domestic Unlisted Shares) on the basis that, among other things, we satisfy the requirements under Rule 18C.03 of the Listing Rules (as modified by Chapter 2.5 of the Guide) as a Commercial Company (as defined in the Listing Rules) with reference to our expected market capitalization at the time of Listing, which, based on the Offer Price, exceeds HK\$4 billion.

Except that we have applied for the Listing to the Stock Exchange, no part of our Company's share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future. All Offer Shares will be registered on our H Share Registrar in order to enable them to be traded on the Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

For details of the admission of the Shares into CCASS, see the section headed "Structure of the Global Offering" in this prospectus.

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in Chinese Mainland. Dealings in the H Shares registered in our H Share Register will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the shareholders as recorded on the H Share register of our Company in Hong Kong.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of our Company, the Joint Sponsors, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers, Capital Market Intermediaries, and Underwriters, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares".

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

OVER-ALLOTMENT AND STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilization, are set out in “Structure of the Global Offering”.

EXCHANGE RATE CONVERSION

Unless indicated otherwise, (i) the translations between Renminbi and U.S. dollars were made at the rate of RMB6.8150 to US\$1.00, (ii) the translations between Renminbi and Hong Kong dollars were made at the rate of RMB0.8696 to HK\$1.00, and (iii) the translations between Hong Kong dollars and U.S. dollars were made at the rate of HK\$7.8374 to US\$1.00. No representation is made that the amounts denominated in one currency could actually be converted into the amounts denominated in another currency at the rates indicated or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Address	Nationality
<i>Executive Directors</i>		
Dr. Wang Zhihan (汪之涵)	Unit 1801, Building C Honghao Garden 2004 Xiangmei Road Futian District Shenzhen, PRC	Chinese
Dr. He Weiwei (和巍巍)	Unit 1101, South Block, 11th Floor Yuanxing Science and Technology Building 1 Songpingshan Road Nanshan District Shenzhen, PRC	Chinese
Mr. Fu Junyin (傅俊寅)	Unit 601, No. 50 Lane 345, Zhuanxing Road Minhang District Shanghai, PRC	Chinese
Ms. Yan Rui (閆瑞)	Unit 31E, Block B, Building 5 Xiangmi Third Village Hongli West Road Futian District Shenzhen, PRC	Chinese
<i>Independent non-executive Directors</i>		
Mr. Li Juping (李居平)	Room 502, Gate 4, Building 17 17 Xicui Road Haidian District Beijing, PRC	Chinese
Mr. Ye Xiang (叶翔)	Room B, 16th Floor, Building 2 Marina South 8 Ap Lei Chau Path Ap Lei Chau, Hong Kong	Chinese (Hong Kong)
Mr. Wang Susheng (王蘇生)	Unit 202, Building 13 Meilin Second Village, Kaifeng Road Futian District Shenzhen, PRC	Chinese

For further details of our Directors, see “Directors and Senior Management”.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors

**Sinolink Securities (Hong Kong)
Company Limited**
Unit 3501-08, 35/F., Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

Sponsor-Overall Coordinator

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

**Overall Coordinators, Joint
Global Coordinators, Joint
Bookrunners, Joint Lead Managers
and Capital Market Intermediaries**

**Sinolink Securities (Hong Kong)
Company Limited**
Unit 3501-08, 35/F., Cosco Tower
183 Queen's Road Central
Sheung Wan, Hong Kong

BOCI Asia Limited
26/F, Bank of China Tower
1 Garden Road
Central, Hong Kong

**Joint Bookrunners, Joint Lead
Managers and Capital Market
Intermediaries**

Fortune (HK) Securities Limited
Unit 4102-06, 41/F, Cosco Tower
183 Queen's Road Central
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway, Admiralty
Hong Kong

Guosen Securities (HK) Capital Company Limited
Suites 3207-3212 on Level 32, One Pacific Place
88 Queensway
Hong Kong

Patrons Securities Limited
Unit 3214, 32/F., Cosco Tower
183 Queen's Road Central
Sheung Wan,
Hong Kong

Tiger Brokers (HK) Global Limited
23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

TradeGo Markets Limited

Room 3405, West Tower, Shun Tak Centre
168-200 Connaught Road
Central,
Hong Kong

Yue Xiu Securities Company Limited

Rooms Nos. 4917-4937, 49/F, Sun Hung Kai Centre
No.30 Harbour Road
Wanchai,
Hong Kong

Legal advisers to our Company

As to Hong Kong and US law

King & Wood

13/F, Gloucester Tower
The Landmark
15 Queen's Road Central, Hong Kong

As to PRC law

King & Wood

28/F, China Resources Tower
2666 Keyuan South Road, Nanshan District
Shenzhen, PRC

As to international sanctions

King & Wood

10/F, Building B4, Xincheng Lin-gang Center
Lane 9, North Yunjuan Road, Shengang Street
Pudong New District
Shanghai, PRC

As to a PRC litigation

JunZeJun Law Offices

28&29 Floor, Rongchao Economic Trade Center
No. 4028 Jintian Road, Futian District
Shenzhen, PRC

**Legal advisers to the Joint Sponsors
and the Underwriters**

As to Hong Kong and US law

Clifford Chance

27/F, Jardine House
One Connaught Place
Central, Hong Kong

As to PRC laws

JunHe LLP

26/F HKRI Centre One, HKRI
Taikoo Hui
288 Shimen Road (No. 1)
Shanghai, PRC

Auditor and Reporting Accountant

Ernst & Young

*Certified Public Accountants and
Registered Public Interest Entity Auditor*
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Industry Consultant

Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.
2504 Wheelock Square
1717 Nanjing West Road
Shanghai, PRC

Receiving Bank(s)

Bank of China (Hong Kong) Limited
1 Garden Road
Hong Kong

CMB Wing Lung Bank Limited
45 Dex Voeux Road Central
Hong Kong

CORPORATE INFORMATION

Registered Office	Room 801, Building 1 Bronze Technology Tower No. 6 Guangke 1st Road Laokeng Community, Longtian Subdistrict Pingshan District Shenzhen, PRC
Headquarters and Principal Place of Business in the PRC	11th Floor, Block B National Engineering Laboratory Building Nanshan District Shenzhen, PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
Company's Website	<u>www.basicsemi.com</u> <i>(The information contained in this website does not form part of this prospectus)</i>
Joint Company Secretaries	Mr. Zhang Yu (張煜) Unit 06A, Block A, No. 1, Building 1 Jiahongwan Garden Phase II 10 Administration First Road Pingshan District Shenzhen, PRC Ms. Jian Xuegen (簡雪艮) <i>(a member of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants)</i> 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
Authorized Representatives	Dr. Wang Zhihan (汪之涵) Unit 1801, Building C Honghao Garden 2004 Xiangmei Road Futian District Shenzhen, PRC Ms. Jian Xuegen (簡雪艮) 40/F, Dah Sing Financial Centre 248 Queen's Road East Wanchai, Hong Kong
Audit Committee	Mr. Wang Susheng (王蘇生) (<i>Chairperson</i>) Mr. Li Juping (李居平) Mr. Ye Xiang (叶翔)
Remuneration and Appraisal Committee	Mr. Li Juping (李居平) (<i>Chairperson</i>) Mr. Wang Susheng (王蘇生) Dr. Wang Zhihan (汪之涵)

CORPORATE INFORMATION

Nomination Committee

Mr. Ye Xiang (叶翔) (*Chairperson*)
Mr. Li Juping (李居平)
Ms. Yan Rui (闫瑞)

Compliance Advisor

Rainbow Capital (HK) Limited
Office No. 710, 7/F Wing On House
71 Des Voeux Road Central
Central, Hong Kong

H Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

Principal Banks

Shenzhen Rural Commercial Bank, Guangming Branch
Room D3-101, 201, 301, 401, Building D
CIMC Low-Earth Orbit Satellite
IoT Industrial Park, Kenen Road
Dongkeng Community, Fenghuang
Sub-district, Guangming District
Shenzhen, PRC

Bank of China Limited, Shenzhen Donghai Branch
1st Floor, Commercial Area
Donghai International Center
No. 7888 Shennan Avenue
Futian District
Shenzhen, PRC

INDUSTRY OVERVIEW

The information and statistics set out in this section and other sections of this prospectus were extracted from the report prepared by Frost & Sullivan, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged Frost & Sullivan to prepare the Frost & Sullivan Report, an independent industry report, in connection with the Global Offering.

The information from official government sources has not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering, and no representation is given as to its accuracy.

SOURCES OF INFORMATION AND RESEARCH METHODOLOGY

The information and statistics set out in this section and other sections of this prospectus were extracted from different official government publications, available sources from public market research and other sources from independent suppliers. In addition, we engaged Frost & Sullivan for preparing an independent industry report in respect of the Global Offering. The information from Frost & Sullivan disclosed in the prospectus is extracted from the Frost & Sullivan Report, a report commissioned by us for a fee of RMB450,000, and is disclosed with the consent of Frost & Sullivan. The Frost & Sullivan Report has been prepared by Frost & Sullivan independently without any influence from us or other interested parties.

Frost & Sullivan is an independent global consulting firm founded in 1961 in New York. Its services include, among others, industry consulting, market strategic consulting and corporate training. Frost & Sullivan conducted (i) primary research, which involved discussing the status of the industry with certain leading industry participants, and interviews with industry experts on a best-effort basis to collect information in aiding in-depth analysis; and (ii) secondary research, which involved reviewing company reports, independent research reports and data based on its own research database.

Our Directors have confirmed that there has been no adverse change in the market information since the date of publication of the Frost & Sullivan report, which may qualify, contradict or impact the information in this Industry Overview section. Each of our Directors and the Joint Sponsors has exercised reasonable care in selecting and identifying the named information sources, compiling, extracting and reproducing the information, and ensuring that there has been no material omission of the information in this Industry Overview section.

OVERVIEW OF GLOBAL AND CHINA'S SiC POWER DEVICE MARKET

Introduction of Power Semiconductor Device

Power semiconductor devices are semiconductor devices used as switches or rectifiers in power electronic products. They can be categorized by device type into discrete devices and power modules. These devices are key to power management in electronic systems. For the avoidance of doubt, when discussing power device market, we are referring to the aggregated market of power discrete devices and power modules.

History and Evolution of Semiconductor Materials

The first generation of semiconductors, using materials like silicon (Si) and germanium (Ge), enabled the shift from vacuum tubes to compact electronics, revolutionizing information processing and automation. The second generation, based on compound semiconductors such as gallium arsenide (GaAs) and indium phosphide (InP), offered faster electron mobility and direct bandgap properties, making them suitable for high-frequency transmission and low emission applications like infrared lasers.

The third generation is also based on compound semiconductors such as SiC and gallium nitride (GaN). SiC stands out with its wide bandgap, high thermal conductivity, and excellent radiation resistance. SiC's enhanced electrical strength and energy efficiency make it ideal for high-power, high-temperature, and high-frequency applications. Usage of SiC would significantly reduce power losses, improve energy conversion efficiency, and operate under extreme conditions. SiC has been widely adopted in high-voltage and high-current scenarios such as NEV, renewable energy systems, smart grids, and industrial motor drives, gradually replacing conventional

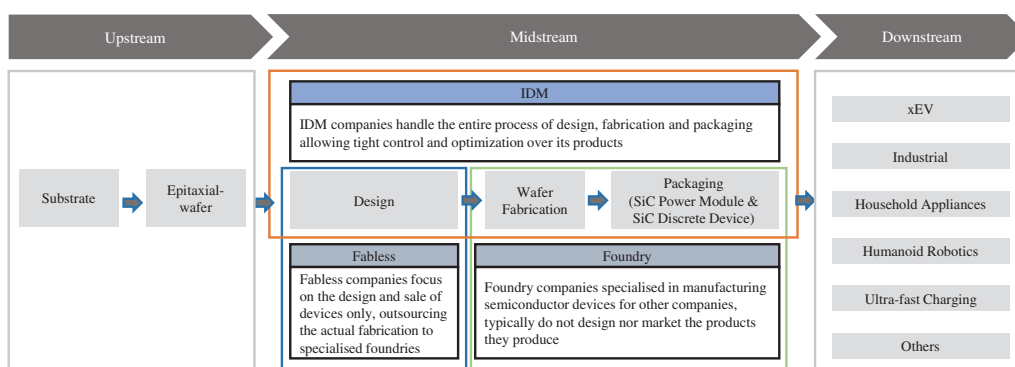
INDUSTRY OVERVIEW

silicon-based power semiconductor devices and driving the evolution of power electronics and supporting the transition to more sustainable and efficient technologies. The penetration rate of SiC power devices has grown rapidly from 3.5% in 2020 to 15.1% in 2024, and is expected to grow to 26.3% in 2029, in terms of revenue, gradually taking more market share from the conventional silicon-base devices.

Value Chain and Manufacturing Processes of SiC Power Semiconductor Device

The SiC power semiconductor device value chain starts with upstream substrate and epitaxial-wafer providers. Midstream manufacturers use these epitaxial-wafers to fabricate SiC power devices. IDM is a popular model, which handles the entire process of designing, fabricating, packaging and marketing its own SiC power device products. Under the IDM model, companies typically own and operate their own production and packaging facilities. This vertical integration enables these companies to optimize their products for specific applications and ensure tight integration between design and manufacturing. Finally, downstream applications like NEVs and robotics utilize these SiC power devices, driving technological advancements and efficiency gains across industries.

SiC power semiconductor device market consists of two market segments: SiC power semiconductor discrete device market and SiC power module market.



Source: Frost & Sullivan

Market Size of Global SiC Power Device Industry

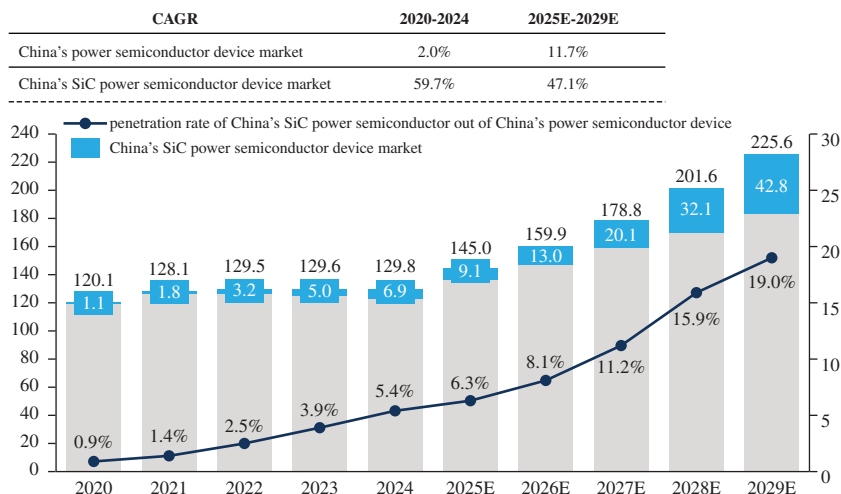
From 2020 to 2024, the global SiC power device industry witnessed remarkable growth. The market size increased from RMB4.5 billion in 2020 to RMB22.7 billion in 2024, with a CAGR of 49.8%. It is expected that from 2025 to 2029, the market size of the global SiC power device industry will continue to rise, with a CAGR of 40.5%. The market size is projected to grow rapidly, reaching approximately RMB110.6 billion in 2029. The penetration rate of SiC in the global power device market has also increased significantly. It rose from 1.4% in 2020 to 6.5% in 2024, and is expected to reach 20.1% by 2029.

Market Size of China's SiC Power Device Industry

From 2020 to 2024, China's SiC power device market increased from RMB1.1 billion in 2020 to RMB6.9 billion in 2024 with a CAGR of 59.7%. Such number is expected to raise at a CAGR of 47.1% from 2025 to 2029 and the market size is projected to reach RMB42.8 billion in 2029. The penetration rate of SiC in China's power device market has also increased significantly from 0.9% in 2020 to 5.4% in 2024, and is expected to reach 19.0% by 2029.

INDUSTRY OVERVIEW

Market Size of China's SiC Power Device Industry, by sales revenue, RMB Billion, 2020-2029E



Source: Frost & Sullivan, Omdia, Yole

Competitive Landscape of China's SiC Power Semiconductor Device Market

In China's SiC power semiconductor device market in 2024, top 5 players accounted for 70.4% of the market in terms of revenue in 2024. Our company was ranked as 8th player with the market share of 2.8%.

Ranking of Major Players in China's SiC Power Semiconductor Device Market (2024)

Ranking	Company	Revenue of SiC Power Semiconductor Device (Billion RMB)	Market Share (%)
1	Company A	1.40	20.2%
2	Company B	1.27	18.2%
3	Company C	1.07	15.4%
4	Company E	0.61	8.7%
5	Company F	0.55	7.9%
6	Company K	0.21	3.0%
7	Company G	0.20	2.9%
8	The Group	0.20	2.8%
9	Company D	0.17	2.4%
10	Company L	0.16	2.3%

OVERVIEW OF GLOBAL AND CHINA'S SiC POWER MODULE MARKET

Introduction of Power Module

SiC power modules can be understood as an “enhanced performance integrated power management unit”, integrating multiple SiC chips into a single, often more complex package. By integrating several discrete chips, they enhance system reliability and integration level, while simplifying circuit design and installation. Power modules are typically used in scenarios that require high power density and complex control, such as NEVs, PV inverters and industrial frequency converters.

Market Size of Global SiC Power Module, by Region

The global SiC power module market is projected to expand significantly from 2020 to 2029. Between 2020 and 2024, in terms of sales revenue, it grew from RMB2.9 billion to RMB17.6 billion at a CAGR of 57.5%, and is expected to reach RMB81.2 billion by 2029 with a CAGR of 39.1%

INDUSTRY OVERVIEW

from 2025 to 2029. Geographically, China's market increased from RMB0.8 billion in 2020 to RMB5.0 billion in 2024 at a CAGR of 57.8%, and will likely reach RMB28.0 billion by 2029 at a CAGR of 44.1% from 2025 to 2029 in terms of sales revenue. The U.S. market also saw a CAGR of 51.7% from RMB0.6 billion in 2020 to RMB3.4 billion in 2024, and is projected to reach RMB17.0 billion by 2029 at a CAGR of 41.5% from 2025 to 2029 in terms of sales revenue. Other regions combined are expected to grow from RMB9.2 billion in 2024 to RMB36.2 billion in 2029, with a CAGR of 59.8% from 2020 to 2024 and 34.8% from 2025 to 2029 in terms of sales revenue.

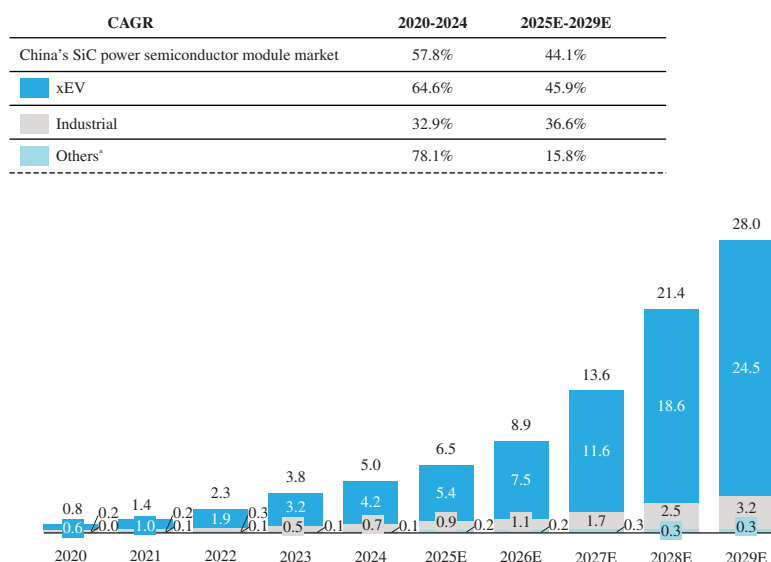
Market Size of Global SiC Power Module, by Application

With respect to the downstream application, xEV sector is the major driver of the growth of the global SiC power module market. From 2020 to 2024, the global sales volume of xEV increased from 3.1 million in 2020 to 18.2 million in 2024 with a CAGR of 55.4%. Correspondingly, the xEV penetration rate, calculated as global xEV sales volume over global automotive sales volume, increased from 4.0% in 2020 to 19.1% in 2024. The global SiC power modules applied in xEV segment recorded a CAGR of 65.0% from 2020 to 2024 and is expected to reach a CAGR of 40.3% from 2025 to 2029, in terms of sales revenue, contributing significantly to the overall market expansion. The consistent demand for SiC power modules in industrial applications also plays a crucial role in the growth of the global SiC power module market from 2025 to 2029, with a CAGR of 34.1% supported by the downstream demand. Take photovoltaic (PV) energy as an example, from 2020 to 2024, cumulative global PV installations increased from 772.4 GW to 2.2 TW with a CAGR of 29.9%. Other sectors, including household appliances, ultra-fast chargers, etc., achieved a CAGR of 68.3% from 2020 to 2024 and is expected to arrive a CAGR of 29.6% from 2025 to 2029, in terms of sales revenue, indicating diverse applications and a broad market reach for SiC power modules.

Market Size of China's SiC Power Module, by Application

With a similar development pattern as to the global market, xEV sector is also the key driver of the growth of the China's SiC power module market. The xEV segment is expected to reach a CAGR of 45.9% from 2025 to 2029, arriving RMB24.5 billion in 2029. Demands for SiC power modules in China's industrial applications were consistently strong throughout the period from 2020 to 2024, with a CAGR of 32.9% from 2020 to 2024 and a CAGR of 36.6% from 2025 to 2029.

**China's SiC Power Module Market
by sales revenue, by applications, RMB Billion, 2020-2029E**



*Notes: Others include household appliances, ultra-fast chargers, eVOTL aircraft, and others

Source: Frost & Sullivan, Yole

INDUSTRY OVERVIEW

Downstream Application Analysis of SiC Power Module

- **xEV Sector:** SiC power modules significantly boost efficiency in NEVs. They reduce energy loss by 70-90% in motor drives and over 40% in OBCs compared to silicon IGBTs, enhancing vehicle range and charging speed. In DC/DC converters, SiC power modules cut energy loss by over 80%, improving overall power efficiency.
- **Industrial Sector:** Industrial sectors include PV, power grids, rail transportation, telecom and infrastructure. In PV systems, SiC power modules would increase conversion efficiency by 1%-3% and reduce equipment size by 40%-60%; in power grids, SiC power modules would decrease component count and system complexity, improving power quality; in the rail industry, they reduce energy consumption by over 10% and lower noise and temperature; and in telecom and infrastructure, they construct more efficient power supplies, increasing power density and conversion efficiency.
- **Other Sector:** Other sectors include eVTOL aircraft, humanoid robotics, household appliances and ultra-fast chargers. In eVTOL aircraft, SiC power module would improve flight efficiency and safety. By usage of SiC power modules, humanoid and miniature robots gain from higher switching frequencies and lower power losses, enabling more precise and agile movements, household appliances benefit from increased power density and reduced heat sinks, leading to smaller, more efficient devices, ultra-fast chargers for NEVs leverage SiC's high stability and wide operating temperature range for faster, more stable charging solutions.

Key Drivers of Global and China's Power Module Market

Conventional silicon-based power modules encounter bottlenecks in performance improvement

Compared with SiC-based power modules, the physical limitations of silicon-based power modules — such as their maximum bandgap energy — restrict their ability to efficiently handle higher voltages, frequencies and temperatures. This leads to greater energy losses and less effective heat dissipation, which are critical issues in high-performance applications like xEV, photovoltaic energy storage and rail transportation. As a result, there is a growing shift toward SiC power semiconductor modules, leveraging superior material properties that enable better performance, higher efficiency and more reliable operation in these demanding downstream environments.

Downstream applications are driving the global SiC power module industry's growth

The rapid development of downstream application markets, represented by xEV and PV, is a key driver of the global SiC power module industry. The increasing adoption of xEVs trend is particularly pronounced in China. Globally, the penetration rate of xEVs, calculated as the ratio of xEV sales volume to total vehicle sales volume, stood at 19.1% in 2024. In comparison, China's xEV penetration rate was 40.9% in 2024. This trend is primarily driven by government incentives, stringent emission regulations, and a growing consumer preference for eco-friendly transportation. These are driving the widespread adoption of xEVs, which in turn is fueling the demand for automotive-grade SiC power module used in NEV power systems to improve efficiency and performance.

The push for renewable energy, along with the need for efficient energy storage and conversion solutions, has made SiC an essential material in the PV industry. Additionally, the expansion of smart grids and the need for more efficient and reliable power distribution systems further bolster the demand for industrial-grade SiC power module.

Policy support

The SiC power device industry is gaining momentum in China, largely propelled by a suite of supportive national policies. In April 2026, SAC and MIIT released the “First Batch of Recommended National Standard Project Plans for 2026” (《2026年第一批推薦性國家標準計劃項目》), officially approving two new testing standards for SiC MOSFETs (Project No. 20260727-T-339 and Power Cycling). This means SiC MOSFETs have officially entered China's independent national standardization framework, eliminating reliance on traditional silicon-based criteria. The 2025 “Notice on Promoting the Scientific Planning and Construction of High-Power Charging Facilities” issued by the National Development and Reform Commission emphasizes accelerating the domestic substitution of high-voltage SiC modules, aiming to enhance the self-sufficiency of key electronic components. The Ministry of Industry and Information Technology (MIIT) issued

INDUSTRY OVERVIEW

policies such as the ‘Implementing Opinions on Promoting the Innovative Development of Future Industries’ in January 2024. This policy specifically targets the advancement of innovative applications of cutting-edge semiconductor materials, including SiC, positioning advanced semiconductor materials such as SiC as one of the key areas for future global technological innovation and industrial development. Additionally, in 2024, MIIT enacted the “Guiding Catalog for Industrial Structure Adjustment (2024 Edition)” (《產業結構調整指導目錄 (2024年本) 》), which designates advanced rail transit as an “Encouraged” industry and explicitly lists “braking systems and core components (including SiC power modules, IGCT, and IGBT devices)” as prioritized sectors. This means the Chinese government formally backs next-generation wide-bandgap electronics to drive efficiency and technological upgrades across its industrial infrastructure.

Trends of Global and China’s Power Module Market

Rise of the IDM model

By vertically integrating these processes, IDMs can achieve enhanced control over product quality, accelerate development cycles, and manage supply chains more efficiently. This approach is particularly advantageous in the rapidly evolving SiC power module market, where technological innovation and economies of scale are critical for maintaining competitiveness.

Acceleration of the domestication trend

In China, there is a notable trend towards domestic substitution in the SiC power module market, with the localization of production accelerating rapidly. This shift is characterized by a growing preference for domestically produced SiC power modules. Consequently, the Chinese companies’ market share in the SiC power module industry is projected to expand significantly, reducing dependence on foreign suppliers and strengthening the domestic industry’s resilience.

COMPETITIVE LANDSCAPE OF GLOBAL AND CHINA’S SiC POWER MODULE MARKET

Competitive Landscape of China’s SiC Power Module Market (2024)

In the competitive landscape of China’s SiC power module market for the year 2024, Company A emerges as the leading player with a substantial revenue of RMB1.2 billion, holding a dominant market share of 24.0%. Company B and Company C follow closely, with revenues of RMB0.9 billion and RMB0.7 billion, respectively, capturing market shares of 17.5% and 13.1%. Top 5 players accounted for 76.7% of the total China’s SiC power module market in terms of revenue in 2024. Among the various competitors, the Group is the sixth largest player among all companies and the third largest Chinese company in the market with a market share of 2.9%.

Ranking of Major Players in China’s SiC Power Module Market (2024)

Ranking	Company	Revenue of SiC Power Module (Billion RMB)	Market Share (%)
1	Company A	1.20	24.0%
2	Company B	0.88	17.5%
3	Company C	0.66	13.1%
4	Company E	0.56	11.2%
5	Company F	0.55	10.9%
6	the Group	0.15	2.9%
7	Company H	0.08	1.6%
8	Company G	0.07	1.4%
9	Company I	0.04	0.7%
10	Company J	0.03	0.5%
Subtotal		4.21	83.7%

Company A is a public company listed on Euronext Paris, New York Stock Exchange and Borsa Italiana S.p.A. It is founded in 1987 and headquartered in the Netherlands. It is a semiconductor company known for its diverse range of semiconductor solutions.

INDUSTRY OVERVIEW

Company B is a public company listed on NASDAQ, founded in 1999 and headquartered in United States. It is a global semiconductor manufacturer producing a wide array of power and signal management components, logic devices, and discrete components.

Company C is a public company listed on Frankfurt Stock Exchange and in the USA on the over-the-counter market OTCQX International Premier, founded in 1999 and headquartered in German. It is global semiconductor manufacturer with a strong focus on automotive, industrial, communication, and consumer electronics sectors.

Company D is a public company listed on New York Stock Exchange, founded in 1987 and headquartered in United States. It specializes in the development and manufacturing of wide-bandgap semiconductor materials and devices.

Company E is a public company listed on Shanghai Stock Exchange, founded in 2018 and headquartered in China. It dedicates to the research and development and production of SiC power semiconductor modules.

Company F is a private company founded in 2018 and headquartered in China. It is committed to the research and industrialization of SiC power semiconductor devices and modules.

Company G is a public company listed on Shanghai Stock Exchange, founded in 1997 and headquartered in China. It offers a comprehensive range of SiC power semiconductor devices, analog circuits, and sensors.

Company H is a public company listed on Shanghai Stock Exchange, founded in 2005 and headquartered in China. It is a high-tech enterprise specializing in the research, production, and sales of power semiconductors.

Company I is a private company founded in 2004 and headquartered in China. It specializes in SiC power products, including SiC power semiconductor modules for electric vehicles and SiC chips.

Company J is a private company founded in 2017 and headquartered in China. It is a high-tech company committed to providing domestic power semiconductors and new energy vehicle electric drive solutions.

Company K is a subsidiary of a public company listed on Shanghai Stock Exchange. It is founded in 2020 and headquartered in China. It specializes in the field of power electronics, providing power semiconductor products and manufacturing services.

Company L is a public company listed on Tokyo Stock Exchange. It is founded in 1958 and headquartered in Japan. It is a global semiconductor and electronic components manufacturer.

Entry Barriers of Global and China's SiC Power Module Market

First-Mover Advantage

Established SiC power module suppliers hold a substantial first-mover advantage due to the lengthy and rigorous customer validation processes required for SiC power modules, particularly in high-performance applications such as NEV. These validation procedures involve multiple rounds of testing and refinement to meet the strict performance and reliability standards. The ongoing collaboration between established SiC power module suppliers and automotive manufacturers also provides valuable feedback loops to iterate the products promptly, further strengthening their market position and product reliability.

Leading Technology

The development of SiC power modules requires advanced technical expertise and sustained innovation to enhance performance, lower costs, and address the evolving needs of applications. Industry leaders have invested significantly in R&D, amassing extensive intellectual property portfolios and mastering the material science and engineering intricacies of SiC technology. This has enabled them to develop proprietary processes that new entrants struggle to replicate without substantial time and financial commitment.

Adequate Resources

Entering the SiC power module market necessitates considerable resources, including financial capital to support R&D, advanced manufacturing facilities, and production scaling. A reliable customer base is equally critical, yet securing one is challenging due to the extensive validation and reliability demonstrations required, especially in high-stakes industries like NEV manufacturing. Additionally, a strong supplier network is essential to ensure the consistent quality and availability of raw materials vital for SiC power module production. Established players benefit from long-standing supplier relationships, which new entrants find difficult to replicate.

Independence from Downstream Customers

By diversifying the customer base and application areas — spanning renewable energy, power electronics, and consumer electronics — companies can secure more stable revenue streams and enhance resilience. This strategic flexibility also supports a proactive approach to R&D, allowing manufacturers to invest in innovative technologies applicable across multiple industries.

INDUSTRY OVERVIEW

OVERVIEW OF GLOBAL AND CHINA'S SiC POWER SEMICONDUCTOR DISCRETE DEVICE MARKET

Introduction and Classification of SiC Power Semiconductor Discrete Devices

By device type, SiC power semiconductor devices can be categorized into SiC discrete devices and SiC power modules. A SiC discrete device is a single-chip semiconductor component packaged individually that function as efficient switches or diodes to achieve energy conversion or control. These devices serve as essential building blocks in electronic systems, and are widely employed for amplification, rectification, and regulation tasks. The primary categories of SiC discrete devices include diodes and transistors, each possessing distinct characteristics that make them suitable for a variety of applications.

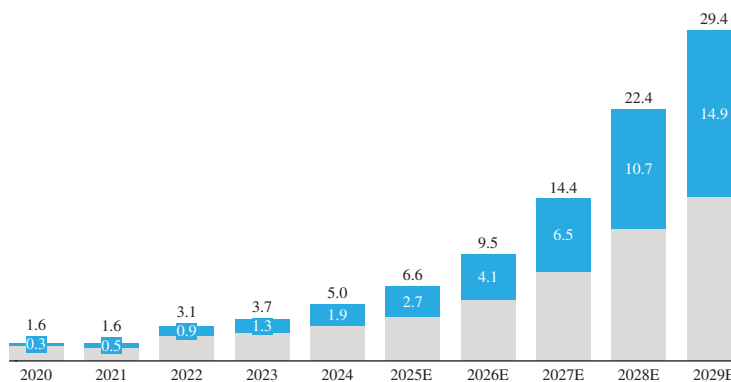
- **SiC Discrete Diodes:** These devices permit current to flow in only one direction, making them highly effective in rectification circuits where they convert AC to DC. SiC diodes excel in power electronics due to their ability to withstand high voltages and temperatures while maintaining efficient switching performance. Their wide bandgap, results in lower energy losses and faster operation compared to conventional silicon diodes, making them ideal for applications like power supplies, NEVs and renewable energy systems.
- **SiC Discrete Transistors:** By controlling significant current flows with a small input signal, they function effectively as either switches or amplifiers. Among these, MOSFETs are a leading choice in high-efficiency applications due to their low on-state resistance and superior thermal stability.

Market Size of Global and China's SiC Power Semiconductor Discrete Device

The global SiC discrete device market is projected to expand at a CAGR of 45.0% from 2025 to 2029, reaching a sales revenue of RMB29.4 billion in 2029. China's market grew at a CAGR of 65.4%, increasing from RMB0.3 billion in 2020 to RMB1.9 billion in 2024, contributing 38.4% to the global market in 2024, and is expected to reach RMB14.9 billion in 2029, contributing 50.5% to the global market.

Global and China's SiC Power Semiconductor Discrete Device Market, by sales revenue, RMB Billion, 2020-2029E

	CAGR	2020-2024	2025E-2029E
Global SiC discrete device market		32.3%	45.0%
China SiC discrete device market		65.4%	53.6%



Source: Frost & Sullivan, Yole

INDUSTRY OVERVIEW

Key Drivers of Global and China's Power Semiconductor Discrete Device Industry

Technological Progress, Higher Yields, and Lower Costs Drive the Growth of China's SiC Discrete Devices

China has made significant progress in SiC research and industrialization in recent years. The maturation of 6-inch substrate and epitaxial technologies has enhanced yield rates and cost efficiency. Furthermore, the shift towards larger substrates, such as 8-inch wafers, could theoretically cut manufacturing costs by up to 60%. Advances in domestic equipment and processes have also played a vital role in lowering costs. Together, these factors bolster the market competitiveness of SiC discrete devices, including both SiC MOSFETs and SiC Schottky diodes, driving their adoption across diverse applications.

SiC Power Semiconductors Are Seizing the Silicon-Based Power Semiconductor Market as the Price of SiC Materials Continues to Decrease

The cost reduction is pivotal in enabling SiC power semiconductors to capture market share from conventional silicon-based counterparts. As SiC becomes more price-competitive, its economic benefits in power semiconductor applications become increasingly evident, promoting widespread adoption across industries. With SiC's superior performance gaining recognition and material costs continuing to decline, SiC power semiconductors are set to expand their footprint in both global and China's markets.

Trends of Global and China's Power Semiconductor Discrete Device Market

Larger Substrates Bringing Down the Overall Production Cost of Discrete Devices

As technological capabilities and manufacturing scale improve, transitioning to larger wafer diameters becomes both practical and cost-effective. This shift boosts efficiency by allowing more chips to be produced per wafer, lowering the cost per unit. As a result, the industry benefits from enhanced cost competitiveness, which may hasten SiC discrete device adoption and expand market accessibility by making these high-performance solutions more affordable.

Device Evolution Toward Lower Specific On-Resistance, Smaller Cell Size, Lower Switching Losses and Better Gate Oxide Protection

Lower on-resistance enables SiC power devices to handle higher currents with minimal energy loss, critical for high-power and high-frequency uses. Smaller cell sizes increase power density, allowing more devices to fit within a given space and reducing power module sizes. Reduced switching losses enhance efficiency and thermal management, vital for applications like NEV and renewable energy systems. Enhanced gate oxide protection ensures long-term reliability under challenging conditions. These innovations position SiC discrete devices as a cornerstone of next-generation power electronics, boosting their competitiveness and versatility.

Competitive Landscape of China's SiC Power Semiconductor Discrete Device Market

The SiC power semiconductor discrete device market in China is concentrated, with top ten market players accounting for more than 90% and top 5 players accounting for more than 70% of market shares in terms of revenue in 2024. The Group ranked the ninth among all SiC power semiconductor discrete device providers in China, with a market share of 2.7% in terms of revenue in 2024.

Entry Barriers of Global and China's SiC Power Semiconductor Discrete Device Market

High Capital Requirements. Establishing a competitive presence demands significant upfront investment in advanced equipment, materials sourcing, and ecosystem integration. The capital intensity deters new entrants without deep financial strength or strategic backing.

Technology and Know-How Barriers. Mastery of SiC device design, process optimization, and reliability assurance requires years of accumulated expertise and R&D commitment. The technological gap between incumbents and new entrants is substantial, with long learning cycles and limited access to critical IP.

Customer Qualification. End-users, particularly in automotive and industrial power electronics, impose rigorous qualification cycles and reliability standards. Securing design wins requires years of testing, certifications, and proof of long-term performance, delaying revenue generation for new entrants.

INDUSTRY OVERVIEW

OVERVIEW OF GLOBAL AND CHINA'S POWER SEMICONDUCTOR GATE DRIVER MARKET

Introduction and Classification of Power Semiconductor Gate Driver

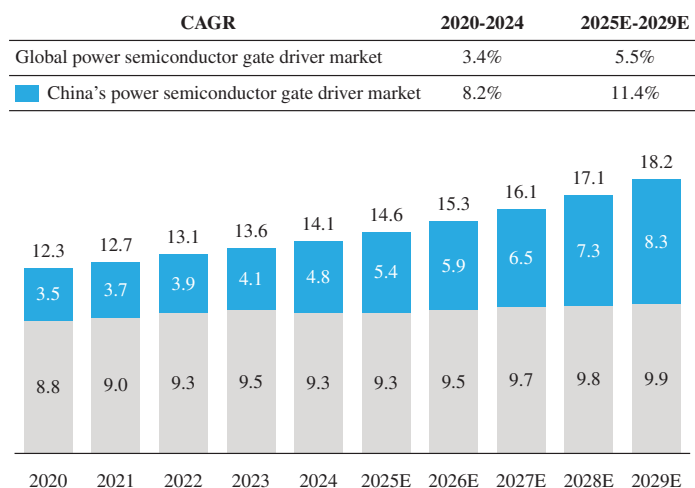
The driver typically refers to an electronic component or system designed to control and drive other electronic devices or loads. It can be classified into gate driver IC and gate driver board. The drivers mainly include IGBT drivers, SiC MOSFET drivers, IGCT drivers, silicon-based MOSFET drivers and others.

- **Gate Driver IC:** specialized control circuit that provides the necessary, precisely-timed electrical signals to rapidly and reliably turn the devices on and off, ensuring optimal performance and efficiency. These gate driver ICs are crucial in applications requiring precise control of power conversion, such as regulating voltage and current in power supplies or converting DC to AC in solar inverters.
- **Gate Driver Board:** refers to circuit board that integrate all necessary components to simplify the installation and use of drivers. These gate driver boards typically include power semiconductor devices, protective circuits, and other essential electronic components. They are designed for easy installation and configuration, allowing end-users to quickly integrate them into existing systems without the need for complex wiring or design work.

Market Size of Global and China's Power Semiconductor Gate Driver

The global power semiconductor gate driver market is expected to grow at a CAGR of 5.5% from 2025 to 2029, reaching a size of RMB18.2 billion in 2029. In contrast, the China's power semiconductor gate driver market outpaced the global market with a CAGR of 8.2% from 2020 to 2024, growing from RMB3.5 billion in 2020 to RMB4.8 billion in 2024 and is expected to reach RMB8.3 billion in 2029 with a CAGR of 11.4% from 2025 to 2029.

**Global and China's Power Semiconductor Gate Driver Market
by sales revenue, RMB Billion, 2020-2029E**



Source: Frost & Sullivan, Public Information Collection

Drivers and Trends of Global and China Power Semiconductor Gate Driver Market

SiC Gate Drivers Are Replacing silicon-based IGBT Gate Drivers

This transition is driven by SiC's superior performance characteristics. These advantages make SiC gate drivers particularly well-suited for high-performance applications such as NEVs, renewable energy systems and industrial automation, where energy efficiency and compact design are critical. As SiC technology matures and becomes more cost-competitive, the demand for SiC gate drivers is expected to grow rapidly, accelerating the replacement of IGBT gate drivers across various sectors.

INDUSTRY OVERVIEW

Fast Adoption of SiC Power Devices Accelerates Demand for Drivers

The rapid adoption of SiC power devices is significantly boosting demand for gate drivers, including both gate driver ICs and gate driver boards. As SiC power devices operate at higher switching frequencies and require more precise voltage control and protection functions than conventional silicon-based power devices, demand is increasing not only for high-performance gate driver ICs but also for gate driver boards that provide integrated drive, isolation, monitoring and protection functionalities. SiC gate drivers are compatible with existing silicon-based gate drivers, facilitating a seamless transition for manufacturers. As a result, downstream industries are increasingly adopting SiC gate drivers to meet the need for efficient, compact, and high-performance solutions. With ongoing advancements in SiC technology and declining costs, SiC is gradually replacing conventional silicon-based IGBTs in applications such as motor drives, NEVs and solar power. This transition is expected to expand the addressable market for both gate driver ICs and gate driver boards, as increasing SiC deployment drives demand for complete gate driving solutions at both the component and subsystem levels.

Increasing Domestic Substitution

China's gate driver industry is experiencing a notable trend toward increased domestic production. As the global display panel industry consolidates in Mainland China, the supply chain for gate drivers is also shifting toward local manufacturers. This transition is expected to enhance the domestic production rate of gate drivers, reducing reliance on foreign suppliers and fostering a more self-sufficient and robust domestic industry. The rise in domestic production capabilities is set to strengthen the competitiveness of Chinese gate driver manufacturers globally while meeting the growing demand for advanced gate driver technologies within China.

Competitive Landscape of China's Power Semiconductor Gate Driver Market

The power semiconductor gate driver market in China is concentrated, with top ten market players accounting for more than 90% and top 5 players accounting for more than 75% of market shares in terms of revenue in 2024. The Group ranked the ninth among all power semiconductor gate driver providers in China, with a market share of 1.7% in terms of revenue in 2024.

Entry Barriers of Global and China's Power Semiconductor Gate Driver Market

System-Level Integration Complexity. Gate drivers must seamlessly interface with diverse power devices, control architectures, and end-application requirements. New entrants face challenges in meeting system-level performance needs across multiple use cases such as automotive, industrial automation, and renewable energy.

Application-Specific Customization Demands. Customers increasingly require tailored gate driver solutions optimized for specific switching devices, thermal environments, and protection functions. This customization raises the barrier for newcomers who lack the breadth of design resources and close customer collaboration networks.

Software and Firmware Integration. Increasing digitalization of gate drivers, including embedded control algorithms and diagnostic features, requires multidisciplinary expertise. Entrants must build not only hardware capabilities but also strong embedded software competencies to compete effectively.

COMPARISON ANALYSIS OF PRODUCTS AGAINST MARKET PEERS

The following metrics are widely recognized as key performance indicators for evaluating the voltage capability, power efficiency, switching performance, and thermal management of SiC power semiconductor discrete devices and modules. Based on the comparison, the SiC power semiconductor market remains highly competitive, with leading global and domestic manufacturers offering products with broadly comparable technical specifications while differentiating through specific performance attributes. The Company's products demonstrate performance metrics that are generally in line with industry standards and comparable to those of selected global and domestic peers, indicating a competitive technical position within the SiC power semiconductor market.

INDUSTRY OVERVIEW

SiC Power Semiconductor Discrete Device		Comparable Metrics			
		Breakdown Voltage (V)	On-resistance - Rds (mΩ)	Gate Charge - Qg (nC)	Gate-Drain Capacitance - Crss (pF)
The Company		650/1200/1700	5.5-600	46-1320	3-66
Global Company	Company A	650-1700	4-1959	13.3-304	
	Company C	600/650/1200	7-1000	3.2-716	1
	Company B	650-1700	12-960	14-329	11-430
Domestic Company	Company G	1200	13.5-53.5	101-224	
	Company I	750/1200	35-160	15-80	1-11
	Company H	1200	17-29	0.17	0.02-6.25

SiC Power Module		Comparable Metrics				
		Breakdown Voltage (V)	On-resistance - Rds (mΩ)	Gate Charge - Qg (nC)	Gate-Drain Capacitance - Crss (pF)	Rth (K/W)
The Company		750-1200	1.8-5.5	520-2470	12-110	0.092-0.18
Global Company	Company C	1600-1800	0.1-0.5			0.03-0.2
	Company B	900-1200	1.7-2.6			
Domestic Company	Company F	1200	2-3			
	Company I	750-1200	2.2-5.4	992	104	0.09
	Company H	750-1200	1.1-9			0.08-0.1

Metric indication:

- (1) Breakdown voltage: The maximum voltage a device can withstand before electrical breakdown occurs, with higher values indicating better suitability for high-voltage applications.
- (2) On-resistance (Rds): The resistance of the device in the on-state, with lower values reducing conduction losses and improving efficiency.
- (3) Gate charge (Qg): The total charge required to switch the device on, with lower values enabling faster switching and lower gate drive losses.
- (4) Gate-Drain Capacitance (Crss): The capacitance between the gate and drain that affects switching behavior, with lower values improving switching performance and reducing switching losses.
- (5) Thermal Resistance (Rth): The device's resistance to heat transfer, with lower values enabling more efficient heat dissipation and better thermal performance.

The following metrics are commonly used to assess the performance, efficiency, and operational reliability of power semiconductor gate drivers. Both international and domestic suppliers offer products that achieve similar technical performance across key specifications. As illustrated in the comparison, the Company's power semiconductor gate driver products exhibit technical parameters that are broadly comparable to those of selected industry participants.

Power Semiconductor Gate Driver		Comparable Metrics					
		Input Supply Voltage (V)	Single Channel Power (W)	Peak Current (A)	Turn-on Voltage (V)	Turn-off Voltage (V)	Maximum Switching Frequency (kHz)
The Company		15	1-4	8-60	15	-10	5-200
Global Company	Company A	16-75		0.35-10	2.9-15.5		-40~150
	Company C	12-18		5-9	4-15		
	Company B	5.25					
Domestic Company		5-24	2-6	15-20	15-20	-8.5~-2	30-100

Metric indication:

- (1) Input supply voltage: The voltage required to power the gate driver, with wider supported ranges offering greater application flexibility.
- (2) Single channel power: The power output capability of one driver channel, with higher power supporting larger power devices.
- (3) Peak current: The maximum current available during switching, with higher current enabling faster switching.

INDUSTRY OVERVIEW

- (4) Turn-on voltage: The gate voltage used to turn the device on, with the optimal level depending on the target power semiconductor.
- (5) Turn-off voltage: The gate voltage used to turn the device off, with more negative values often improving switching reliability.
- (6) Maximum switching frequency: The highest frequency at which the driver can operate reliably, with higher frequencies enabling more compact power systems.
- (7) Operating temperature: The temperature range within which the driver operates reliably, with higher limits indicating greater environmental robustness.

Note 1: The company's data sources include information provided by the company and publicly available information on its official website; data for other manufacturers includes publicly available information on their official websites and product performance manuals.

Note 2: Silicon carbide discrete devices include single transistors, diodes, MOSFETs, and other products; silicon carbide power modules are primarily automotive-grade, applied in OBCs (On-Board Chargers), DC/DC converters, etc.; gate drivers include driver cores and driver solutions.

Note 3: Some performance indicators have different range values under specific conditions, leading to significant differences in performance indicators, such as on-resistance varying under different rated voltages and rated currents.

PRICE ANALYSIS OF PRODUCTS

From 2022 to 2024, ASP of SiC power semiconductor products and power semiconductor gate drivers generally declined due to technological advancements, capacity expansion, and intensifying market competition, and are expected to continue decline in the forecast period from 2025 to 2027 as the industry gradually matures.

China's ASP for SiC products (RMB/Piece)*	2022	2023	2024	2025E-2027E
SiC power semiconductor discrete device	4-20	3-15	3-10	2-7
SiC power semiconductor module	2,500-4,500	2,000-4,000	1,800-3,600	1,500-2,800
Power semiconductor gate driver	160-260	130-200	40-100	32-80

*Note: The price of a specific product depends on, among others, brand, voltage, and technology applied.

PRICE ANALYSIS OF RAW MATERIALS

From 2022 to 2024, the prices of major raw materials of SiC products, mainly the SiC substrate and SiC epitaxial wafer, generally decreased as production scale expanded and manufacturing yields improved. In forecast period from 2025 to 2027, although prices for SiC substrate and SiC epitaxial wafer are presented within the same range, they are expected to trend downward, with a more moderate declining rate compared to prior years, within the indicated ranges over the forecast period.

China's average cost of major raw materials of SiC products (thousand RMB/ Piece)*	2022	2023	2024	2025E -2027E
SiC substrate	3.8-5.8	3.6-5.6	2.3-4.3	2.0-4.1
SiC epitaxial wafer	8.0-10.0	7.8-9.8	6.5-7.5	5.5-7.1

Note:

- (1) Prices are presented as a range because they vary significantly by supplier, wafer size, voltage specification, technology iteration, product quality, and production yield. In addition, the average selling prices of SiC substrates and SiC epitaxial wafers represented blended average selling prices across 4-inch, 6-inch, and 8-inch products, without taking the factor of number of chips per substrate/epitaxial wafer into consideration.

REGULATORY OVERVIEW

We are subject to a variety of laws, and regulations across a number of aspects of our business. This section sets forth a summary of the most significant laws and regulations that are applicable to our current business activities around the world.

LAWS AND REGULATIONS RELATED TO OUR BUSINESS IN THE PRC

Policies Related to the Integrated Circuit Industry

On January 25, 2017, the National Development and Reform Commission (“NDRC”) issued the Guiding Catalogue of Key Products and Services in Strategic Emerging Industries (2016 Edition) (《戰略性新興產業重點產品和服務指導目錄(2016版)》), which clarifies eight industries in five major areas, which are further subdivided into 174 sub-directions under 40 key directions and nearly 4,000 subdivided products and services. Among them are: integrated circuit chip products, integrated circuit materials, electric and electronic power devices and semiconductor materials.

In December 2020, the Ministry of Finance (“MOF”), the General Administration of Taxation, NDRC, and the Ministry of Industry and Information Technology (“MIIT”) jointly released the “Announcement on Enterprise Income Tax Policy for Promoting High Quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》)”. Pursuant to the aforesaid regulations, integrated circuit design, equipment, materials, packaging and testing enterprises and software enterprises encouraged by the State are exempted from corporate income tax for the first to second years from the profit-making year, and are subject to corporate income tax at a halved statutory tax rate of 25% for the third to fifth years.

REGULATIONS ON CORPORATION AND FOREIGN INVESTMENT

On December 29, 1993, the National People’s Congress (the “NPC”) Standing Committee issued the PRC Company Law, which was last amended on December 29, 2023, and came into effect on July 1, 2024. The Company Law of the PRC regulates the establishment, operation and management of corporate entities in China and classifies companies into limited liability companies and limited companies by shares. The revisions mainly focus on refining the systems for the establishment and withdrawal of companies, optimizing the organizational structure of companies, modifying the capital system of companies, strengthening the responsibilities of controlling shareholders and the management level, strengthening the social responsibilities of companies and etc.

The Foreign Investment Law of the PRC (《中華人民共和國外商投資法》), which was promulgated by the NPC on 15 March 2019 and came into effect on 1 January 2020, specifies that the state shall implement the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favorable than the treatment accorded to domestic investors and their investments; Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the state. The state provides national treatment to foreign investments outside the Negative List. In addition, the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) (“**Implementation Regulations**”), which were promulgated by the State Council on 26 December 2019 and came into effect on 1 January 2020, further stipulate that the state shall, in accordance with the needs of the national economy and social development, formulate a catalog of industries for encouraging foreign investment, setting out the specific industries, fields and regions in which foreign investors will be encouraged and induced to invest.

The National Development and Reform Commission and the Ministry of Commerce jointly revised and promulgated the “the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單) (2024年版)》)” (the “**Negative List**”) on 6 September 2024, which came into effect on 1 November 2024, replacing the previous Negative List, pursuant to which, domestic enterprises engaged in business sectors prohibited under the Negative List that seek to issue shares and list overseas shall be subject to review and approval by the relevant national competent authorities, and foreign investors are not allowed to participate in the operation and management of the enterprise and their shareholding ratios shall be implemented with reference to the relevant regulations on the management of domestic securities investment by foreign investors.

REGULATORY OVERVIEW

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Outbound Investment (《境外投資管理辦法》) promulgated by the MOFCOM on 6 September 2014 and effective from 6 October 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (《企業境外投資管理辦法》) promulgated by NDRC on 26 December 2017 and effective from 1 March 2018, domestic enterprises (the “investors”) in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects (the “Projects”), report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the investors directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the investors, namely, non-sensitive projects involving the investors’ direct contribution of assets or rights and interests or provision of financing or security, shall be subject to the management of record-filing. The aforementioned sensitive project means a project involving sensitive countries and regions or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (《境外投資敏感行業目錄(2018年版)》), effective on 1 March 2018 to list the sensitive industries for foreign investment in detail.

According to the “Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》)” issued by the SAFE on 13 February 2015 and effective from 1 June 2015, the approval of foreign exchange registration for direct investment is canceled. Banks directly review and handle the foreign exchange registration for overseas direct investment. The SAFE and its branches indirectly supervise the registration of foreign exchange for overseas direct investment through banks.

REGULATIONS ON WORK SAFETY, ENVIRONMENTAL PROTECTION AND FIRE SAFETY

Work Safety

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》), which was promulgated by the SCNPC on June 29, 2002 and was latest amended in June 10, 2021, entities that engage in production and business operation activities in PRC shall set up and perfect the responsibility system for work safety, improve the conditions for work safety, strengthen the education and training on work safety for employees, provide articles of labor protection that meet the national standards or industrial standards for their employees, and perform the obligations related to work safety as stipulated by the Work Safety Law of the PRC and other laws and regulations.

Environment Impact Assessment

On 28 October 2002, the SCNPC promulgated the Environmental Impact Assessment Law of PRC (《中華人民共和國環境影響評價法》), which was latest amended on 29 December 2018. According to the Environmental Impact Assessment Law, the State implemented the environmental impact assessment to classify construction projects according to the impact of the construction projects on the environment.

Pursuant to the Interim Measures for Environmental Protection Acceptance of Completed Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) effective as of 20 November, 2017 and the Regulations on the Administration Construction Project Environmental Protection (《建設項目環境保護管理條例》), which was revised on 16 July 2017 and implemented on October 1, 2017, after the completion of a construction project for which an environmental impact report or an environmental impact report form is required, the construction entity shall, according to standards and procedures prescribed by the environmental protection administrative authorities, conduct environmental protection completion acceptance check and compile an acceptance check report. A construction project for which an environmental impact report or an environmental impact report form is required shall not be put into production or use until the environmental protection completion acceptance check has been passed.

REGULATORY OVERVIEW

According to the Environmental Impact Assessment Law, where a construction entity commenced construction prior to submission of the environmental impact report and environmental impact statement of the construction project or prior to resubmission of the environmental impact report and environmental impact statement, the ecological environment authorities at the county level or above shall order it to stop the construction, impose a fine of not less than 1% but not more than 5% of the overall investment amount for such construction project according to the seriousness and consequences of such violations, and order it to restore to the original status; and the person-in-charge and responsible personnel of the construction project shall be liable to administrative sanctions in accordance with laws.

Pollutant Discharge Permit

Pursuant to the Law on the Prevention and Control of Environmental Pollution Caused by Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》), which was promulgated by the SCNPC in 1995 and was latest amended on April 29, 2020, entities generating hazardous waste shall store, utilize and dispose hazardous waste according to the relevant requirements of the state and environmental protection standards, and shall not dump or pile up hazardous waste without authorization. Furthermore, it is forbidden to entrust hazardous waste to entities without a permit for disposal, or else the competent ecological and environmental authorities shall order it to make rectification, impose fines, confiscate illegal gains, and in serious circumstance, order it to suspend business or close down upon the approval of government authorities.

Pursuant to the provisions of the Regulation on the Administration of Permitting of Pollutant Discharges (《排污許可管理條例》) promulgated on January 24, 2021 and implemented on March 1, 2021, as well as the Measures for Pollutant Discharge Permitting Administration (《排污許可管理辦法》) promulgated on January 10, 2018, last amended and implemented on July 1, 2024, the administration on pollutant discharge units is divided into key management and simplified management pursuant to the amount of pollutant caused and discharged and the impact on the environment. Their review, decision and information disclosure of pollutant discharge licenses shall be handled through the national pollutant discharge license management information platform. The pollutant discharge license is valid for 5 years and the discharging units should apply for renewal 60 days before the expiry for continues pollutant discharge. In case of violations of the regulations regarding pollutant discharge permits, the environmental protection authorities have the right to order to make corrections, restrict production, suspend production for rectification, and suspend business and close down, and impose a fine. If a crime is constituted, it shall be investigated for criminal liabilities in accordance with the law.

According to the Catalog of Classified Administration of Pollutant Discharge License for Stationary Pollution Sources (2019 Version) (《固定污染源排污許可分類管理名錄(2019年版)》) issued by the Ministry of Ecology and Environment on December 20, 2019, key management, simplified management and registration management of pollutant discharge permits are implemented according to factors such as the amount of pollutants generated, the amount of emissions, the degree of impact on the environment, etc., and only pollutant discharge entities that implement registration management do not need to apply for a pollutant discharge permit.

FIRE SAFETY

Pursuant to the Fire Protection Law of the PRC (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998, last amended and implemented on April 29, 2021, for special construction projects stipulated by the Ministry of Housing and Urban-Rural Development of the State Council, the developer shall submit the fire safety design documents to the housing and urban-rural development authority for examination, while for construction projects other than those special development projects, the developer shall, at the time of applying for the construction permit or approval for work commencement report, provide the fire safety design drawings and technical materials which satisfy the construction needs. According to the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated on April 1, 2020 and amended on August 21, 2023, an examination system for fire prevention design and acceptance only applies to special construction projects, and for other projects, a record-filing and spot check system would be applied.

REGULATORY OVERVIEW

REGULATIONS ON PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (《中華人民共和國產品質量法》), promulgated by the SCNPC on 22 February 1993 and last revised on 29 December 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks, falsifying the place of origin of products, and falsifying or imitating the name or address of another factory or adulteration of, or mixing of improper elements with products, passing off the sham as the genuine or passing off the inferior as the superior is prohibited.

REGULATIONS ON SALE OF PRODUCTS

Anti-Unfair Competition

The Countering Unfair Competition Law of the PRC (《中華人民共和國反不正當競爭法》), promulgated by the SCNPC on September 2, 1993, and effective from December 1, 1993, with its most recent amendment becoming operative on April 23, 2019, delineates essential measures aimed at curbing unfair competition and preserving market order. These measures encompass the prohibition of unjust practices such as misleading prize promotions and dumping, which are designed to eliminate market competitors. According to the aforementioned law, operators are strictly prohibited from offering bribes to employees of counterpart units, units or personnel entrusted by counterparts, or exerting undue influence on counterpart units or personnel to secure commercial opportunities or gain competitive advantages. However, operators are permitted to openly provide discounts to trading counterparts or commissions to intermediaries during their business transactions. It is imperative for operators to maintain accurate records of payments made to trading counterparts and intermediaries.

In the event of violations against the provisions outlined in Article 7 of the Law, wherein operators engage in bribery, regulatory authorities are empowered to confiscate the illicit gains obtained by the operators. Additionally, depending on the severity of the circumstances, fines ranging from RMB100,000 to RMB3,000,000 may be imposed. In cases of egregious violations, the revocation of business licenses is a potential consequence. The Countering Unfair Competition Law of the PRC underscores the commitment of the PRC to fostering a competitive market environment characterized by integrity, fairness, and adherence to ethical business practices.

Anti-Money Laundering

Pursuant to the Anti-money Laundering Law of the PRC (《中華人民共和國反洗錢法》), promulgated by SCNPC on 31 October 2006, last amended on 8 November 2024 and became effective on 1 January 2025, the Anti-money laundering refers to the adoption of relevant measures in accordance with the provisions of the Law, for preventing money laundering activities related to cover up and conceal of drugs dealing, organized crime, terrorism, smuggling, corruption and bribery, breaking the order of financial management and financial fraud. Where an act in violation of this law that constitutes a crime shall be subject to prosecution for criminal responsibility.

REGULATIONS ON IMPORT AND EXPORT TRADE

According to the Customs Law of the PRC (《中華人民共和國海關法》), which was promulgated by the SCNPC on 22 January 1987 and last revised on 29 April 2021, unless otherwise stipulated, the declaration of import and export goods and the payment of customs duties may be handled by the consignees or consignors of imported or exported goods or entrusted customs declaration enterprises. The consignee or the consignor of imported or exported goods and the customs declaration enterprise shall go through customs declaration and filing procedures at the relevant customs in accordance with the law.

According to the Foreign Trade Law of the PRC (《中華人民共和國對外貿易法》), promulgated by the SCNPC on 12 May 1994 and last revised on 30 December 2022, and the Regulation of the People's Republic of China on the Administration of the Import and Export of Goods (《中華人民共和國貨物進出口管理條例》) promulgated by the State Council on 10 December 2001, last revised on 10 March 2024 and became effective on 1 May 2024, unless it is clearly provided in laws or administrative regulations to forbid or restrict the import or export of goods, no entity or individual may establish or maintain prohibitive or restrictive measures over the import or export of goods.

REGULATORY OVERVIEW

Pursuant to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (《中華人民共和國海關報關單位備案管理規定》) promulgated by the General Administration of Customs on 19 November 2021 and became effective on 1 January 2022, consignees, consignors or customs declaration enterprises of imported or exported goods only need to file with the Customs, and no longer need to register with the General Administration of Customs. The filing information will be publicized through the credit publicity platform of import and export business of Customs of the PRC.

On October 28, 2024, the U.S. Department of Treasury issued the Final Rule on Addressing U.S. Investments in Certain National Security Technologies and Products in Countries of Concern based on Executive Order 14105. The Final Rule, which came into effect on January 2, 2025, aims to restrict U.S. persons knowingly or knowingly directing their controlled foreign entities from investing in concerning activities related to the semiconductor, quantum computing, and artificial intelligence industries in the PRC (including Hong Kong SAR and Macau SAR) and other specified countries or regions, and to impose different investment restrictions depending on the nature, purpose and advanced level of the underlying activity.

Pursuant to Section 201 of the Trade Act of 1974 (19 U.S.C. 2101 et seq.), the President is authorized to provide temporary import relief by raising tariffs on goods entering the U.S. that injure domestic industries producing similar goods. Under Section 301 of the Trade Act of 1974 (19 U.S.C. §§2411–2420), the President is empowered to take all appropriate actions to eliminate foreign government acts that violate trade agreements or burden U.S. commerce. Several laws, including the International Emergency Economic Powers Act (50 U.S.C. 1701 et seq.), the National Emergencies Act (50 U.S.C. 1601 et seq.), and Section 604 of the Trade Act of 1974 (19 U.S.C. 2483), grant the President regulatory powers over international commerce during a national emergency.

REGULATIONS ON CYBERSECURITY AND DATA PROTECTION

On July 1, 2015, the SCNPC issued the National Security Law of the PRC (《中華人民共和國國家安全法》), which came into effect on the same day, pursuant to which the State shall safeguard the sovereignty, security and cybersecurity development interests of the State, and that the State shall establish a national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the “**Cybersecurity Law**”), which became effective on June 1, 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are broadly defined as owners and administrators of networks and network service providers, and such network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who construct or operate networks or provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and a network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties. In addition, critical information infrastructure operators (“**CIIOs**”) shall, during their operations in the PRC, store within the PRC the personal information and important data collected and generated within the territory of the PRC, and where cross-border transfer of such data is necessary for business, a security assessment shall be conducted in accordance with the measures formulated by the national cyberspace authority in conjunction with the relevant departments under the State Council.

On June 10, 2021, the SCNPC promulgated the Data Security Law of PRC (《中華人民共和國數據安全法》) (the “**Data Security Law**”) which became effective on September 1, 2021. According to the Data Security Law, “data” is defined as any record of information in electronic or other forms, and the processing activities of data includes the collection, storage, use, processing, transmission, provision and disclosure of data. The Data Security Law is broadly applicable to such processing activities of data which are carried out in the PRC or, where carried out outside the PRC, damage the national security, public interests or the legitimate rights and interests of citizens and organizations of the PRC. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification

REGULATORY OVERVIEW

management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility, including without limitation, that any organization or individual collecting data shall adopt lawful and proper methods and shall not steal data or obtain the data by other illegal means, and risk monitoring shall be strengthened when data processing activities are carried out, and where risks such as data security flaws and vulnerabilities are discovered, remedial measures shall be immediately taken.

On September 30, 2024, the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the “**Regulation on Cyber Data Security**”) is published, which came into effect on January 1, 2025. The Regulation on Cyber Data Security reiterate the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, network data cross-border transfer management, and the responsibilities of internet platform service providers. The Regulation on Cyber Data Security generally provides that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations. The Regulation on Cyber Data Security is relevantly new and there is no further explanation or interpretation on what kind of activities “affect or may affect national security” under the Regulation on Cyber Data Security yet.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the “**Cybersecurity Review Measures**”) which became effective on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) a CIIO purchasing network products and services or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator with personal information of more than one million users which seek listing in a foreign country is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer’s network products or services, or data processing activities affect or may affect national security.

On December 13, 2022, the MIIT issued the Administrative Measures for Data Security in the Industrial and Information Technology Field (Trial Implementation) (《工業和信息化領域數據安全管理辦法(試行)》) (the “**MIIT Data Security Measures**”), which came into effect on January 1, 2023. The MIIT Data Security Measures is applicable to the processing activities carried out in the territory of the PRC of data in the field of industry and information technology, which include, among other things, the data collected and generated in the course of research, development and design, production and manufacturing, operation and management, operating and maintenance and platform operation in the field of industry. Our processing activities in the PRC of such data, for example, the data collected and generated during our research and development, design and manufacturing of our products therefore shall comply with the MIIT Data Security Measures. The MIIT Data Security Measures provides that industrial and telecommunication data processors shall implement data classification and grading, and further imposes data security obligations and responsibilities on data processors in the field of industry and information technology, which include, among others, taking protective measures based on the corresponding grading of data, establishing management system covering the whole data lifecycle, and staffing data security management personnel as needed to be in charge of the security supervision and management of data processing activities as a whole and assisting with the industrial administrative authorities in carrying out the relevant work.

REGULATIONS ON LAND AND REAL ESTATE

Land

The Civil Code of the PRC (《中華人民共和國民法典》) was promulgated by the NPC on May 28, 2020, and implemented on January 1, 2021. According to the Civil Code, the establishment, modification, assignment and extinguishment of real estate property rights are effective upon registration in accordance with the law; unless the law stipulates otherwise, such establishment, modification, assignment and extinguishment shall be ineffective without registration. Real estate registration shall be handled by the registration authority at the location of the property.

REGULATORY OVERVIEW

The Land Administration Law of the PRC (《中華人民共和國土地管理法》) was first issued by the Standing Committee of the National People's Congress on June 25, 1986, with the latest revision published on August 26, 2019 and January 1, 2020, respectively. Pursuant to the Land Administration Law, construction entities that have obtained state-owned land use rights through paid leasing must pay the land use right leasing fees and other fees and expenses in accordance with the standards and methods prescribed by the State Council before they can use the land. Construction entities using state-owned land must use the land in accordance with the provisions of the contract for paid use of leased land use right or according to the provisions of the documents of approval concerning the allocation of land use right. For urban planned areas, changing land use requires prior consent from the relevant urban planning administrative department before seeking approval.

According to the Interim Regulations on Real Estate Registration (《不動產登記暫行條例》), promulgated on November 24, 2014 and last amended on March 10, 2024, the real estate registration shall be conducted by the real estate registration authorities of the people's government at or above the county level. Each real estate unit has a unique code. The real estate register shall record the following: (i) natural conditions of the real estate such as location, boundaries, spatial limits, acreage and usage; (ii) property conditions of the real estate rights such as ownership, type, content, source, term, changes in rights; (iii) matters related to restrictions and warnings on real estate rights; and (iv) other relevant matters.

The Interim Regulations on Real Estate Registration and the Implementing Rules of the Interim Regulations on Real Estate Registration (《不動產登記暫行條例實施細則》) promulgated on January 1, 2016 and last amended and brought into effect on May 21, 2024 provide that, among others, the State implements a uniform real estate registration system and the registration of real estate shall be strictly administered and carried out in a stable and continuous manner that provides convenience for people.

Regulations on the Approval and Filing Management of Enterprise Investment Projects

Pursuant to the provisions of the Regulation on the Administration of the Confirmation and Recordation of Enterprise Investment Projects (《企業投資項目核准和備案管理條例》) promulgated on 30 November 2016, the PRC government implements a pre-approval management on fixed asset investment projects that are invested and constructed by enterprises in the PRC and that have national security concern or relate to major productivity distribution, strategic resource development and major public interests. The specific project scope, the approval authority and the approval power shall be implemented in accordance with the catalogue of investment projects approved by the government, and other projects are subject to the filing registration.

The determination of specific projects and approval authority is governed by the investment project catalog approved by the government. This catalog is proposed by the investment authority under the State Council in conjunction with relevant departments of the State Council, implemented following the State Council's approval, and adjusted periodically. Except for special provisions, other projects are subject to filing management, typically following the principle of territoriality, with local governments stipulating the filing authorities and their powers.

For projects that are subject to the filing registration, if the enterprise fails to notify the filing authority of the project information or the changes in the information of the registered project in accordance with the Regulation on the Administration of the Confirmation and Recordation of Enterprise Investment Projects, the filing authority may order it to make corrections within a time limit and impose a fine for failure to make corrections within the specified time limit.

Construction Law of the PRC

Pursuant to the provisions of the Construction Law of the PRC (《中華人民共和國建築法》) promulgated on 1 November 1997, revised on 22 April 2011 and amended on 23 April 2019, and the Measures for the Administration of Construction Permits for Construction Projects (《建築工程施工許可管理辦法》) promulgated on 25 June 2014 and with the latest amendment on 30 March 2021, the construction entity shall apply for a construction permit after obtaining the construction project planning permit, and then start construction.

Construction entities should commence construction within three months from the date of receiving the construction permit. If the construction entity is unable to start construction as scheduled due to unforeseen circumstances, an application for an extension should be made to the issuing authority. If construction does not commence without applying for an extension or exceeds the extension limit, the construction permit shall become void.

REGULATORY OVERVIEW

REGULATIONS ON HOUSE LEASING

Pursuant to the Law on Administration of Urban Real Estate of the PRC (《中華人民共和國城市房地產管理法》), which was promulgated by the SCNPC on 5 July 1994, was last revised on 26 August 2019 and came into effect on 1 January 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

In addition, according to the Administrative Measures for Commodity House Leasing (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and came into effect on 1 February 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. If individuals or entities are in violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people's government of a municipality directly under the central government, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

REGULATIONS ON INTELLECTUAL PROPERTY RIGHTS

Patent

Pursuant to the Patent Law of the PRC (《中華人民共和國專利法》) (the “**Patent Law**”) promulgated by the SCNPC on 12 March 1984, last revised on 17 October 2020 and effective from 1 June 2021, and the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council on 15 June 2001, last revised on 11 December 2023 and effective from 20 January 2024, there are three types of patents, namely invention, utility model and design. Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years, all starting from the date of application. After the granting of a patent for an invention or utility model, unless otherwise provided for in the Patent Law, no entity or individual may exploit the patent without the permission of the patentee; after the granting of a design patent, no entity or individual shall, without permission of the patentee, exploit the patent, that is, they shall not make, promise to sell, sell, or import the product incorporating its or his patented design, for production and business purposes.

Trademark

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on 23 August 1982, last revised on 23 April 2019 and effective on 1 November 2019, and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on 3 August 2002, last revised on 29 April 2014 and effective on 1 May 2014, trademarks approved and registered by the Trademark Office are registered trademarks, and the trademark registrant shall have the exclusive right to use the trademark, which is protected by law. The validity period of a registered trademark is 10 years, counting from the date of approval of registration.

Copyright

According to the Copyright Law of the PRC (《中華人民共和國著作權法》) promulgated by the SCNPC on 7 September 1990, last revised on 11 November 2020 and effective on 1 June 2021, and the Implementation Regulations of the Copyright Law of the PRC (《中華人民共和國著作權法實施條例》) promulgated by the State Council on 2 August 2002, last revised on 30 January 2013 and effective on 1 March 2013, works of PRC citizens, legal persons or unincorporated organizations, whether published or not, shall enjoy copyright in accordance with law. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form. A copyright holder shall enjoy a number of personal and property rights, including the right of publication, the right of authorship and the right of amendment.

REGULATORY OVERVIEW

According to the Regulations on the Protection of Computer Software (《計算機軟件保護條例》) promulgated by the State Council on 20 December 2001, last revised on 30 January 2013 and effective on 1 March 2013, and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration of the PRC on 20 February 2002, computer software refers to computer programs and their associated documentation. Chinese citizens, legal persons or other units shall enjoy the copyright for software they develop, regardless of whether it has been published. Software copyright arises from the date of completion of software development. The protection period of the software copyright of legal persons or other units shall be 50 years, ending on 31 December of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development shall not be under protection.

Design of Integrated Circuit Layouts

Pursuant to the Regulations on the Protection of Layout-Designs of Integrated Circuits (《集成電路布圖設計保護條例》) (the “**Regulations on the Protection**”) issued by the State Council on 2 April 2001, and effective from 1 October 2001, natural persons, legal persons or other organizations in China who create layout-designs shall have exclusive rights to their designs in accordance with the Regulations on the Protection. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, starting from the date of application for registration of the design or from the date of putting it into commercial exploitation somewhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Regulations on the Protection 15 years after the date of completion of the design.

Domain Names

According to the Measures for the Administration of Internet Domain Names (《互聯網域名管理辦法》) promulgated by the MIIT on 24 August 2017, which came into effect on 1 November 2017, the MIIT is responsible for the supervision and management of China’s domain name services. No organization or individual shall impede the safe and stable operation of the Internet domain name system.

REGULATIONS ON LABOR, SOCIAL INSURANCE AND HOUSING PROVIDENT FUND

Labor

The major PRC laws and regulations that govern employment relationship are the Labor Law of the PRC (《中華人民共和國勞動法》), the Labor Contract Law of the PRC (《中華人民共和國勞動合同法》) (the “**Labor Contract Law**”) and its implementation, which impose stringent requirements on the employers in relation to entering into fixed-term employment contracts, hiring of temporary employees and dismissal of employees.

The Labor Contract Law, which became effective on January 1, 2008, primarily aims at regulating rights and obligations of employment relationships, including the establishment, performance, and termination of labor contracts. Pursuant to the Labor Contract Law, labor contracts must be executed in writing if labor relationships are to be or have been established between employers and employees. Employers are prohibited from forcing employees to work above certain time limits and employers must pay employees for overtime work in accordance with national regulations. In addition, employee wages must not be lower than local standards on minimum wages and must be paid to employees in a timely manner.

In December 2012, the Labor Contract Law was amended to impose more stringent requirements on the use of employees of temp agencies, who are known in China as “dispatched workers”. Dispatched workers are entitled to equal pay with full-time employees for equal work. Employers are only allowed to use dispatched workers for temporary, auxiliary or substitutive positions. According to the Interim Provisions on Labor Dispatch (《勞務派遣暫行規定》) promulgated by the Ministry of Human Resources and Social Security (人力資源和社會保障部) and came into effect on March 1, 2014, the number of dispatched workers hired by an employer may not exceed 10% of the total number of its employees. Where rectification is not made within the stipulated period, the employers may be subject to a penalty ranging from RMB5,000 to RMB10,000 per dispatched worker exceeding the 10% threshold.

REGULATORY OVERVIEW

Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) as last amended by the NPCSC on December 29, 2018, each employer and individual in the PRC shall make social insurance contributions, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work injury insurance. Each employer shall, within 30 days from the date of employment, apply to the social insurance agency for social insurance registration for the employees. Employers who fail to make social insurance contributions in full and on time shall be ordered by the social insurance premium collection agency to pay or supplement within a prescribed period, and an overdue payment fine at the rate of 5 per 10,000 shall be levied from the due date of payment. When the payment is not made at the expiry of the prescribed period, a fine above the overdue amount but less than its triple shall be imposed by the relevant administrative department.

Pursuant to the Interpretation II of the Supreme People's Court on Several 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 took effect on September 1, 2025, any agreement between an employer and an employee or any commitment made by an employee to the employer stating that social insurance premiums need not be paid shall be deemed invalid by the people's court. If an employer fails to pay social insurance premiums in accordance with the law, and the employee requests to terminate the labor contract and claims economic compensation pursuant to Article 38 Paragraph 3 of the Labor Contract Law, the people's court shall support such claims in accordance with the law. In the circumstances described in the preceding paragraph, if the employer subsequently pays the social insurance premiums in accordance with the law and requests the employee to return the compensation already paid for the social insurance premiums, the people's court shall support such requests in accordance with the law. As advised by our PRC Legal Adviser, based on (i) we have not signed any agreement with our employee or our employee have not commit to give up paying their social insurance, and (ii) employee have the right to terminate the labor contract and claim economic compensation in accordance with the Labor Contract Law, which has been effective since 2012, instead of the aforementioned regulation, the aforementioned regulation will not have material adverse impact on our operation.

Housing Provident Fund

According to the Administrative Regulations on the Housing Provident Fund (《住房公積金管理條例》), as last amended by the State Council on March 24, 2019, each employer and individual in the PRC shall make housing provident fund contributions in accordance with the law. The employer shall go through the housing provident fund contribution registration with the housing provident fund management center and apply for the establishment of housing provident fund account for employees. If the employer does not register the contribution of the housing provident fund or does not establish housing provident fund account for its employees, the housing provident fund management center shall order it to be handled within a prescribed period. The employer who fails to make up the procedures within the prescribed period shall be given a fine of RMB10,000 to RMB50,000. Where the employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the payment and deposit within a prescribed period; where the payment and deposit have not been made after the expiration of the prescribed period, an application may be made to a people's court for compulsory enforcement.

REGULATIONS ON SECURITIES AND OVERSEAS LISTING

The Securities Law of the People's Republic of China, which was promulgated by the SCNPC on December 29, 1998, and was latest amended on December 28, 2019 and took effect on March 1, 2020, comprehensively regulating activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges, securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing their securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

REGULATORY OVERVIEW

The PRC government has enhanced its regulatory oversight of Chinese companies listing overseas. The Opinions on Intensifying Crack Down on Illegal Securities Activities (《關於依法從嚴打擊證券違法活動的意見》) issued in July 2021 called for (i) tightening oversight of data security, cross-border data flow and administration of classified information, as well as amendments to relevant regulations to specify responsibilities of overseas listed Chinese companies with respect to data security and information security; (ii) enhanced oversight of overseas listed companies as well as overseas equity fundraising and listing by Chinese companies; and (iii) extraterritorial application of PRC securities laws.

On February 17, 2023, the CSRC released several regulations regarding the management of filings for overseas offerings and listings by domestic companies, including the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the “**Overseas Listing Trial Measures**”) together with 5 supporting guidelines (together with the Overseas Listing Trial Measures, collectively referred to as the “**Overseas Listing Regulations**”). Under Overseas Listing Regulations, PRC domestic companies that seek to offer and list securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted.

On February 24, 2023, the CSRC and three other relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration Related to the Overseas Securities Offering and Listing by Domestic Enterprises (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》), or the Provision on Confidentiality. Pursuant to the Provision on Confidentiality, where a domestic enterprise provides or publicly discloses any document or material that involving state secrets and working secrets of state agencies to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, it shall report to the competent department with the examination and approval authority for approval in accordance with the law, and submit to the secrecy administration department of the same level for filing. The working papers formed within the territory of the PRC by the securities companies and securities service agencies that provide corresponding services for the overseas issuance and listing of domestic enterprises shall be kept within the territory of the PRC, and cross-border transfer shall go through the examination and approval formalities in accordance with the relevant provisions of the State.

REGULATIONS ON FULL CIRCULATION OF H SHARES

The Company shall comply with regulations on the H share “full circulation” to converse its domestic shares into H shares and circulate on the Stock Exchange. Pursuant to the Guidelines on Application for “Full Circulation” of Domestic Unlisted Shares of H-share Companies (2023 Amendment) (《H股公司境內未上市股份申請“全流通”業務指引(2023修正)》), or the Guidelines for the “Full Circulation”, promulgated and implemented by the CSRC on November 14, 2019 and revised on August 10, 2023, shareholders of domestic unlisted shares may determine by themselves through consultation the amount and proportion of shares, for which an application will be filed for circulation, provided that the requirements laid down in the relevant laws and regulations and set out in the policies for state-owned asset administration, foreign investment and industry regulation are met. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

According to the Notes on the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《關於<境內企業境外發行證券和上市管理試行辦法>的說明》), the New Regulations Filing aims to strengthening institutional inclusiveness and deepening opening-up, and lays out “full circulation” arrangements. For the overseas offering and listing by a domestic company, holders of its domestically-based domestic unlisted shares are allowed after filing to convert the shares into overseas listed shares to be circulated on overseas trading venues.

According to the Overseas Listing Trial Measures, “Full Circulation” represents the shareholders of domestic unlisted shares of domestic companies, which directly offer and list securities in overseas markets, converting its domestic unlisted shares into foreign listed shares circulating in overseas markets. The shareholders of domestic unlisted shares shall authorize the domestic company to file the “Full Circulation” application with CSRC by filing materials on key compliance issues, including whether the “Full Circulation” has fulfilled adequate internal decision-making procedures, necessary internal approvals and authorizations, and whether the “Full circulation” involves approval or filing procedures set out in the laws, regulations and policies for state-owned asset administration, industry supervision and foreign investment, and if so, whether such approval or filing procedures have been performed.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

We are an enterprise in China's third-generation semiconductor power device industry, specializing in the research, development, manufacturing and sales of SiC power devices. In response to the growing demand for high-efficiency and high-performance SiC discrete devices and power modules, our Company was founded in 2016 to capture emerging growth opportunities. See “Business — Overview — Who We Are.”

KEY MILESTONES

The following table summarizes the key development milestones of our Group:

Year	Milestones
2016 . .	- Established the Company - Commenced R&D of SiC discrete devices
2017 . .	Successfully developed SiC discrete devices
2018 . .	- Commenced sales of SiC discrete devices - Commenced R&D of SiC power modules
2019 . .	Automotive-grade SiC discrete devices underwent initial vehicle testing
2020 . .	Commenced R&D of power semiconductor gate drivers
2021 . .	Automotive-grade SiC power modules underwent initial vehicle testing
2022 . .	- Completed construction of Wuxi production base - Secured long-term agreement with a leading global NEV automotive manufacturer
2023 . .	Completed construction of Guangming production base
2024 . .	Cumulative shipments of automotive-grade SiC power modules exceeded 90,000 units
2025 . .	Achieved large-scale sales of industrial-grade SiC power modules

OUR GROUP

Our Company

Our Company was established in the PRC with limited liability on June 7, 2016 with a registered capital of RMB100,000. Upon establishment, our Company was owned as to 50% by Bronze Group and as to 50% by, an Independent Third Party, Ascatron AB, respectively. Ascatron AB was a company established in Sweden with principal business of development and sale of services for manufacturing and processing of materials and components based on SiC and related materials. In August 2018, Ascatron AB transferred its entire equity interests in our Company to Shenzhen InteBridge International Innovation Ltd.* (深圳英博國際創新有限公司) (“**InteBridge International**”) at consideration of RMB14 million based on arm's length negotiations and ceased to be our Shareholder. To fund our strategic development and broaden our shareholder base, we have conducted several rounds of Pre-IPO Investments since the establishment of our Company. See “— Pre-IPO Investments” for details.

Conversion into a Joint Stock Limited Company in November 2024

On November 15, 2024, our Company was converted from a limited liability company into a joint stock limited company. Upon completion of the conversion, the registered capital of our Company was converted into RMB53,770,801 divided into 53,770,801 Shares with a nominal value of RMB1.00 each, which were subscribed by all the then Shareholders in proportion to their respective equity interests in our Company before the conversion.

Share Subdivision in May 2025

On May 23, 2025, the Shares were subdivided on a one-for-five basis, and the nominal value of the Shares was changed from RMB1.00 each to RMB0.20 each, following which our total registered capital remained unchanged of RMB55,380,705 with 276,903,525 Shares in a nominal value of RMB0.20 each.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OUR PRINCIPAL OPERATING SUBSIDIARIES

As of the Latest Practicable Date, we had four principal operating subsidiaries which were material to our performance during the Track Record Period and future business development. The following table sets out the details of such subsidiaries:

No.	Name of subsidiary	Place of Establishment	Date of Establishment	Registered capital as of the Latest Practicable Date RMB'000	Equity holding of our Group	Principal business activities
1. . .	Bronze Tech	PRC	August 28, 2019	70,000	100% by our Company	R&D, production and sale of semiconductor products
2. . .	WX BASiC	PRC	April 15, 2021	450,000	88.89% by our Company	Production of semiconductor products
3. . .	SZ BASiC	PRC	June 13, 2022	10,000	100% by our Company	Production of semiconductor products
4. . .	SZ Packaging	PRC	August 12, 2024	310,000	51.61% by our Company	Production of semiconductor products

CAPITAL INCREASE IN SUBSIDIARIES

Capital Increase in SZ Packaging

On May 23, 2025, our Company, Dr. Wang, Dr. He Weiwei, SZ NEV Fund, an Independent Third Party, and SZ Packaging entered into a capital increase agreement in respect of SZ Packaging, pursuant to which the Company and SZ NEV Fund agreed to subscribe to a total of RMB300 million in newly issued registered capital of SZ Packaging, to be completed in two phases. Our Company and SZ NEV Fund shall each subscribe RMB100 million in registered capital at a consideration of RMB100 million in cash in the first phase, and an additional RMB50 million in registered capital at a consideration of RMB50 million in cash in the second phase. Since SZ Packaging has not yet commenced any material operations, the consideration was determined at RMB1 per unit of registered capital based on arm's length negotiations. As of the Latest Practicable Date, capital increase for both phases were completed, and SZ Packaging was owned as to 51.61% by our Company and 48.39% by SZ NEV Fund.

SZ NEV Fund has seven limited partners. Its largest limited partner is Shenzhen Guiding Fund Investment Co., Ltd.* (深圳市引導基金投資有限公司), which holds 50% interest in SZ NEV Fund, and is wholly owned by the Shenzhen Municipal Finance Bureau (深圳市財政局). None of the remaining limited partners holds more than 30% interest in SZ NEV Fund. The general partner of SZ NEV Fund is Shenzhen Investment Holdings Cornerstone Private Equity Fund Management Co., Ltd.* (深圳市深投控基石私募股權基金管理有限公司), which is ultimately owned as to 51% by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government (深圳市人民政府國有資產監督管理委員會) ("Shenzhen SASAC").

Capital Increase in WX BASiC

On January 28, 2026, our Company, WX BASiC and WX Innovation Chuangrong Equity Investment Partnership (Limited Partnership)* (無錫新投創融股權投資合夥企業(有限合夥)) ("WX Innovation") entered into a capital increase agreement in respect of WX BASiC, pursuant to which WX Innovation agreed to subscribe to RMB50 million in newly issued registered capital of WX BASiC at a total consideration of RMB50 million. As WX BASiC had no prior external financing or valuation benchmark, the consideration for the capital increase was set at RMB1 per unit of registered capital through arm's length negotiations. As of the Latest Practicable Date, the capital increase was completed, and WX BASiC was owned as to 88.89% by our Company and 11.11% by WX Innovation.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

WX Innovation has three limited partners. Its largest limited partner is Wuxi High-tech Zone Venture Capital Holding Group Co., Ltd.* (無錫市高新區創業投資控股集團有限公司), which holds 79.98% interest in WX Innovation, and is indirectly wholly owned by Administrative Committee of Wuxi National High-tech Industrial Development Zone* (無錫國家高新技術產業開發區管理委員會) (“**WXNHID Administrative Committee**”). None of the remaining limited partners holds more than 30% interest in WX Innovation. The general partner of WX Innovation is Wuxi New District Leading Venture Capital Co., Ltd.* (無錫新區領航創業投資有限公司), which is indirectly wholly owned by WXNHID Administrative Committee.

Reasons for Investment at SZ Packaging and WX BASiC

SZ NEV Fund and WX Innovation invested at the subsidiary level in Shenzhen and Wuxi, respectively, rather than in the Company, primarily to support the business development and capacity expansion of the relevant local operating entities and, in turn, to facilitate the achievement of local industrial and economic development objectives. As regional funds with a government background, SZ NEV Fund and WX Innovation place emphasis on supporting manufacturing projects that are expected to generate local economic benefits, such as employment, industrial output and the formation of industry clusters within their respective jurisdictions. Investing at the level of SZ Packaging and WX BASiC enables them to more directly support the use of investment proceeds for the relevant subsidiaries’ production expansion, daily operations, research and development and business development, and to coordinate local governmental and industrial resources to support the subsidiaries’ ramp-up and promote the development of the SiC semiconductor industry in Shenzhen and Wuxi. The investment proceeds are intended to be used for the principal business, daily operations, research and development, and business development of SZ Packaging and WX BASiC.

Shareholders’ rights granted to SZ NEV Fund and WX Innovation

Repurchase Right and Liquidation Preference

Repurchase right to SZ NEV Fund

SZ NEV Fund is granted a repurchase right by the Company and/or SZ Packaging in respect of its equity interests in SZ Packaging, exercisable upon the occurrence of agreed trigger events, including (a) a shareholder or shareholders holding, individually or collectively, more than 5% of the Company exercising repurchase rights, (b) the Company not completing a qualified acquisition or an IPO on agreed exchanges (including the Stock Exchange) by December 31, 2027, or (c) the Company and/or SZ Packaging failing to meet the agreed business performance indicators, at a repurchase price calculated as the actual investment amount paid plus a return of interest rate of 8% per annum.

If, after December 31, 2025, any shareholders of the Company holding, individually or collectively, more than 5% of its equity interests continue to have the right to require Dr. Wang and Dr. He Weiwei to repurchase such equity interests, then Dr. Wang and Dr. He Weiwei shall also be bound to perform the relevant repurchase obligations and shall, together with the Company and SZ Packaging, be jointly and severally liable for such repurchase obligations.

SZ NEV Fund is entitled to, after December 31, 2028, require the Company and/or SZ Packaging to repurchase all or part of its equity interests in SZ, at a repurchase price calculated as the actual investment amount paid plus a return of interest rate of 8% per annum. If the Company and/or SZ Packaging fails to pay in full within the prescribed time limit, Dr. Wang and Dr. He Weiwei shall be jointly and severally liable to pay such shortfall.

The aforesaid repurchase right granted to SZ NEV Fund shall be suspended from the day immediately preceding the date of the Company’s first filing of its listing application with the Stock Exchange, and shall be reinstated upon the earlier of: (i) the Listing Date; or (ii) the listing application not being approved by the Stock Exchange or any other securities regulatory authority for any reason, being withdrawn by the Company, or being terminated, rejected or otherwise not proceeded with by the Stock Exchange or any other securities regulatory authority. Therefore, upon Listing, such repurchase right will be reinstated and SZ NEV Fund will be entitled to exercise the aforesaid repurchase right in accordance with its terms as disclosed above.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Repurchase right to WX Innovation

WX Innovation is granted a repurchase right by the Company and/or WX BASiC in respect of its equity interests in WX BASiC, exercisable upon the occurrence of agreed trigger events, including (a) failure to achieve, by December 31, 2030, fixed-asset investment of the agreed scale in Xinwu District, Wuxi, (b) other agreed material adverse events, including material non-compliance with laws or regulations, unapproved changes to principal business scope, misrepresentation or concealment of material facts, unapproved material disposals/transfers/restructurings (including loss of control over any material subsidiary or affiliate), change of control, unapproved related-party or other unfair transactions, material quality or reputation issues, or any other event materially prejudicing WX Innovation's shareholder rights and interests, at a repurchase price calculated as the actual investment amount paid plus a return of interest rate of 8% per annum, minus dividends or distributions received by WX Innovation.

WX Innovation is entitled to, after December 31, 2031, require the Company and/or WX BASiC to repurchase all or part of its equity interests in WX BASiC, at a repurchase price calculated as actual investment amount paid plus a return of interest rate of 8% per annum, minus dividends or distributions received by WX Innovation.

Liquidation preference and conversion right

SZ NEV Fund is entitled, upon liquidation, to receive in priority its invested amount plus 8% interest per annum, with remaining proceeds distributed pro rata according to equity interests in SZ Packaging, and was also granted a conversion right to convert its equity interests in SZ Packaging into Shares of the Company, which was terminated and ceased to have effect prior to the Company's first listing application submission.

Neither SZ NEV Fund nor WX Innovation has any right to convert its respective interest in SZ Packaging and WX BASiC into Shares of the Company, nor do they have any other rights or arrangements that would enable them to acquire any Shares or interests in the Company or participate in any appreciation in the Shares of the Company following Listing. Accordingly, there is no actual or potential impact on the shareholding structure of the Company arising from their investments. SZ NEV Fund and WX Innovation are not shareholders of the Company and do not constitute "pre-IPO investors" as defined under Chapter 4.2 of the Guide. As their investments were made solely at the subsidiary level, SZ NEV Fund and WX Innovation are not entitled to any benefits arising from the Listing that would be available to Shareholders (including the Pre-IPO Investors) at the Company level. As investors at the subsidiary level, they are subject to different risk exposures and have different return expectations from those of Shareholders (including the Pre-IPO Investors) at the Company level.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

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

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRE-IPO INVESTMENTS

Principal Terms of our Pre-IPO Investments

The table below summarizes the principal terms of our pre-IPO investments:

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²⁾ (%)
Angel Investments (Pre-money valuation: RMB35,000,000; post-money valuation: RMB50,000,000)						
Equity subscription						
Shenzhen Leaguer Venture Capital Co., Ltd. (深圳市力合創業投資有限公司) (“Leaguer VC”)	March 1, 2017	May 5, 2017	28,571	8,000	0.67 ⁽²⁾	97.41
Shenzhen InteBridge Innovation Partnership (Limited Partnership)* (深圳英智創新合夥企業(有限合夥)) (“InteBridge Innovation LP”)	March 1, 2017	April 20, 2017	14,286	4,000	0.67 ⁽²⁾	97.41
Mr. Liu Chengkang (劉程康)	March 1, 2017	December 1, 2017	5,357	1,500	0.67 ⁽²⁾	N/A ⁽³⁾
InteBridge International	March 1, 2017	April 27, 2017	1,786	500	0.67 ⁽²⁾	N/A ⁽³⁾
Equity transfer						
InteBridge International ⁽⁴⁾	July 26, 2018	January 19, 2020	4,650,000	15,500	0.67	N/A ⁽³⁾
InteBridge Innovation LP ⁽⁵⁾	August 8, 2018	September 27, 2018	345,000	1,150	0.67	97.41
Leaguer VC ⁽⁵⁾	August 8, 2018	August 28, 2018	330,000	1,100	0.67	97.41
Ningbo Xinhui Qianhai Asset Management Co., Ltd.* (寧波信匯前海資產管理有限公司) (“Ningbo Xinhui”) ⁽⁵⁾	August 8, 2018	December 31, 2018	525,000	1,750	0.67	N/A ⁽³⁾
Guangdong Hunter Venture Capital Fund Management Partnership Enterprise (Limited Partnership) (廣東獵投基金管理合夥企業(有限合夥)) (“Hunter VC LLP”) ⁽⁵⁾	August 8, 2018	August 31, 2018	270,000	900	0.67	N/A ⁽³⁾
Mr. Zhang Zhenzhong (張振中) ⁽⁵⁾	August 8, 2018	January 4, 2021	150,000	500	0.67	N/A ⁽³⁾
Investment from Shenzhen Municipal Science and Technology Innovation Commission (深圳市科技創新委員會)	March 12, 2018	May 25, 2018	3,882,175	15,000	0.77	N/A ⁽³⁾
Shenzhen National Indigenous Innovation Demonstration Zone Service Center* (深圳市國家自主創新示範區服務中心)						
(“Innovation Center”) ⁽²³⁾						

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
Equity transfer						
Guangdong Leaguer Kaiwu Venture Capital Fund Partnership (Limited Partnership)* (廣東力合開物創業投資基金合夥企業 (有限合夥)) (“Leaguer Kaiwu”) ⁽⁶⁾	November 25, 2018	December 28, 2018	395,260	7,000	3.54	86.22
Series A Investments (Pre-money valuation: RMB380,000,000; post-money valuation: RMB440,000,000)						
Equity subscription						
Leaguer Kaiwu	December 28, 2018	March 18, 2019	397,519	8,000	4.02	84.34
Shenzhen Leaguer New Generation Information Technology Venture Capital Partnership (Limited Partnership)* (深圳力合新一代信息技術創業投資合夥企業(有限合夥)) (“Leaguer New Generation”) ⁽²⁴⁾	December 28, 2018	January 3, 2019	745,349	15,000	4.02	84.34
Shenzhen Lihe Hongxin Venture Capital Partnership (Limited Partnership)* (深圳力合弘鑫創業投資合夥企業(有限合夥)) (“Lihe Hongxin”)	December 28, 2018	December 28, 2018	347,829	7,000	4.02	84.34
Shenzhen Leaguer Rongtong Venture Capital Co., Ltd.* (深圳力合融通創業投資有限公司) (“Leaguer Rongtong”)	December 28, 2018	January 15, 2019	248,450	5,000	4.02	84.34
Shenzhen InteBridge Technology Equity Investment Fund Partnership (Limited Partnership)* (深圳英智科技股權投資基金合夥企業(有限合夥)) (“InteBridge Fund LP”)	December 28, 2018	December 6, 2019	745,349	15,000	4.02	84.34
Qianhai Renzhi Interconnection (Shenzhen) Equity Investment Enterprise (Limited Partnership)* (前海仁智互聯(深圳)股權投資企業(有限合夥)) (“Renzhi Interconnection”)	December 28, 2018	August 7, 2018	496,899	10,000	4.02	84.34
Series A+ Investments (Pre-money valuation: RMB470,000,000; post-money valuation: RMB490,000,000)						
Equity subscription						
Shenzhen Leaguer Yongjin Venture Capital Enterprise (Limited Partnership)* (深圳力合永金創業投資企業(有限合夥)) (“Leaguer Yongjin”)	September 9, 2019	January 7, 2020	930,357	20,000	4.30	83.27
Equity transfer						
Lihe Hongxin ⁽⁷⁾	December 27, 2019	December 31, 2019	465,182	10,000	4.30	83.27

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
InteBridge Fund LP ⁽⁷⁾	December 27, 2019	December 31, 2019	697,773	15,000	4.30	83.27
An Xin Capital Partnership (Limited Partnership)* (福建省 安芯產業投資基金合夥企業(有限合夥)) (“An Xin Capital”) ⁽⁷⁾	December 27, 2019	March 18, 2020	465,182	10,000	4.30	N/A ⁽³⁾⁽¹⁸⁾
Hangzhou Times Dingfeng Venture Capital Partnership (Limited Partnership)* (杭州時代鼎豐創業投資合夥企業(有限合夥)) (“Times Dingfeng”) ⁽⁷⁾	December 27, 2019	March 12, 2020	232,594	5,000	4.30	83.27
Mr. Yu Yong (于勇) ⁽⁷⁾	December 27, 2019	January 18, 2020	232,594	5,000	4.30	N/A ⁽³⁾
Series A++ (Pre-money valuation: RMB734,620,000; post-money valuation: RMB764,620,000)						
Equity subscription						
An Xin Capital	June 26, 2020	August 7, 2020	1,394,834	30,000	4.30	N/A ⁽³⁾⁽¹⁸⁾
Equity transfer						
Pingtan Yuanquan Information Consulting Partnership (Limited Partnership)* (平潭淵泉信息諮詢合夥企業(有限合夥)) (“Pingtan Yuanquan”) ⁽⁸⁾	September 10, 2020	October 23, 2020	232,594	5,000	4.30	N/A ⁽³⁾
Series B Investments (Pre-money valuation: RMB1,050,000,000; post-money valuation: RMB1,200,000,000)						
Equity subscription						
Leaguer Yongjin	December 14, 2020	January 18, 2021	338,745	10,000	5.90	77.03
Wingtech Technology Co., Ltd.* (聞泰科技股份有限公司) (“Wingtech Technology”)	December 14, 2020	December 17, 2020	2,032,472	60,000	5.90	77.03
Shenzhen Investment Control Chuangzhi Technology Private Venture Capital Fund Partnership (Limited Partnership)* (深圳投控創智科技私募創業投資基金合夥企業(有限合夥)) (formerly known as Shenzhen Investment Control Chuangzhi Technology Private Venture Capital Fund Partnership (Limited Partnership)* (深圳投控創智科技股權投資基金合夥企業(有限合夥)) (“Shenzhen Investment Chuangzhi”) ⁽²⁴⁾	December 14, 2020	December 31, 2020	1,016,236	30,000	5.90	77.03

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
Qingdao Minxin Qiyuan Investment Center (Limited Partnership)* (青島民芯啟元投資中心(有限合夥)) (“ Qingdao Minxin ”)	December 14, 2020	December 18, 2020	677,491	20,000	5.90	77.03
Beijing E-town Changzhou Display Chip Venture Capital Center (Limited Partnership)* (北京屹唐長厚顯示芯片創業投資中心(有限合夥)) (“ Beijing E-town ”)	December 28, 2020	January 18, 2021	508,118	15,000	5.90	77.03
Shanghai Xiche Investment Management Center (Limited Partnership)* (上海喜車投資管理中心(有限合夥)) (“ Shanghai Xiche ”)	December 28, 2020	January 18, 2021	508,118	15,000	5.90	77.03
Equity transfer						
Suzhou Tengxin Venture Capital Partnership (Limited Partnership)* (蘇州藤信創業投資合夥企業(有限合夥)) (“ Suzhou Tengxin ”) ⁽⁹⁾	November 17, 2020	December 18, 2020	515,304	15,225	5.91	77.03
Bosch (Shanghai) Venture Capital Co., Ltd. (博世(上海)創業投資有限公司) (“ Bosch VC ”) ⁽¹⁰⁾	January 28, 2021	March 8, 2021	677,491	20,000	5.90	77.03
Shenzhen BASiC Atom Management Partnership (Limited Partnership)* (深圳基本原子管理合夥企業(有限合夥)) (“ BASiC Atom ”) ⁽¹⁰⁾	January 28, 2021	August 2, 2021	203,248	6,000	5.90	77.03
Zhuhai Changzhou Zhiyuan Technology Management Center (Limited Partnership)* (珠海長厚致遠科技管理中心(有限合夥)) (“ Zhuhai Changzhou ”) ⁽¹⁰⁾	January 28, 2021	January 4, 2021	169,373	5,000	5.90	77.03
Equity transfer						
BASiC Principle LP ⁽¹¹⁾	July 29, 2021	September 24, 2021	4,238,959	21,948	1.04	95.97
Series C1 Investments (Pre-money valuation: RMB2,300,000,000; post-money valuation: RMB2,440,000,000)						
Equity subscription						
Leaguer Rongtong	September 15, 2021	October 15, 2021	88,368	5,000	11.32	55.98
Bosch VC	September 15, 2021	October 14, 2021	530,210	30,000	11.32	55.98

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership)* (深圳基本原色控股合夥企業(有限合夥)) (“BASiC Primary Colors LP”)	September 15, 2021	October 13, 2021	88,368	5,000	11.32	55.98
Shenzhen Songhe Chuangzhi Venture Capital Investment Enterprise (Limited Partnership)* (深圳松禾創智創業投資合夥企業(有限合夥)) (“Songhe Chuangzhi”)	September 15, 2021	October 15, 2021	441,842	25,000	11.32	55.98
Gongqingcheng Jiayin Xiangfu No. 1 Equity Investment Partnership Enterprise (Limited Partnership)* (共青城佳銀享富壹號股權投資合夥企業(有限合夥)) (“Jiayin Xiangfu”)	September 15, 2021	October 11, 2021	353,473	20,000	11.32	55.98
China US Green Shenggu (Tianjin) Venture Capital Fund Partnership (Limited Partnership)* (中美綠色盛谷(天津)創業投資基金合夥企業(有限合夥)) (“China US Green Shenggu”)	September 15, 2021	September 24, 2021	265,105	15,000	11.32	55.98
Gongqingcheng Richland Semiconductor Industry Investment Management Partnership Enterprise (Limited Partnership)* (共青城厚土半導體產業投資管理合夥企業(有限合夥)) (“Richland Investment”)	September 15, 2021	September 28, 2021	265,105	15,000	11.32	55.98
Gongqingcheng Helide Investment Partnership (Limited Partnership)* (共青城合利德投資合夥企業(有限合夥)) (“Helide”)	September 15, 2021	September 23, 2021	265,105	15,000	11.32	55.98
Zhangjiagang Leaguer Preferred Equity Investment Partnership (Limited Partnership)* (張家港力合優選股權投資合夥企業(有限合夥)) (Formerly known as Gongqingcheng Leaguer Preferred Equity Investment Partnership (Limited Partnership)* (共青城力合優選股權投資合夥企業(有限合夥))) (“Leaguer Preferred”)	September 15, 2021	October 15, 2021	176,737	10,000	11.32	55.98
Equity transfer BASiC Primary Colors LP ⁽¹²⁾	September 15, 2021	January 13, 2022	214,436	12,133	11.32	55.98
Series C2 Investments (Pre-money valuation: RMB2,800,000,000; post-money valuation: RMB2,960,000,000) Equity subscription BASiC Primary Colors LP	July 1, 2022	September 22, 2022	799,860	48,000	12.00	53.31

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
Guangdong Guangqi Zhixing Lu Equity Investment Partnership (Limited Partnership)* (廣東廣祺智行陸號股權投資合夥企業 (有限合夥)) (“GAC Zhixing”)	July 1, 2022	July 8, 2022	833,187	50,000	12.00	53.31
Runxia Zhaoying (Hubei) New Energy Industry Investment Fund Partnership (L.P.)* (潤峽招贏(湖北)新能源產業投資基金合夥企業(有限合夥)) (“Runxia Zhaoying”)	July 1, 2022	July 15, 2022	807,358	48,450	12.00	53.31
Shenzhen V&T Technologies Co., Ltd.* (深圳市藍海華騰技術股份有限公司) (“V&T”)	July 1, 2022	July 5, 2022	199,965	12,000	12.00	53.31
Nanjing Zhaoyin Gongying Equity Investment Partnership (Limited Partnership)* (南京市招銀共贏股權投資合夥企業(有限合夥)) (“Zhaoyin Gongying”)	July 1, 2022	July 18, 2022	25,829	1,550	12.00	53.31
Series C3 Investments (Pre-money valuation: RMB2,960,000,000; post-money valuation: RMB3,040,000,000)						
Equity subscription						
Guangdong Kerui Investment Management Co., Ltd.* (廣東科瑞投資管理有限公司) (“Guangdong Kerui”) ⁽²⁴⁾	July 8, 2022	July 29, 2022	16,664	1,000	12.00	53.31
Guangdong Yueke Jiangmen Innovation and Venture Capital Master Fund Co., Ltd.* (廣東省粵科江門創新創業投資母基金有限公司) (“Yueke Jiangmen”) ⁽²⁴⁾	July 8, 2022	July 29, 2022	399,930	24,000	12.00	53.31
Zhuhai Cultural Industry Investment Fund (Limited Partnership)* (珠海文化產業投資基金(有限合夥)) (“Zhuhai Cultural”) ⁽²⁴⁾	July 8, 2022	July 29, 2022	416,593	25,000	12.00	53.31
Qingdao Truesino Haiping Equity Investment Fund Partnership (L.P.)* (青島初芯海屏股權投資基金合夥企業(有限合夥)) (“Qingdao Truesino”)	July 8, 2022	August 3, 2022	333,275	20,000	12.00	53.31
Shenzhen Think Investment Management Co., Ltd.* (深圳市暢想投資管理有限公司) (“Think Investment”)	July 8, 2022	May 30, 2023	166,637	10,000	12.00	53.31
Series C4 Investments (Pre-money valuation: RMB4,500,000,000; post-money valuation: RMB4,730,500,000)						
Equity subscription						
Beijing E-town	September 20, 2022	October 31, 2022	450,291	40,000	17.77	30.88

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
Zhuhai Changhou	September 20, 2022	November 3, 2022	208,260	18,500	17.77	30.88
Guangdong Dezaihou Jiahang Equity Investment Partnership (Limited Partnership)* (廣東德載厚嘉航股權投資合夥企業(有限合伙)) (“Dezaihou”)	September 20, 2022	February 22, 2023	923,097	82,000	17.77	30.88
Suzhou Longying No. 5 Green Venture Capital Partnership (Limited Partnership)* (蘇州龍鷹伍號綠色創業投資合夥企業(有限合伙)) (“Suzhou Longying”)	September 20, 2022	October 11, 2022	450,291	40,000	17.77	30.88
Ganzhou Sanxin Tengyi Equity Investment Center (Limited Partnership)* (贛州三新騰奕股權投資中心(有限合伙)) (“Ganzhou Sanxin”)	September 20, 2022	October 10, 2022	337,719	30,000	17.77	30.88
Wuxi New Peak Advanced Technology Investment Fund L.L.P.* (無錫新高地高精尖產業投資基金合夥企業(有限合伙)) (“Wuxi New Peak”)	September 20, 2022	September 26, 2022	225,146	20,000	17.77	30.88
Equity transfer						
BASIC Primary Colors LP ⁽¹³⁾	September 20, 2022	November 1, 2022	529,755	40,000	15.10	41.25
Suzhou Longying ⁽¹³⁾	September 20, 2022	October 14, 2022	264,877	20,000	15.10	41.25
Series C5 Investments (Pre-money valuation: RMB4,730,500,000; post-money valuation: RMB4,767,000,000)						
Equity subscription						
InteBridge Fund LP	May 30, 2023	June 7, 2023	281,432	25,000	17.77	30.88
BASIC Primary Colors LP	May 30, 2023	July 27, 2023	39,401	3,500	17.77	30.88
Qingdao Taifu Hongying No. 1 Investment Center (Limited Partnership)* (青島泰富洪盈壹號投資中心(有限合伙)) (“Qingdao Taifu”)	May 30, 2023	June 2, 2023	90,058	8,000	17.77	30.88
Equity transfer						
Foshan Kexi Qianbang Equity Investment Partnership (Limited Partnership)* (佛山珂璽乾邦股權投資合夥企業(有限合伙)) (“Foshan Kexi”) ⁽¹⁴⁾	May 30, 2023	December 19, 2023	258,255	19,500	15.10	N/A ⁽³⁾

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
BASiC Primary Colors LP ⁽¹⁵⁾	May 30, 2023	February 27, 2024	37,083	2,800	15.10	41.25
Jinan Gaoxin Kexi Co-Win One Venture Capital Partnership (Limited Partnership)* (濟南高新珂璽共贏壹號創業投資合夥企業(有限合夥)) (“Kexi Co-Win”) ⁽¹⁶⁾	December 12, 2023	December 19, 2023	258,255	19,500	15.10	41.25
Series Pre-D Investments (Pre-money valuation: RMB5,000,000,000; post-money valuation: RMB5,010,000,000)						
Equity subscription						
Huayu (Qingdao) Manufacturing Transformation and Upgrade Private Equity Investment Fund Partnership (Limited Partnership)* (華興(青島)製造業轉型升級私募股權投資基金合夥企業(有限合夥)) (formerly known as CRRC (Qingdao) Manufacturing Industry Transformation and Upgrading Private Equity Investment Fund Partnership Enterprise (Limited Partnership)* (中車(青島)製造業轉型升級私募股權投資基金合夥企業(有限合夥))) (“CRRC Qingdao”)	April 16, 2024	April 25, 2024	107,327	10,000	18.63	27.51
Equity transfer						
CRRC Qingdao ⁽¹⁷⁾	April 16, 2024	April 26, 2024	660,473	40,000	12.11	52.88
Series D Investments (Pre-money valuation: RMB5,010,000,000; post-money valuation: RMB5,160,000,000)						
Equity subscription						
Zhongshan Entrepreneur Development Fund of Funds (Limited Partnership)* (中山市創業發展母基金合夥企業(有限合夥)) (formerly known as Zhongshan Investment Promotion and Development Fund of Funds (Limited Partnership)* (中山市招商引資發展母基金(有限合夥))) (“Zhongshan Fund”) ⁽²⁴⁾	April 25, 2025	April 29, 2025	804,952	75,000	18.63	27.51
Zhongshan Torch High-Tech Equity Investment Partnership (Limited Partnership)* (中山火炬高新股權投資合夥企業(有限合夥)) (“Torch High-Tech”) ⁽²⁴⁾	April 25, 2025	April 30, 2025	590,298	55,000	18.63	27.51
Zhongshan Torch Huaying High-Tech Venture Investment Partnership (Limited Partnership)* (中山火炬華盈高新創業投資合夥企業(有限合夥)) (“Torch Huaying”) ⁽²⁴⁾	April 25, 2025	April 30, 2025	214,654	20,000	18.63	27.51

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Name of Pre-IPO Investors	Date of Agreement	Date of Settlement	Registered capital (RMB) or number of Shares subscribed for/acquired (as applicable)	Consideration (RMB'000)	Cost per Share ⁽¹⁾ (RMB)	Discount to the Offer Price ⁽²²⁾ (%)
Equity transfer						
BASIC Original LP ⁽¹⁸⁾	April 10, 2025	August 13, 2025	1,860,016	100,758	10.83	57.85
Wuxi New Peak ⁽¹⁹⁾	April 11, 2025	April 14, 2025	461,510	25,000	10.83	57.85
Gongqingcheng Leaguer Huiying Venture Investment Management Partnership (Limited Partnership)* (共青城力合匯盈創業投資管理合夥企業(有限合夥)) (“ Leaguer Huiying ”) ⁽²⁰⁾	May 19, 2025	May 19, 2025	202,118 ⁽²¹⁾	1,780	8.81 ⁽²¹⁾	65.74
Jinpu Venture Capital Investment Co., Ltd. (津浦創業投資有限公司) (“ Jinpu Investment ”) ⁽²⁵⁾	June 18, 2025	June 24, 2025	2,979,867	50,000	16.78	34.72
Qingdao Taifu Huihong Jiuhaio Private Equity Investment Fund Partnership (Limited Partnership)* (青島泰富匯洪玖號私募股權投資基金合夥企業(有限合夥)) (“ Taifu Huihong ”) ⁽¹⁸⁾	June 26, 2025	June 26, 2025	1,607,143	18,000	11.20	56.43
Shenzhen Kexi Gongying Industrial Investment Partnership (Limited Partnership)* (深圳珂璽共贏產業投資合夥企業(有限合夥)) (“ Kexi Investment ”) ⁽¹⁸⁾	July 4, 2025	July 8, 2025	267,857 ⁽²¹⁾	3,000	11.20 ⁽²¹⁾	56.43
Shenzhen Kexi Basic Synergy Investment Partnership (Limited Partnership)* (深圳珂璽基本協同投資合夥企業(有限合夥)) (“ Kexi Synergy ”) ⁽¹⁸⁾	July 8, 2025	July 9, 2025	892,857 ⁽²¹⁾	10,000	11.20 ⁽²¹⁾	56.43
Guoxin Tiefa Venture Capital (Beijing) Co., Ltd.* (國信鐵發創業投資(北京)有限公司) (formerly known as China Railway Jianxin Asset Management Co., Ltd. (國鐵建信資產管理有限公司)) (“ China Railway Jianxin ”) ⁽¹⁸⁾	July 22, 2025	July 23, 2025	714,285 ⁽²¹⁾	8,000	11.20 ⁽²¹⁾	56.43
Shenzhen Yiqi Investment Consulting Service Enterprise (Limited Partnership)* (深圳市邑啟投資諮詢服務企業(有限合夥)) (“ Yiqi Investment ”) ⁽¹⁸⁾	July 18, 2025	July 18, 2025	223,214 ⁽²¹⁾	2,500	11.20 ⁽²¹⁾	56.43
Shenzhen Gongda Wujing Investment Partnership (Limited Partnership)* (深圳市工大無疆投資合夥企業(有限合夥)) (“ Gongda Wujiang ”) ⁽¹⁸⁾	August 10, 2025	August 12, 2025	267,858 ⁽²¹⁾	3,000	11.20 ⁽²¹⁾	56.43
BASIC Original LP ⁽²⁶⁾	June 15, 2025	August 13, 2025	827,270 ⁽²¹⁾	10,000	12.09 ⁽²¹⁾	52.98

Notes:

- (1) Unless otherwise stated, the cost per Share is arrived at by dividing the total consideration by the total number of Shares to be converted from the registered capital held by the respective investors as a result of the conversion into a joint stock limited company and their respective subscriptions or purchases as adjusted by the Share Subdivision at a ratio of 1:5.
- (2) Apart from the adjustment made pursuant to the Share Subdivision, the cost per Share was further adjusted to reflect the capital increase effected by the respective Shareholders through the conversion of capital reserves into registered capital at a ratio of 1:84 in March 2017.
- (3) As of the Latest Practicable Date, the respective Pre-IPO Investors had ceased to be our Shareholder.
- (4) Each of Ascatron AB and Mr. Liu Chengkang (劉程康) transferred all of its/his equity interests to InteBridge International, and ceased to be a Shareholder.
- (5) InteBridge International transferred part of its equity interests to Bronze Group, Leaguer VC, BASiC Innotech LP, BASiC Entrepreneur LP, BASiC Innovation LP, Ningbo Xinhui, Hunter VC LLP, and Mr. Zhang Zhenzhong (張振中). BASiC Innotech LP and BASiC Entrepreneur LP are employee shareholding platforms.
- (6) Each of Ningbo Xinhui and InteBridge International transferred part of its equity interests to Leaguer Kaiwu.
- (7) Bronze Group transferred part of its equity interests to Lihe Hongxin, InteBridge Fund LP, An Xin Capital, Times Dingfeng, and Mr. Yu Yong (于勇).
- (8) Mr. Yu Yong (于勇) transferred all of his equity interests to Pingtan Yuanquan, and ceased to be a Shareholder.
- (9) Each of Hunter VC LLP, InteBridge International, and Mr. Zhang Zhenzhong (張振中) transferred all of its/his equity interests to Suzhou Tengxin, and ceased to be a Shareholder.
- (10) Bronze Group transferred part of its equity interests to Bosch VC, BASiC Atom LP, and Zhuhai Changhou.
- (11) Bronze Group transferred part of its equity interests to BASiC Principle LP. This equity transfer was an internal reorganization rather than a market-based investment, whereby certain shareholders of Bronze Group transferred their interests down to the Company level to be held through BASiC Principle LP. As such, the cost per share reflects internal strategic planning rather than the market value of the Company at the time of the transaction.
- (12) Ningbo Xinhui transferred all of its equity interests to BASiC Primary Colors LP, and ceased to be a Shareholder.
- (13) Leaguer VC transferred part of its equity interests to BASiC Primary Colors LP, and Leaguer Yongjin transferred part of its equity interests to Suzhou Longying.
- (14) Pingtan Yuanquan transferred all of its equity interests to Foshan Kexi. Pingtan Yuanquan ceased to be a Shareholder.
- (15) BASiC Principle LP transferred part of its equity interests to BASiC Primary Colors LP and Foshan Kexi, respectively.
- (16) Foshan Kexi transferred all of its equity interests to Kexi Co-Win, and ceased to be a Shareholder.
- (17) Each of InteBridge Innovation LP and BASiC Principle LP transferred part of its equity interests to CRRC Qingdao.
- (18) Pursuant to a share transfer agreement entered into between An Xin Capital and BASiC Original LP, An Xin Capital agreed to transfer 1,860,016 Shares (i.e. 9,300,080 Shares as adjusted by the Share Subdivision) constituting all of its shareholdings in the Company to BASiC Original LP for a total consideration of RMB100,758,000. RMB20,000,000 is to be paid for 369,205 Shares (i.e. 1,846,025 Shares as adjusted by the Share Subdivision) on or before April 30, 2025. The remaining RMB80,758,000, corresponding to 1,490,811 Shares (i.e. 7,454,055 Shares as adjusted by the Share Subdivision), shall be settled by instalments. For each instalment of the share transfer payment made by BASiC Original LP, An Xin Capital shall transfer to BASiC Original LP the corresponding portion of Shares. As of the Latest Practicable Date, BASiC Original LP settled the total consideration of RMB100,758,000 for 1,860,016 Shares (i.e. 9,300,080 Shares as adjusted by the Share Subdivision) to An Xin Capital. As of the Latest Practicable Date, BASiC Original LP transferred part of its equity interest to Taifu Huihong, Kexi Investment, Kexi Synergy, China Railway Jianxin, Yiqi Investment and Gongda Wujiang.
- (19) BASiC Original LP transferred 461,510 Shares to Wuxi New Peak.
- (20) Leaguer Rongtong transferred part of its Shares to Leaguer Huiying. Leaguer Rongtong is a wholly-owned subsidiary of Shenzhen Leaguer Finance Holdings Co., Ltd.* (深圳力合金融控股股份有限公司) ("Leaguer Finance"), which holds 100% of its equity interests and controls its operations through its core management team. Shenzhen Zhixin Investment Co., Ltd.* (深圳智鑫投資有限公司), a share incentive platform for the core management team of Leaguer Finance, serves as the general partner of Leaguer Huiying. In view of this relationship, Leaguer Rongtong and Leaguer Huiying agreed that the consideration for the share transfer would be based on the original acquisition cost of the subject Shares by Leaguer Rongtong.
- (21) The Shares acquired already take into account the Share Subdivision. Accordingly, the cost per Share is arrived at by dividing the total consideration by the total number of Shares acquired.

- (22) Calculated based on the assumption that the Offer Price is HK\$29.56 per Offer Share (being the mid-point of the indicative Offer Price range).
- (23) Pursuant to the equity investment agreement with the Innovation Center we allotted registered capital of RMB3,882,175, accounting for approximately 20.56% of our registered capital immediately after the allotment, for an investment of RMB15 million.
- (24) According to the Enterprise State-owned Assets Law of the PRC (《中華人民共和國企業國有資產法》), state-owned assets belong to the State. The State Council and local governments act, respectively, as investors on behalf of the PRC government, exercising their respective rights and fulfilling their respective responsibilities in these state-invested enterprises at their respective levels. Furthermore, in accordance with the Measures for Guidance and Supervision on Local State-owned Assets Supervisory and Administrative Work (《地方國有資產監督工作指導監督辦法》) (the “**Local State-Owned Assets Measures**”), the State Council and local governments shall in principle independently fulfill their investor responsibilities. Superior state-owned assets supervision and administrative bodies must respect and protect the rights of the investors of subordinate state-owned assets supervision and administrative bodies, and accordingly, these superior state-owned assets supervision and administrative bodies should not supplant or interfere with the execution of investor duties by their subordinate bodies. According to the Local State-Owned Assets Measures, the primary methods of carrying out supervision (監督指導) by superior State-owned Assets Supervision and Administration Commission include, among others, issuing normative documents, strengthening research and guidance, formulating work plans to address prominent issues, and conducting inspections to monitor the implementation of state-owned assets supervision laws and regulations.
- As confirmed by each of Leaguer New Generation, Shenzhen Investment Chuangzhi, Zhongshan Fund, the Torch Group (comprising Torch High-Tech and Torch Huaying), their respective investments in the Company were made independently pursuant to their internal decision-making authority, and their operations and financial management are not subject to the common control or supervision of the Guangdong SASAC or the Guangdong Provincial Government. Specifically:
- none of them received funding or financial assistance from the Guangdong SASAC or the Guangdong Provincial Government for their investments in the Company;
 - their investments in the Company did not require reporting to or approval by the Guangdong SASAC or the Guangdong Provincial Government;
 - their investment decisions, daily operations, and financial management are conducted independently of the Guangdong SASAC or the Guangdong Provincial Government; and
 - each of them is individually accountable for the gains or losses arising from its investment in the Company.
- See “— Pre-IPO Investments — Information regarding our Pre-IPO Investors” for further details regarding the aforesaid Shareholders.
- While Zhuhai Cultural, Yueke Jiangmen, and Guangdong Kerui (collectively, the Yueke SIs) are ultimately controlled by the Guangdong Provincial Government, based on the aforesaid confirmations, our PRC Legal Adviser considers that each of Leaguer New Generation, Shenzhen Investment Chuangzhi, Zhongshan Fund, and the Torch Group (comprising Torch High-Tech and Torch Huaying) (including their ultimate beneficial owners and controllers) is not under common control or the supervision of the Guangdong Provincial Government or Guangdong SASAC. Accordingly, our Directors are of the view that the Yueke SIs, Leaguer New Generation, Shenzhen Investment Chuangzhi, Zhongshan Fund, and the Torch Group should not be taken as a group of Shareholders of the Company.
- (25) Suzhou Longying transferred part of its equity interest to Jinpu Investment.
- (26) Shenzhen Investment Chuangzhi transferred part of its equity interest to BASIC Original LP.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Basis of consideration

The consideration of each round of Pre-IPO Investments involving capital subscriptions to our Company were determined based on arm's length negotiation with our respective Pre-IPO Investors and our Group after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the status of our business operations, financial performance of our Group, and the prospect of our business.

Reasons for Fluctuations in Valuation

The principal reasons for the material increases in our Company's valuation in several rounds of our pre-IPO investments are as follows:

Investment Round	Principal Reasons for Increase in Valuation
Angel to Series A	Successful development of our first-generation SiC MOSFET devices which passed industrial reliability testing, and commencement of sales of SiC discrete devices.
Series A to Series A+	Successful development of automotive-grade SiC power modules, initial vehicle testing of automotive-grade SiC discrete devices, and revenue exceeded RMB10 million in 2019.
Series A+ to Series A++	Initial vehicle testing of automotive-grade SiC power modules, and launch of driver board based on second-generation proprietary IC.
Series A++ to Series B	Integration of SiC and driver business, revenue exceeded RMB50 million in 2020, and establishment of JP BASiC and its R&D centre.
Series B to Series C1	Initial vehicle testing of automotive-grade SiC power modules, and construction of Wuxi production base.
Series C1 to Series C2 and Series C3	Revenue exceeded RMB100 million in 2022, completion of Wuxi production base, and construction of Guangming production base.
Series C3 to Series C4 and Series C5	Secured long-term agreement with a leading global NEV automotive manufacturer, and completion of Guangming production base.
Series C5 to Series Pre-D	Revenue exceeded RMB200 million in 2023, cumulative shipments of automotive-grade SiC power modules exceeded 30,000 units, and Guangming base commenced operation, establishing IDM model.
Series Pre-D to Series D	Cumulative shipments of automotive-grade SiC power modules exceeded 90,000 units; and commencement of mass production of G3 mini-pitch SiC MOSFETs.
Series D to Listing	Prioritization of innovative products for emerging sectors such as low-altitude transportation, AI computing and robotics, successful commercialization of industrial-application SiC power modules with positive gross margins and cumulative deliveries exceeding 130,000 units, further optimization of product portfolio, and advancement of the Zhongshan production base, which is expected to commence mass production in 2027 with an annual capacity of approximately 200,000 SiC modules.

Use of Proceeds from the Pre-IPO Investments

As of the Latest Practicable Date, the net proceeds from the Pre-IPO Investments (other than the transfers of Shares between our Shareholders where our Group did not receive any proceed) has been fully utilized for our research and development and business operation.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Strategic benefits to our Company brought by the Pre-IPO Investors

At the time of the Pre-IPO Investments, our Directors believed that our Group would benefit significantly from the capital provided by the Pre-IPO Investors, as well as from their industry insights, strategic guidance, and support for business expansion. The upstream and downstream resources, along with the knowledge and experience the Pre-IPO Investors brought to our Company, were seen as valuable contributions. Their investments also reflected their confidence in our Group's operations and served as a strong endorsement of our performance, strengths, and future prospects.

Special Rights of Our Pre-IPO Investors

Regarding the Pre-IPO Investments, our Pre-IPO Investors were granted special rights including, among others, veto right, director/supervisor nomination or appointment right, right to prior consent for certain corporate actions, pre-emptive right, anti-dilution right, liquidation preferences, most favorable treatment, information rights and redemption rights (collectively the **"Special Rights"**) pursuant to the shareholders' agreements and share subscription agreements. Our Company issued ordinary Shares (representing the number of shares after conversion into a joint stock company) to certain Pre-IPO investors for a total net cash proceed of approximately RMB1,032 million. There was no exercise of Special Rights granted by the Company throughout the Track Record Period.

On July 31, 2023, the Company and the relevant Pre-IPO Investors entered into supplemental agreements (collectively, the **"2023 Agreements"**), agreeing that certain Special Rights granted by the Company to the relevant Pre-IPO Investors, including redemption rights undertaken by the Company (i.e. rights requiring the Company repurchase shares and to pay the repurchase price), liquidation preferences and anti-dilution rights (collectively, the **"Company Undertaken Redemption Rights"**), have been irrevocably terminated and shall be deemed void prior to the commencement of the Track Record Period. As the relevant clauses had never been exercised, the parties agreed to terminate such clauses and restore their rights and obligations to the status quo ante as if such clauses had never been agreed upon.

According to Article 143 of the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the **"Civil Code"**), which provides that a civil legal act is valid if it is conducted by parties with the requisite capacity for civil conduct, reflects their genuine intent and does not violate mandatory provisions of laws, administrative regulations, or public order and morals. On the basis of the principle of autonomy of will, the Company and the relevant Pre-IPO Investors explicitly agreed under the 2023 Agreements to irrevocably terminate the Company Undertaken Redemption Rights, our PRC Legal Adviser is of the view that the retrospective termination of the Company Undertaken Redemption Rights pursuant to the 2023 Agreements does not violate any applicable PRC laws, including the Civil Code, as it does not contravene any mandatory provisions of laws or administrative regulations, nor does it violate public order and good morals, and such termination is legally enforceable.

In light of the above, our Directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Track Record Period. Based on the foregoing, nothing has come to the attention of the Joint Sponsors that would reasonably cause them to cast doubt on the Directors' view above. See Note 29 to the Accountants' Report of Appendix I to this prospectus for further details of the Company Undertaken Redemption Rights.

With respect to Special Rights other than the Company Undertaken Redemption Rights (the **"Other Special Rights"**), which include but not limited to redemption rights undertaken by Bronze Group, Dr. Wang, and Dr. He Weiwei, the Company entered into termination agreements with the relevant Pre-IPO Investors in April and May 2025 (collectively, the **"2025 Agreements"**). Pursuant to the 2025 Agreements, all Other Special Rights were terminated on the calendar day immediately preceding the initial filing of the application for Listing. In the event that the application for Listing is not approved, is withdrawn, or the review is terminated by the Stock Exchange or other securities regulatory authorities (excluding cases where the application lapses and the Company resubmits the application for Listing), the Other Special Rights shall be reinstated. No Special Rights will survive after the Listing. For the avoidance of doubt, the termination of the Other Special Rights under the 2025 Agreements does not affect the termination of the Company Undertaken Redemption Rights under the 2023 Agreements.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Save for the 2023 Agreements and the 2025 Agreements as disclosed above, there are no other side agreements among the Company, the Controlling Shareholders Group (including but not limited to Bronze Group and Dr. Wang), Dr. He Weiwei and the Pre-IPO Investors regarding the Company Undertaken Redemption Rights and the Other Special Rights. Considering that the Company has no obligation to repurchase the Shares held by the Pre-IPO Investors and the Company has not provided guarantee in respect of the CS Redemption Rights, no financial liability was recorded on such rights during the Track Record Period. For details, see Note 37(f) to the Accountants' Report of Appendix I to this prospectus.

On the basis that (i) the consideration for each of the Pre-IPO Investments were settled more than 120 clear days prior to the Listing Date, and (ii) the Special Rights granted to our Pre-IPO Investors have been terminated prior to the initial filing of the application for Listing in compliance with Chapter 4.2 of the Guide and shall only be reinstated in the event that the application for Listing is not approved, is withdrawn, or the review is terminated by the Stock Exchange or other securities regulatory authorities (excluding cases where the application lapses and the Company resubmits the application for Listing), and no Special Rights will survive after the Listing, each of the Joint Sponsors has confirmed that, the Pre-IPO Investments are in compliance with Chapter 4.2 under the Guide.

Information regarding our Pre-IPO Investors

To the best of our knowledge, information and belief, having made all reasonable enquiries, save for BASiC Principle LP, (i) each of the Pre-IPO Investors (including their respective limited partners, general partners or ultimate beneficial owners) is an Independent Third Party; (ii) save as disclosed herein, each of the Pre-IPO Investors is independent from each other; and (iii) save for being a Shareholder and as disclosed herein, each of our Sophisticated Independent Investors is independent from and not connected with any director, chief executive, supervisors or substantial shareholder of our Company, its subsidiaries, or any of their respective associates (within the meaning of the Listing Rules).

Pathfinder SIIIs

Leaguer SIIIs (comprising Leaguer VC and Leaguer Yongjin)

Leaguer VC is a limited liability company established in the PRC and is a wholly owned subsidiary of Leaguer Group Co., Ltd. (力合科創集團有限公司)* (“**Leaguer Group**”). Leaguer Group is a wholly-owned subsidiary of Shenzhen Leaguer Co., Ltd.* (深圳市力合科創股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002243.SZ).

Leaguer Yongjin is a limited partnership established in the PRC with five limited partners, where the largest limited partner of Leaguer Yongjin is Xuyong One Golden Rudder Equity Investment Fund Partnership (Limited Partnership)* (叙永壹期金舵股權投資基金合夥企業(有限合夥)) (“**Xuyong One**”), which holds 49% interests in Leaguer Yongjin. The general partner of Xuyong One is Xuyong Golden Rudder Equity Investment Fund Management Co., Ltd. (叙永金舵股權投資基金管理有限公司) (holding 0.5% interest), and its limited partner is Sichuan Golden Rudder Investment Co., Ltd. (四川金舵投資有限責任公司) (holding 99% interest), which is ultimately controlled by the State-owned Assets Supervision and Administration Commission of Luzhou Municipal People's Government (瀘州市國有資產監督管理委員會). Nanjing Pukou Development Zone High-tech Investment Co., Ltd.* (南京浦口開發區高科技投資有限公司) holds 30% interests in Leaguer Yongjin and is ultimately wholly owned by the Administrative Committee of Nanjing Pukou Economic Development Zone (南京浦口經濟開發區管理委員會). None of the other limited partners of Leaguer Yongjin holds more than 30% of its interests. Leaguer Zhongke Private Equity Fund Management (Shenzhen) Co., Ltd.* (力合中科私募股權基金管理(深圳)有限公司) (“**Leaguer PE**”) is Leaguer Yongjin's general partner. Leaguer PE is wholly owned by Leaguer Qingzhi Technology & Innovation (Shenzhen) Co., Ltd.* (力合清智科創(深圳)有限公司) (“**Leaguer Qingzhi**”), in which Leaguer Group is the single largest shareholder, holding 32% of the equity interests, and no other shareholder holds more than 30% of the equity interests. All the major investment projects (including the investment to our Company) of Leaguer Yongjin have been introduced or recommended by Leaguer Group. Leaguer Group and Leaguer Yongjin maintain a comprehensive investment consultation mechanism. Under this arrangement, Leaguer Group would assist Leaguer Yongjin with pre-investment due diligence and the selection of investment targets. Leaguer Yongjin's investment decisions are managed by an investment committee composed of three members, including two representatives from Leaguer Group. Pursuant to the partnership

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

agreement of Leaguer Yongjin, any material investment decision of Leaguer Yongjin shall be approved by two or more (out of three) of the investment committee members, which implies that all the material investment targets introduced or recommended by Leaguer Group would be approved and all the investment decision of Leaguer Yongjin should have been agreed by the Leaguer Group's representatives on its investment committee. Accordingly, Leaguer Group effectively has the right to direct the material investment decision of Leaguer Yongjin. The limited partners and the general partner of Leaguer Yongjin, Leaguer PE, and Leaguer Qingzhi are Independent Third Parties.

As each of Leaguer VC and Leaguer Yongjin is either ultimately controlled by Leaguer Group or subject to Leaguer Group's authority to direct their material investment decisions, Leaguer VC and Leaguer Yongjin should be aggregated as one Pathfinder SII pursuant to Chapter 2.5 of the Guide.

Leaguer Group is a technological innovation service platform company established and nurtured by the Research Institute of Tsinghua University in Shenzhen ("RITS"), which focuses on incubation of innovative enterprises, which are mostly start-ups. With support from RITS, which brings together leading experts from a broad spectrum of frontier high-tech industries, Leaguer Group leverages its technological resources and innovation ecosystem to be well-positioned to access and identify a wide range of early-stage investment opportunities in high-tech start-ups. Leaguer Group has established and operates over 30 technology business incubators and innovation bases in key cities across China. Together with RITS, it has incubated and served more than 2,500 enterprises, nurturing more than 30 listed companies, more than 300 national high-tech enterprises, and numerous high-profile technology projects, and thus the size of its investment portfolio has grown with a promising pace throughout the years.

Leaguer Group and Leaguer Qingzhi had an aggregate investment portfolio of (a) approximately RMB1,657 million (approximately RMB1,025 million of which are derived from Specialist Technology investments) as of December 31, 2016 (being a date not more than six months prior to the date on which the definitive agreement for their earliest investment in our Company was signed), (b) over RMB3,500 million as of December 31, 2020, and (c) approximately RMB7,035 million and RMB9,341 million (approximately RMB5,960 million and RMB7,923 million of which are derived from Specialist Technology investments, including advanced manufacturing, semiconductors, artificial intelligence, new energy storage and transmission technology, cloud-based services and new agriculture technology) as of December 31, 2024 and March 31, 2026, respectively.

At the initial stage, as it is typical with early-stage investments, it takes time for the businesses of the invested start-ups to develop and scale. As the operations of these start-ups matured and expanded over time, the value and size of Leaguer Group's investment portfolio grew accordingly. Over the years, the number of high-tech investments has also increased, which further contributed to the overall growth of the portfolio size. This gradual expansion in both number and value of investments lead to the relatively small size of their investment portfolio in 2016 and the subsequent growth.

Furthermore, Leaguer Group has also invested in various A-share listed companies which engage in high-tech business, including Shenzhen H&T Intelligent Control Co., Ltd.* (深圳和而泰智能控制股份有限公司) (stock code: 002402.SZ), Leaguer (Shenzhen) Microelectronics Corp.* (深圳市力合微电子股份有限公司) (stock code: 688589.SH), Chipsea Technologies (Shenzhen) Corp. (stock code: 688595.SH), Shenzhen JPT Opto-electronics Co., Ltd.* (深圳市杰普特光电股份有限公司) (stock code: 688025.SH), and Qingyan Environmental Technology Co., Ltd.* (清研环境科技股份有限公司) (stock code: 301288.SZ).

In compliance with Rule 18C.05 of the Listing Rules, Leaguer SIIs in aggregate held approximately 5.78% and 5.96% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

Wingtech Technology

Wingtech Technology is a company listed on the Shanghai Stock Exchange (Stock Code: 600745.SH). Its principal business includes research and development, design, wafer manufacturing, and packaging testing of semiconductor power devices and analog chips, and research and manufacturing services for terminal products such as mobile phones, tablets, laptops, artificial Intelligence of Things (AIoT), household electrical appliances and automotive electronics.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

As of March 31, 2025, Wingtech Technology has a market capitalization of approximately RMB40 billion. According to Frost & Sullivan, Wingtech Technology is a major player in the semiconductor power device industry in terms of sales volume from semiconductor power discrete devices globally as of June 30, 2020 and December 31, 2024. Wingtech Technology's semiconductor power discrete devices business is in the upstream of the Company's power semiconductor module business, and in the downstream of the Company's automotive business. In 2024, the global power semiconductor discrete device market is around USD36.2 billion, in terms of sales revenue. Wingtech Technology takes 5.8% of the global power semiconductor discrete device market in terms of sales revenue in 2024, which ranked the third. Besides, Wingtech Technology is a major player in the electronic product (such as smart phones, IoT devices, home appliances, automotive electronics) original design manufacturing ("ODM") industry in terms of global smartphone ODM vendors' shipment as of June 30, 2020 and December 31, 2024. Wingtech Technology's electronic product ODM business is in the downstream of the Company's power semiconductor module business. In 2024, the global smartphone ODM shipment is around 500 million unit. Wingtech Technology takes 16% of the global smartphone ODM shipment market, ranked the third.

As Wingtech Technology is a key participant in the relevant upstream and downstream industry with a meaningful market share and size, it qualifies as our Pathfinder SII pursuant to Chapter 2.5 of the Guide. In compliance with Rule 18C.05 of the Listing Rules, Wingtech Technology held approximately 3.67% and 3.78% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

InteBridge Fund LP

InteBridge Fund LP is a limited partnership established in the PRC and principally engages in investments in high-tech enterprises. InteBridge Fund LP has 20 limited partners, which are Independent Third parties. The largest limited partner, namely, Shenzhen Pingshan District Guiding Fund Investment Co., Ltd.* (深圳市坪山區引導基金投資有限公司), which is ultimately owned by Shenzhen Pingshan District Finance Bureau (深圳市坪山區財政局), holds 20.78% interests, while none of the remaining limited partners holds more than 20% interests. Hangzhou Ynovo Investment Management Co., Ltd.* (杭州涌隆投資管理有限公司) ("**Hangzhou Ynovo**") is InteBridge Fund LP's general partner. Hangzhou Ynovo is wholly owned by Shanghai Yonghua Investment Management Limited* (上海涌鐸投資管理有限公司) ("**Shanghai Yonghua**"), which is owned as to 92% by Yongjin Industry (Group) Co., Ltd.* (涌金實業(集團)有限公司) ("**Yongjin Industry**"). Yongjin Industry is controlled by Ms. Chen Jinxia (陳金霞) ("**Ms. Chen**"), who is its single largest shareholder, holding 50% of its equity interests. Pursuant to Yongjin Industry's articles of association, Ms. Chen has the control on the material management, operational, and investment decisions of Yongjin Industry, as her proposed resolutions cannot be vetoed by the remaining shareholders, and all resolutions on material matters require her approval as the single largest shareholder. To the best knowledge of our Directors, neither InteBridge Fund LP, Ms. Chen nor the entities controlled by Ms. Chen has entered into any acting in-concert arrangement with Dr. Wang or the Controlling Shareholders Group. All limited partners and the general partner of InteBridge Fund LP are Independent Third Parties.

As of June 30, 2018 (being a date not more than six months prior to the date on which InteBridge Fund LP signed the first relevant definitive agreement for its investment in our Company), December 31, 2024 and December 31, 2025, the investment portfolio size of Shanghai Yonghua from Specialist Technology investments, including semiconductors, artificial intelligence, advanced manufacturing and electric and autonomous vehicles, was RMB4.3032 billion (equivalent to HK\$5.1036 billion, calculated at an exchange rate of RMB0.8431 to HK\$1), RMB5.2520 billion (equivalent to HK\$5.6729 billion, calculated at an exchange rate RMB0.9260 to HK\$1), and RMB4.825 billion (equivalent to HK\$5.342 billion, calculated at an exchange rate RMB0.9032 to HK\$1), respectively. In compliance with Rule 18C.05 of the Listing Rules, InteBridge Fund LP held approximately 3.11% and 3.21% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Other Sophisticated Independent Investors

Bosch VC

Bosch VC is an investment company wholly owned by Bosch (Shanghai) Investment Consulting Co., Ltd.* (博世(上海)投資諮詢有限公司), which is wholly owned by Bosch (China) Investment Ltd.* (博世(中國)投資有限公司) (“**Bosch China**”), and in turn, wholly owned by Robert Bosch Investment Nederland B.V. (collectively, “**Bosch Group**”). According to Frost & Sullivan, Bosch Group is a key participant in the automotive electronics industry in terms of sales revenue from automotive component globally as of December 31, 2020 and December 31, 2024. Bosch Group’s automotive electronics business operates in the downstream industry of the Company’s power semiconductor module segment. In 2020, the global automotive components market was approximately USD829.1 billion, with the Bosch Group accounting for 5.6% of the market, ranking first globally. By 2024, the market had grown to approximately USD1,101.9 billion, with the Bosch Group increasing its market share to 5.7%, maintaining its top position. Bosch VC held approximately 2.18% and 2.25% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

As Bosch Group is a key participant in the relevant downstream industry with a meaningful market share and size, Bosch VC qualifies as a Sophisticated Independent Investor pursuant to Chapter 2.5 of the Guide.

SIHC SII (being Shenzhen Investment Chuangzhi)

Shenzhen Investment Chuangzhi is a limited partnership established in the PRC with four limited partners. The two largest limited partners are CCB Investment Funds Management Co., Ltd.* (建信(北京)投資基金管理有限責任公司) and Shenzhen Investment Control Bay Area Equity Investment Fund Partnership (Limited Partnership)* (深圳投控灣區股權投資基金合夥企業(有限合夥)), holding 35% and 34% interests respectively. CCB Investment Funds Management Co., Ltd.* (建信(北京)投資基金管理有限責任公司) is indirectly owned as to 67% by China Construction Bank Corporation, a company listed on the Shanghai Stock Exchange (Stock Code: 601939.SH) and the Stock Exchange (Stock Code: 939). Shenzhen Investment Control Bay Area Equity Investment Fund Partnership (Limited Partnership)* (深圳投控灣區股權投資基金合夥企業(有限合夥)) is ultimately controlled by Shenzhen SASAC. None of the remaining limited partners holds more than 20% of the interests of Shenzhen Investment Chuangzhi. Shenzhen Investment Capital Co., Ltd.* (深圳市投控資本有限公司) (“**Shenzhen Investment Capital**”) is Shenzhen Investment Chuangzhi’s general partner which can appoint three out of six members of the investment committee of Shenzhen Investment Chuangzhi and exercise veto rights through its voting rights and as such has control over the investment decisions over Shenzhen Investment Chuangzhi. Shenzhen Investment Capital is wholly owned by Shenzhen Investment Holdings Co., Ltd.* (深圳市投資控股有限公司), which is wholly owned by the Shenzhen SASAC. All limited partners and the general partner of Shenzhen Investment Chuangzhi are Independent Third Parties.

As confirmed by Shenzhen Investment Chuangzhi, its investment in the Company was made independently of the Guangdong SASAC and the Guangdong Provincial Government, and was funded by its fund manager and other limited partners, which are solely accountable for the gains or losses arising from Shenzhen Investment Chuangzhi’s investment in the Company. Its investment decisions, daily operations, and financial management are determined and managed by its internal investment committee or the partners’ meeting. See Note 24 in “— Pre-IPO Investments — Principal Terms of our Pre-IPO Investments.”

Shenzhen Investment Capital had assets under management of approximately RMB21,000 million as of June 30, 2020 (being a date not more than six months prior to the date on which Shenzhen Investment Chuangzhi signed the first relevant definitive agreement for its investment in our Company), approximately RMB46,790 million as of December 31, 2024 and approximately RMB35,797 million as of March 31, 2026, respectively, which meets the threshold set out in Chapter 2.5 of the Guide, and therefore, Shenzhen Investment Chuangzhi qualifies as a Sophisticated Independent Investor. Shenzhen Investment Chuangzhi held approximately 1.84% and 1.54% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

GAC Zhixing

GAC Zhixing is a limited partnership established in the PRC with 16 limited partners. The largest limited partner, namely, Hainan Yuanlong Venture Capital Co., Ltd.* (海南元龍創業投資有限公司) holds 37.38% interest, which is ultimately controlled as to 90% by Peng Yanying (彭雁英) and as to 10% by Liu Wenju (劉文舉), and none of the remaining limited partners holds more than 20% interests GAC Zhixing. Guangzhou Yingpeng Investment Management Co., Ltd.* (廣州盈蓬私募基金管理有限公司) (“**Guangzhou Yingpeng**”) is GAC Zhixing’s general partner. Guangzhou Yingpeng is wholly owned by GAC Capital Co., Ltd.* (廣汽資本有限公司) (“**GAC Capital**”). GAC Capital is wholly owned by Guangzhou Automobile Group Co., Ltd.* (廣州汽車集團股份有限公司) (“**GAC Group**”), a company listed on the Stock Exchange (Stock Code: 02238.HK) and the Shanghai Stock Exchange (Stock Code: 601238.SH). Guangzhou Yingpeng has sole discretion as to the investment decision of GAC Zhixing. All limited partners and the general partner of GAC Zhixing are Independent Third Parties. According to Frost & Sullivan, GAC Group was a key participant in the global NEV manufacturing industry in terms of shipment volume as of June 30, 2022 and December 31, 2024. GAC Group’s automotive manufacturing business operates in the downstream industry of the Company’s power semiconductor module business. In 2022, global NEV shipments totaled approximately 10.65 million units, with GAC Group accounting for 2.6% of the market and ranking eighth worldwide. By 2024, global NEV shipments had increased to approximately 17.23 million units, with GAC Group holding a 2.4% market share, maintaining its eighth-place ranking globally. GAC Zhixing held approximately 1.50% and 1.55% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

As GAC Capital is a key participant in the relevant downstream industry with a meaningful market share and size, GAC Zhixing qualifies as a Sophisticated Independent Investor pursuant to Chapter 2.5 of the Guide.

Zhongshan Fund

Zhongshan Fund is a limited partnership established in the PRC. It is owned as to (i) 50.0% by Zhongshan Investment Holdings Group Co., Ltd.* (中山投資控股集團有限公司) (“**Zhongshan Investment Holdings**”); (ii) 49.9% by Zhongshan High-Quality Development Master Fund Co., Ltd.* (中山市高質量發展母基金有限公司) (“**Zhongshan HQD Master Fund**”); and (iii) 0.1% by Zhongshan Venture Capital Co., Ltd.* (中山創業投資有限公司) (“**Zhongshan VC**”) as its general partner which has full discretion to exercise investment decisions. Each of Zhongshan HQD Master Fund and Zhongshan VC is wholly owned by Zhongshan Financial Investment Holding Co., Ltd.* (中山金融投資控股有限公司), which is in turn wholly owned by Zhongshan Investment Holdings. Zhongshan Investment Holdings is owned as to 92.84% by the State-owned Assets Supervision and Administration Commission of Zhongshan Municipal People’s Government (中山市人民政府國有資產監督管理委員會). Zhongshan Fund has established an investment committee, which is responsible for approving the investment or divestment of any investment projects. The investment committee comprises five members who were ultimately appointed by Zhongshan Investment Holdings. All limited partners and the general partner of Zhongshan Fund are Independent Third Parties.

As confirmed by Zhongshan Fund, its investment in the Company was made independently of the Guangdong SASAC and the Guangdong Provincial Government, and was funded by the Zhongshan Municipal Government and Zhongshan Investment Holdings. Its investment decisions, daily operations, and financial management are made in accordance with or subject to the opinion or approval of the Zhongshan SASAC, which is solely accountable for the gains or losses arising from Zhongshan Fund’s investment in the Company. See Note 24 in “— Pre-IPO Investments — Principal Terms of our Pre-IPO Investments.”

Zhongshan Investment Holdings had an investment portfolio of approximately RMB21.005 billion as of December 31, 2024 (being a date not more than six months prior to the date on which Zhongshan Fund signed the first relevant definitive agreement for its investment in our Company), and approximately RMB22.751 billion as of December 31, 2025, which meets the threshold set out in Chapter 2.5 of the Guide, and therefore, Zhongshan Fund qualifies as a Sophisticated Independent Investor. Zhongshan Fund held approximately 1.45% and 1.55% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

*Yueke SII*s (comprising *Zhuhai Cultural*, *Yueke Jiangmen* and *Guangdong Kerui*)

Zhuhai Cultural is a limited partnership established in the PRC with five limited partners. The two largest limited partners are Guangdong New Media Industry Fund (Limited Partnership)* (廣東省新媒體產業基金(有限合夥)) and Hengqin New Area Industrial Investment Fund Partnership (Limited Partnership)* (橫琴新區產業投資基金合夥企業(有限合夥)), holding 49.5% and 30% interests respectively. The general partner of Guangdong New Media Industry Fund (Limited Partnership)* (廣東省新媒體產業基金(有限合夥)) is Guangdong Yueke New Media Parent Fund Investment Management Center (Limited Partnership)* (廣東省粵科新媒體母基金投資管理中心(有限合夥)), which is ultimately controlled by Guangdong Technology Financial Group Co., Ltd.* (廣東省粵科金融集團有限公司) (“**Yueke Group**”). The limited partners of Guangdong New Media Industry Fund (Limited Partnership)* (廣東省新媒體產業基金(有限合夥)) include (i) Shanghai International Trust Co., Ltd., which holds 60.4% of the partnership interest, and is ultimately controlled as to 97.33% by Shanghai Pudong Development Bank Co., Ltd, a company listed on the Shanghai Stock Exchange (Stock Code: 600000.SH) and (ii) Guangdong Yueke Finance Investment Co., Ltd. (廣東省粵科財政股權投資有限公司), which holds 30% of the partnership interest, and is ultimately owned as to 90% by Guangdong Provincial People’s Government (廣東省人民政府) and as to 10% by Guangdong Provincial Department of Finance (廣東省財政廳); and (iii) three other entities and none of them holds more than 30% of the partnership interest. Hengqin New Area Industrial Investment Fund Partnership (Limited Partnership)* (橫琴新區產業投資基金合夥企業(有限合夥)) is owned as to 99.82% by Zhuhai Gree Group Co., Ltd.* (珠海格力集團有限公司) as a limited partner, which is owned as to 90% by State-owned Assets Supervision and Administration Commission of Zhuhai Municipal People’s Government (珠海市人民政府國有資產監督管理委員會) (“**Zhuhai SASAC**”) and as to 10% by the Department of Finance of Guangdong Province (廣東省財政廳) and 0.18% by Guangdong Hengqin Jintou Venture Capital Fund Management Co., Ltd.* (廣東橫琴金投創業投資基金管理有限公司), which is also ultimately controlled by Zhuhai SASAC and the Department of Finance of Guangdong Province. None of the remaining limited partners holds more than 10% of the interests in Zhuhai Cultural. Zhuhai Hengqin Yueke Ruihe Investment Center (Limited Partnership)* (珠海市橫琴粵科瑞和投資中心(有限合夥)) (“**Yueke Ruihe**”) is Zhuhai Cultural’s general partner. Yueke Ruihe is owned as to 0.53% by Guangdong Kerui Investment Management Co., Ltd.* (廣東科瑞投資管理有限公司) as the general partner, which is ultimately wholly owned by the Guangdong Provincial People’s Government and the Department of Finance of Guangdong Province, and 99.47% by Guangdong Yueke Master Fund Investment Management Co., Ltd.* (廣東省粵科母基金投資管理有限公司) (“**Yueke Master Fund**”) as the sole limited partner. Yueke Master Fund is the fund manager of Zhuhai Cultural and has full discretion to exercise investment decisions of Zhuhai Cultural. Yueke Ruihe and Yueke Master Fund are wholly owned by Yueke Group.

Yueke Jiangmen is owned as to (i) 50% by Jiangmen Transportation Construction Investment Group Co., Ltd.* (江門市交通建設投資集團有限公司), which is indirectly wholly owned by the State-owned Assets Supervision and Administration Commission of Jiangmen Municipal People’s Government (江門市人民政府國有資產監督管理委員會); and (ii) 50% by Guangdong Yueke Finance Investment Co., Ltd.* (廣東省粵科財政股權投資有限公司), which is wholly owned by Yueke Group. Pursuant to the articles of association of Yueke Jiangmen, (a) the board of directors of Yueke Jiangmen consists of three members, two of which are nominated by Guangdong Yueke Finance Investment Co., Ltd.* and the remaining one is nominated by Jiangmen Transportation Construction Investment Group Co., Ltd.*, and (b) all the resolutions of the board of directors of Yueke Jiangmen shall be approved by two-third or more of the members of the board of directors of Yueke Jiangmen.

Guangdong Kerui is wholly owned by Guangdong Yueke Venture Capital Management Co., Ltd.* (廣東粵科創業投資管理有限公司), which is wholly owned by Yueke Group.

Yueke Group is owned as to 90% and 10% by the People’s Government of Guangdong Province (廣東省人民政府) and the Department of Finance of Guangdong Province (廣東省財政廳), respectively.

Yueke Group had assets under management of approximately RMB14.23 billion as of June 30, 2022 (being a date not more than six months prior to the date on which the definitive agreement for their earliest investment in our Company was signed), approximately RMB21.57 billion as of December 31, 2024 and approximately RMB23.64 billion as of March 31, 2026, respectively, which meets the threshold set out in Chapter 2.5 of the Guide, and therefore, Yueke SII

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Sophisticated Independent Investors. Yueke SIIs in aggregate held approximately 1.50% and 1.55% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

CMB SII (being Runxia Zhaoying)

Runxia Zhaoying is a limited partnership established in the PRC with three limited partners and Hubei Yangtze China Merchant Bank Industrial Fund Management Co., Ltd.* (湖北長江招銀產業基金管理有限公司) (“**Hubei Yangtze CMB Fund**”) as its general partner. Hubei Yangtze CMB Fund can ultimately appoint all members of the investment committee and is responsible for the management of Runxia Zhaoying, and thus has full discretion to exercise the investment decisions of Runxia Zhaoying. Hubei Yangtze CMB Fund is wholly owned by China Merchant Bank International Capital Management (Shenzhen) Ltd.* (招銀國際資本管理(深圳)有限公司) (“**CMB Capital Management SZ**”), which is an indirect 99.99%-owned subsidiary of China Merchants Bank Co., Limited (“**CM Bank**”), a company listed on the Shanghai Stock Exchange (Stock Code: 600036.SH) and the Stock Exchange (Stock Code: 3968). The limited partners of Runxia Zhaoying include: (i) Hubei Yangtze Zhao Yin Industrial Fund Partnership (Limited Partnership)* (湖北長江招銀產業基金合夥企業(有限合夥)), holding 49.63% of the partnership interest. Hubei Yangtze Zhao Yin Industrial Fund Partnership (Limited Partnership)* (湖北長江招銀產業基金合夥企業(有限合夥)) is controlled as to 79.95% by CMB Financial Holdings (Shenzhen) Co., Ltd.* (招銀金融控股(深圳)有限公司), which is wholly owned by CMB International Capital Corporation Limited, a 99.99%-owned subsidiary of CM Bank; (ii) China Three Gorges Renewables (Group) Co., Ltd.* (中國三峽新能源(集團)股份有限公司), holding 49.63% of the partnership interest, which is a company listed on the Shanghai Stock Exchange (Stock Code: 600905.SH); and (iii) Shenzhen CMB Win-Win Equity Investment Partnership (Limited Partnership)* (深圳市招銀共贏股權投資合夥企業(有限合夥)) holding 0.17% of the partnership interest.

Hubei Yangtze CMB Fund had an investment portfolio of approximately RMB16,522.8 million as of June 30, 2022 (being a date not more than six months prior to the date on which Runxia Zhaoying signed the first definitive agreement for its investment in our Company), approximately RMB21,511.5 million as of December 31, 2024 and approximately RMB15,697.7 million as of March 31, 2026, respectively, which meets the threshold set out in Chapter 2.5 of the Guide, and therefore, Runxia Zhaoying qualifies as a Sophisticated Independent Investor. Runxia Zhaoying held approximately 1.50% and 1.55% of our total issued capital as of the date of our listing application and the commencement date of the pre-application 12-month period, respectively.

Other Pre-IPO Investors

BASiC Principle LP

BASiC Principle LP is a limited partnership established in the PRC. BASiC Principle LP was owned as to (i) 35.6% by Ms. Chen; (ii) 22.5% by Shenzhen Yuanzheng Investment Development Co., Ltd.* (深圳市源政投資發展有限公司); (iii) 20% by Shenzhen Xinli Century Venture Capital Co., Ltd.* (深圳新力世紀創業投資有限公司); (iv) 20% by Mr. Liu Chengkang (劉程康); and (v) 1.875% by Dr. Wang, who acts as the general partner. As BASiC Principle LP is controlled by Dr. Wang as its general partner, it is one of our Controlling Shareholders. To the best knowledge of our Directors, (a) neither InteBridge Fund LP, Ms. Chen nor the entities controlled by Ms. Chen has entered into any acting in-concert arrangement with Dr. Wang or the Controlling Shareholders Group, (b) Ms. Chen is a mere passive investor and limited partner of BASiC Principle LP, and (c) each of the limited partners of BASiC Principle LP are Independent Third Parties.

BASiC Primary Colors LP

BASiC Primary Colors LP is a limited partnership established in the PRC. It is owned as to 86.67% by Shenzhen Juquan Investment Consulting Enterprise (Limited Partnership)* (深圳市聚全投資諮詢企業(有限合夥)) as its general partner. Shenzhen Juquan Investment Consulting Enterprise (Limited Partnership)* (深圳市聚全投資諮詢企業(有限合夥)) is owned as to 91.43% by Shenzhen Jushengfeng Investment Consulting Partnership (Limited Partnership)* (深圳市聚盛豐投資諮詢企業(有限合夥)), its general partner, which is in turn held as to 99% by its general partner Zhang Tao (張濤). The remaining interests in BASiC Primary Colors LP are owned by 13 individual limited partners, none of which individually holds more than 10% limited partnership interest in BASiC Primary Colors LP. To the best knowledge of our Directors, all limited partners and the ultimate beneficial owner are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

InteBridge Innovation LP

InteBridge Innovation LP is a limited partnership established in the PRC. It is owned as to (i) 24% by Guojin Dingxing Investment Co., Ltd.* (國金鼎興投資有限公司), a company wholly owned by Sinolink Securities Co., Ltd. (國金證券股份有限公司) and the ultimate beneficial owner of which is Ms. Chen; (ii) 24% by Shanghai Hongcheng Venture Capital Partnership (Limited Partnership)* (上海泓成創業投資合夥企業(有限合夥)), the fund manager of which is controlled by Ms. Chen; (iii) 24% by Qingdao Xindi Economic & Trade Co., Ltd.* (青島新地經貿有限公司), which is ultimately controlled by Qi Hongbo (漆洪波); (iv) 20% by InteBridge International, which acts as its general partner; and (v) 8% by Shenzhen WorldUnion Properties Consultancy Co., Ltd.* (深圳世聯行集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002285.SZ). Intebridge International is owned as to (i) 75% by Shenzhen Cambridge Innovation Technology Partnership (Limited Partnership)* (深圳劍橋創新技術合夥企業(有限合夥)), which is in turn owned as to 68% by Dr. Wang, 16% by Bronze Group, and 16% by an Independent Third Party; and (ii) five other entities, namely, Qingdao Qingtin Investment Co., Ltd.* (青島青庭投資有限公司), Shanghai Yonghua, Guojin Dingxing Investment Co., Ltd.* (國金鼎興投資有限公司), Shenzhen Yuanzheng Investment Development Co., Ltd.* (深圳市源政投資發展有限公司) and Shenzhen WorldUnion Properties Consultancy Co., Ltd.* (深圳世聯行集團股份有限公司), and none of which holds more than 10% interests in Intebridge International.

To the best knowledge of our Directors, (a) InteBridge Innovation LP is an investment platform, which targets to invest in high-tech enterprise, (b) Ms. Chen is a mere passive investor and limited partner (holding partnership interest through her controlled entities) who invested in InteBridge Innovation LP for the purpose of investment in high-tech enterprise for economic benefits, (c) each of the general partner and limited partners of InteBridge Innovation LP shall have an equal vote to decide the major management and investment decision of InteBridge Innovation LP, and none of its general partner nor limited partners (including Ms. Chen) has control over InteBridge Innovation LP, and (d) each of the limited partners of InteBridge Innovation LP are Independent Third Parties.

Suzhou Longying and China US Green Shenggu

Suzhou Longying is a limited partnership established in the PRC. It is owned as to (i) 49.07% by China-US Green Investment (Tianjin) Venture Capital Fund Partnership (Limited Partnership)* (中美綠色匯通(天津)創業投資基金合夥企業(有限合夥)), which is owned as to 79% by Baitongda Technology (Dongtai) Co., Ltd.* (百通達科技(東台)有限公司), and in turn wholly owned by Startop Industrial Limited (香港星拓實業有限公司), which is a company registered in Hong Kong and wholly-owned by Starlex Holding Limited, a company registered in the BVI and wholly owned by Fei Jiehua, (ii) 30.02% by He Zhiguang (何志光), (iii) 20.80% by Hu Qingmei (胡清梅) and (iv) 0.10% by its general partner is China-US Green Fund Management Co., Ltd.* (中美綠色基金管理有限公司) (“China-US Green Fund”). China-US Green Fund is owned as to (i) 27% by Beijing Tonghui Lvzhi Enterprise Management Center (Limited Partnership)* (北京通慧綠智企業管理中心(有限合夥)), which is in turn owned as to 70% by Xu Lin (徐林); and (ii) 13% by Beijing Duomulin Green Technology Development Co., Ltd.* (北京多木林綠色技術發展有限公司), which is in turn owned as to 70% by Xu Lin (徐林). The remaining interests of China-US Green Fund are owned by nine other shareholders which each holds not more than 10% of interest therein.

China US Green Shenggu is a limited partnership established in the PRC. Its general partner is China-US Green Fund. The limited partners include (i) Lu Yi (盧誼), holding 58% interests, (ii) Yang Yafen (楊雅芬), holding 33.3% interests, and (iii) Wang Xilong (王錫龍), holding 8.66%.

To the best knowledge of our Directors, each of the limited partners and the general partner of Suzhou Longying and China US Green Shenggu are Independent Third Parties.

Beijing E-town

Beijing E-town is a limited partnership established in the PRC. It is owned as to (i) 20.32% by Zhuhai Technology Venture Capital Co., Ltd.* (珠海科技創業投資有限公司); (ii) 20.32% by Zhuhai Hengqin Innovation Development Co., Ltd.* (珠海大橫琴創新發展有限公司); (iii) 20.31% by Beijing Yizhuang International Emerging Industries Investment Center (Limited Partnership)* (北京亦莊國際新興產業投資中心(有限合夥)); (iv) 16.26% by Industrial Development Promotion Center of Beijing Municipal Bureau of Economy and Information Technology* (北京市經濟和信息化局產業發展促進中心); and (v) 1% by Beijing E-town Changhou Venture Capital Fund Management Co., Ltd.* (北京屹唐長厚創業投資基金管理有限公司), which is its general partner.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

The rest of the limited partners of Beijing E-town each hold less than 10% of the interest therein. Beijing E-town Changhou Venture Capital Fund Management Co., Ltd.* (北京屹唐長厚創業投資基金管理有限公司) is held by Beijing E-Town International Industrial Investment Management Co., Ltd.* (北京亦莊國際產業投資管理有限公司), which is ultimately owned by Beijing Economic-Technological Development Area Finance and State-owned Assets Bureau (北京經濟技術開發區財政國資局), Gongqingcheng Xincheng Ruike Investment Partnership (Limited Partnership)* (共青城芯辰睿科投資合夥企業(有限合夥)), which is owned as to 50% by Wanrong (萬榮) and 30% by Hanjun (韓君), Gongqingcheng Huiruo Investment Partnership (Limited Partnership)* (共青城暉若投資合夥企業(有限合夥)), which is ultimately controlled by Hanjun (韓君), and Chipone Technology (Beijing) Co., Ltd.* (北京集創北方科技股份有限公司), which is held by more than 30 shareholders, none of whom holds 30% or more of its equity interests, none of which is interested in more than 30% interests in Beijing E-town Changhou Venture Capital Fund Management Co., Ltd.* (北京屹唐長厚創業投資基金管理有限公司). To the best knowledge of our Directors, each of the limited partners and the general partner of Beijing E-town are Independent Third Parties.

Dezaihou

Dezaihou is a limited partnership established in the PRC. Its largest limited partner is Shenzhen Jucheng Investment Consulting Enterprise (Limited Partnership)* (深圳市聚承投資諮詢企業(有限合夥)), which holds approximately 57.09% interests therein. Shenzhen Jucheng Investment Consulting Enterprise (Limited Partnership)* (深圳市聚承投資諮詢企業(有限合夥)) is ultimately controlled by Zhang Tao (張濤), an Independent Third Party, with no other limited partners having more than 30% interests in it. The general partner of Dezaihou is Beijing Dezaihou Investment Management Center (Limited Partnership)* (北京德載厚投資管理中心(有限合夥)), which is owned as to 36.03% by Dong Yang (董揚) and as to 7.21% by its general partner Beijing Dezaihou Enterprise Management Co., Ltd.* (北京德載厚企業管理有限公司), a company ultimately controlled by Dong Yang (董揚), and the remaining interests are owned by seven limited partners, each of whom holds no more than 20% of the interests and is an Independent Third Party. The ultimate beneficial owner of Dezaihou is Dong Yang (董揚). To the best knowledge of our Directors, each of the limited partners, the general partner and the ultimate beneficial owner of Dezaihou are Independent Third Parties.

Lihe Hongxin

Lihe Hongxin is a limited partnership established in the PRC. It is owned as to (i) 99.67% by Shenzhen Hongxin Investment Partnership (Limited Partnership)* (深圳市泓鑫投資合夥企業(有限合夥)); and (ii) 0.33% by Zhuhai Zijing Hongxin Investment Management Co., Ltd.* (珠海紫荊泓鑫投資管理有限公司) which is its general partner. Shenzhen Hongxin Investment Partnership (Limited Partnership)* (深圳市泓鑫投資合夥企業(有限合夥)) is owned as to (i) 40% by Li Yongjun (李永軍); (ii) 30% by Li Yongliang (李永良); and (iii) 30% by Li Yongkui (李永魁), each being an Independent Third Party. Zhuhai Zijing Hongxin Investment Management Co., Ltd.* (珠海紫荊泓鑫投資管理有限公司) is owned as to (i) 45% by Zhao Binhong (趙賓紅); (ii) 30% by Leaguer VC; and (iii) 25% by Liang Yan (梁豔). See “— Pre-IPO Investments — Information regarding our Pre-IPO Investors — Pathfinder SIIs — Leaguer SIIs (comprising Leaguer VC and Leaguer Yongjin)” for details of Leaguer VC, and Zhao Binhong (趙賓紅) and Liang Yan (梁豔) are Independent Third Parties.

Torch Group (comprising Torch High-Tech and Torch Huaying)

(i) Torch High-Tech

Torch High-Tech is a limited partnership established in the PRC. It is owned as to (i) 40.00% by Zhongshan Torch Asset Management Group Co., Ltd.* (中山火炬公有資產經營集團有限公司); (ii) 12.50% by Zhongshan Zhangjiabian Enterprise Group Co., Ltd.* (中山市張家邊企業集團有限公司); (iii) 12.50% by Zhongshan Torch Construction and Development Group Co., Ltd.* (中山火炬建設發展集團有限公司); (iv) 12.50% by Zhongshan Torch Industrial Group Co., Ltd.* (中山火炬工業集團有限公司); (v) 12.50% by Zhongshan Health Base Group Co., Ltd.* (中山市健康基地集團有限公司); (vi) 3.33% by Zhongshan Torch Construction and Development Group Co., Ltd.* (中山火炬建設發展集團有限公司); (vii) 3.33% by Zhongshan Torch Electronics Industry Fund Management Co., Ltd.* (中山火炬電子產業基金管理有限公司) (“**Torch Electronics**”) as its general partner; and (viii) 3.33% by Zhongshan Torch Industrial Investment Group Co., Ltd.* (中山火炬產業投資集團有限公司). Torch Electronics is wholly owned by Zhongshan Torch Huaying

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Investment Co., Ltd.* (中山火炬華盈投資有限公司), which is ultimately owned by the Administrative Committee of Zhongshan Torch High-tech Industrial Development Zone* (中山火炬高技術產業開發區管理委員會) (“**Torch High-tech Zone Administrative Committee**”). Zhongshan Torch Asset Management Group Co., Ltd.* (中山火炬公有資產經營集團有限公司) is ultimately wholly owned by the Torch High-tech Zone Administrative Committee.

(ii) Torch Huaying

Torch Huaying is a limited partnership established in the PRC. It is owned as to (i) 50% by Zhongshan Torch Nantou Branch Industrial Development Co., Ltd.* (中山火炬南頭分園實業發展有限公司); (ii) 29% by Zhongshan Torch Sci-tech Innovation Fund Management Center (Limited Partnership)* (中山火炬科創基金管理中心(有限合夥)); (iii) 10% by Zhongshan Torch Huaying Investment Co., Ltd.* (中山火炬華盈投資有限公司); (iv) 5.5% by its general partner, Torch Electronics; and (v) 5.5% by Zhongshan Torch Industrial Group Co., Ltd.* (中山火炬工業集團有限公司). Zhongshan Torch Nantou Branch Industrial Development Co., Ltd.* (中山火炬南頭分園實業發展有限公司) is owned as to 60.2% by Zhongshan Torch Industrial Group Co., Ltd.* (中山火炬工業集團有限公司), which is ultimately controlled by Torch High-tech Zone Administrative Committee.

As confirmed by Torch High-Tech, its investment in the Company was funded by Zhongshan Torch Asset Management Group Co., Ltd.* (中山火炬公有資產經營集團有限公司) and its subsidiaries, which are solely accountable for the gains or losses arising from Torch High-Tech’s investment in the Company. As confirmed by Torch Huaying, its investment in the Company was funded by Zhongshan Torch State-owned Assets Operation Group Co., Ltd. (中山火炬公有資產經營集團有限公司) and its subsidiaries and Zhongshan Nantou Town Investment Promotion and State-owned Assets Affairs Center* (中山市南頭鎮投資促進和公有資產事務中心), which are solely accountable for the gains or losses arising from Torch Huaying’s investment in the Company. Each of Torch High-Tech’s or Torch Huaying’s investments in the Company was made independently of the Guangdong SASAC and the Guangdong Provincial Government, and their investment decisions, daily operations, and financial management are determined by their respective general partners. See Note 24 in “— Pre-IPO Investments — Principal Terms of our Pre-IPO Investments.”

Leaguer Kaiwu

Leaguer Kaiwu is a limited partnership established in the PRC. Leaguer Kaiwu is owned as to (i) 46.95% by Leaguer Innovation Center Co., Ltd.* (佛山力合創新中心有限公司); (ii) 26.65% by Foshan Innovation and Entrepreneurship Industry Guiding Fund* (佛山市創新創業產業引導基金); (iii) 15% by He Guoguang (何國光); (iv) 9.9% by Foshan Nanhai District Double Innovation Investment Guiding Fund Co., Ltd.* (佛山市南海區雙創投資引導基金有限公司); and (v) 1.5% by Hunter VC LLP, its general partner. Leaguer Innovation Center Co., Ltd.* (佛山力合創新中心有限公司) is owned as to (i) 53.54% by Leaguer Finance; and (ii) 46.46% by Guangdong Nanhai High-Tech Industry Investment Holdings Co., Ltd.* (廣東南海高新技術產業投資控股有限公司), which is wholly owned by Foshan Nanhai District State-owned Assets Supervision and Administration Commission* (佛山市南海區國有資產監督管理局). Hunter VC LLP is owned as to 29% by Leaguer Group, being its largest limited partner while none of the remaining six limited partners owns more than 20% interests, and its general partner is Yusheng Investment Consulting (Guangzhou) Co., Ltd.* (羽盛投資顧問(廣州)有限公司), which is owned as to 90% by Hao Yu (郝雨) and 10% by Lin Zhuanghua (林壯華); all of which are Independent Third Parties. To the best knowledge of our Directors, each of the limited partners and the general partner of Leaguer Kaiwu are Independent Third Parties.

CRRC Qingdao

CRRC Qingdao is a limited partnership established in the PRC. Its largest limited partner is CRRC Capital Management Limited* (中車資本管理有限公司) which holds 38.75% of interest therein followed by National Manufacturing Transformation and Upgrading Fund Co., Ltd.* (國家製造業轉型升級基金股份有限公司), which holds 30%, and none of the remaining limited partners holds more than 10% of the interests therein. It is owned as to 1.25% by its general partner CRRC (Beijing) Transformation and Upgrading Fund Management Co., Ltd.* (中車(北京)轉型升級基金管理有限公司), a company owned as to 49% by CRRC Capital Management Limited* (中車資本管理

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

有限公司) which is wholly owned by CRRC Corporation Limited, a company listed on the Stock Exchange (Stock Code: 01766.HK), and none of the two remaining shareholders holds 30% or more of the equity interests in such general partner.

Leaguer New Generation

Leaguer New Generation is a limited partnership established in the PRC. It is owned as to (i) 50% by ICBC (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)* (工銀(深圳)股權投資基金合夥企業(有限合夥)); (ii) 40% by Shenzhen Longhua District Guiding Fund Investment Management Co., Ltd.* (深圳市龍華區引導基金投資管理有限公司); (iii) 9% by Shenzhen Guiding Fund Investment Co., Ltd.* (深圳市引導基金投資有限公司), a wholly-owned subsidiary of the Shenzhen Municipal Finance Bureau (深圳市財政局); and (iv) 1% by Shenzhen Leaguer Venture Capital Co., Ltd.* (深圳市力合科創創業投資有限公司), its general partner. ICBC (Shenzhen) Equity Investment Fund Partnership (Limited Partnership)* (工銀(深圳)股權投資基金合夥企業(有限合夥)) is owned as to (i) 99.9% by Southern Capital Management Co., Ltd.* (南方資本管理有限公司), a company wholly owned by China Southern Asset Management Co., Ltd.* (南方基金管理股份有限公司), which in turn is owned as to 45% by Huatai Securities Co., Ltd. (華泰證券股份有限公司), a company listed on the Stock Exchange (Stock Code: 06886.HK), the Shanghai Stock Exchange (Stock Code: 601688.SH) and the London Stock Exchange (Symbol: HTSC), 30% by Shenzhen Investment Holdings Co., Ltd.* (深圳市投資控股有限公司), which is in turn wholly owned by the Shenzhen SASAC, and two other entities none of which holds more than 15% interests; and (ii) 0.1% by its general partner Shenzhen Jinsheng Shuoye Venture Capital Management Co., Ltd.* (深圳金晟碩業創業投資管理有限公司), which is indirectly controlled as to 80.02% by Lihua (李嘩). Shenzhen Leaguer Venture Capital Co., Ltd.* (深圳市力合科創創業投資有限公司) is (i) indirectly owned as to 40% by the State-owned Assets Supervision and Administration Commission of Shenzhen Municipal People's Government (深圳市人民政府國有資產監督管理委員會), (ii) owned as to 30% by Shenzhen Lihe Fangde Consulting Partnership (Limited Partnership)* (深圳市力合方德諮詢合夥企業(有限合夥)), which is in turn owned as to 80% by Shen Yanjun (申彥軍) and as to 2.12% by its general partner Chen Bingyang (陳兵洋), and (iii) owned as to 30% by Chen Bingyang (陳兵洋). The ultimate beneficial owner of Leaguer New Generation is Chen Bingyang (陳兵洋). To the best knowledge of our Directors, each of the limited partners, the general partner and the ultimate beneficial owner of Leaguer New Generation are Independent Third Parties.

As confirmed by Leaguer New Generation, its investment in the Company was made independently of the Guangdong SASAC and the Guangdong Provincial Government, and was funded by its general partner and other limited partners, which are solely accountable for the gains or losses arising from Leaguer New Generation's investment in the Company. Its investment decisions, daily operations, and financial management are determined and managed through its internal investment committee. See Note 24 in "— Pre-IPO Investments — Principal Terms of our Pre-IPO Investments."

Wuxi New Peak

Wuxi New Peak is a limited partnership established in the PRC. It is owned as to (i) 24.75% by Wuxi Weifu High Technology Group Co., Ltd.* (無錫威孚高科技集團股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 000581.SZ); (ii) 24.75% by Zhejiang Wanliyang Enterprise Management Co., Ltd.* (浙江萬里揚企業管理有限公司); (iii) 18.56% by Lite (Hainan) Investment Partnership (Limited Partnership)* (萊特(海南)投資合夥企業(有限合夥)); (iv) 12.37% by Wuxi Yunlin Industrial Development Investment Fund (Limited Partnership)* (無錫雲林產業發展投資基金(有限合夥)); (v) 12.37% by Dongsheng Xianxing Technology Industry Co., Ltd.* (東聖先行科技產業有限公司); and (vi) 3.73% by its general partner Wuxi New Peak Private Fund Management Co., Ltd.* (無錫新高地私募基金管理有限公司), which is in turn owned as to 40.91% by Zheng Nan (鄭楠), as to 27.27% by Jiang Qingyun (江青雲), as to 18.18% by Wang Haixue (王海雪), and none of its other two shareholders holds more than 10% of its equity interests. The ultimate beneficial owner of Wuxi New Peak is Zheng Nan (鄭楠). Each of the limited partners, general partner and ultimate beneficial owners are Independent Third Parties.

Qingdao Minxin

Qingdao Minxin is a limited partnership established in the PRC. It is owned as to (i) 91% by Qingdao City Investment Venture Capital Co., Ltd.* (青島城投創業投資有限公司); and (ii) 9% by Lhasa Minhe Investment Management Co., Ltd.* (拉薩民和投資管理有限公司), its general partner.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Qingdao City Investment Venture Capital Co., Ltd.* (青島城投創業投資有限公司) is wholly owned by Qingdao Urban Construction Investment (Group) Co., Ltd.* (青島城市建設投資(集團)有限責任公司) which is wholly owned by the State-owned Assets Supervision and Administration Commission of Qingdao Municipal People's Government (青島市人民政府國有資產監督管理委員會). Lhasa Minhe Investment Management Co., Ltd.* (拉薩民和投資管理有限公司) is owned as to (i) 54.55% by Lhasa Economic and Technological Development Zone Yixing Financial Control Investment Co., Ltd.* (拉薩經濟技術開發區亦興金控投資有限公司) which is in turn owned as to 99.8% Han Bing (韓冰); (ii) 36.36% by Beijing Jundao Cheng Investment Consulting Co., Ltd.* (北京君道成投資諮詢有限公司) which is in turn owned as to 98% by Zhou Cheng (周騁); and (iii) 9.09% by Lhasa Minhe Jiayuan Enterprise Management Co., Ltd.* (拉薩民和嘉元企業管理有限公司). The ultimate beneficial owner of Qingdao Minox is Han Bing (韓冰). Each of the limited partners, general partner and ultimate beneficial owners are Independent Third Parties.

Jinpu Investment

Jinpu Investment is a limited company established in the PRC. It is owned as to 90% by Peng Yanying (彭雁英) and as to 10% by Liu Wenju (劉文舉). Each of Peng Yanying (彭雁英) and Liu Wenju (劉文舉) is an Independent Third Party.

Suzhou Tengxin

Suzhou Tengxin is a limited partnership established in the PRC. It is owned as to (i) 20.67% by Shenzhen Zhuojia Industrial Group Co., Ltd.* (深圳市卓佳實業集團有限公司) which is ultimately owned as to 55% by Zhuo Zhenbo (卓振波), (ii) 20% by Suzhou Tongyun Renhe Innovation Industry Investment Co., Ltd.* (蘇州同運仁和創新產業投資有限公司), a company owned as to 80% by Wujiang Dongyun Venture Capital Co., Ltd.* (吳江東運創業投資有限公司), which is indirect wholly-owned by Wujiang Economic and Technological Development Zone Management Committee* (吳江經濟技術開發區管理委員會), (iii) 13.33% by Shenzhen Leanju Investment Group Co., Ltd.* (深圳市樂安居投資集團有限公司), (iv) 10% by Shenzhen Zhongnan Holding Group Co., Ltd.* (深圳市中南控股集團有限公司), (v) 10% Shenzhen Shunmei Investment Management Co., Ltd.* (深圳順美投資管理有限公司), and (vi) 21.99% by five other limited partners, each of which owns less than 10% interests in Suzhou Tengxin. The general partner of Suzhou Tengxin is Shenzhen Qianhai Sihai New Materials Investment Fund Management Co., Ltd.* (深圳市前海四海新材料投資基金管理有限公司), a company owned as to (i) 70% by Shenzhen Tengsong Venture Capital Co., Ltd.* (深圳市騰松創業投資有限公司), which is in turn owned as to 47.49% by its largest shareholder Shenzhen Ruishi Huizhi Technology Co., Ltd.* (深圳市睿思匯智科技有限公司), a company ultimately controlled by Ye Sisi (葉思思) and none of the other shareholders holds more than 30% of the equity interests in Shenzhen Tengsong Venture Capital Co., Ltd., and (ii) as to 30% by Shenzhen Sainrui Technology Development Co., Ltd.* (深圳市賽欣瑞科技發展有限公司), a company ultimately controlled by Ju Xuecheng (居學成). Each of the limited partners, general partner and ultimate beneficial owners are Independent Third Parties.

Shanghai Xiche

Shanghai Xiche is a limited partnership established in the PRC. It is owned as to 50% by its general partner and ultimate beneficial owner Jiang Shungyu (蔣舜宇), and as to 50% by Wang Yichen (王一辰). Each of Jiang Shungyu (蔣舜宇) and Wang Yichen (王一辰) are Independent Third Parties.

Renzhi Interconnection

Renzhi Interconnection is a limited partnership established in the PRC. It is owned as to (i) 12.63% by Zhou Guangda (周廣大), (ii) 10.10% by Xu Jian (徐劍) and (iii) 3.03% by Qianhai Renzhi Capital Management (Shenzhen) Co., Ltd.* (前海仁智資本管理(深圳)有限公司), its general partner. The remaining interests in Renzhi Interconnection are owned by 15 individual limited partners, none of which individually holds more than 10% limited partnership interest in Renzhi Interconnection. Qianhai Renzhi Capital Management (Shenzhen) Co., Ltd.* (前海仁智資本管理(深圳)有限公司) is owned as to (i) 50% by Xie Zehuan (謝澤環), (ii) 25% by Ke Weijiang (柯煒江) and (iii) 25% by Qianhai Renzhi Linghang Investment Consulting (Shenzhen) Partnership (Limited Partnership)* (前海仁智領航投資諮詢(深圳)合夥企業(有限合夥)). The ultimate beneficial owner of Renzhi Interconnection is Xie Zehuan (謝澤環). Each of the limited partners, general partner and ultimate beneficial owner are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Songhe Chuangzhi

Songhe Chuangzhi is a limited partnership established in the PRC. It is owned as to (i) 25% by Shenzhen Guidance Fund Investment Co., Ltd.* (深圳市引導基金投資有限公司), (ii) 20% by Shenzhen Futian Guidance Fund Investment Co., Ltd.* (深圳市福田引導基金投資有限公司), (iii) 12% by Pinghu Xinhong Industrial Investment Co., Ltd.* (平湖市新弘實業投資有限公司), (iv) 10.37% by Ningbo Bonded Zone Yunhua Investment Management Partnership (Limited Partnership)* (寧波保稅區鑒華投資管理合夥企業(有限合夥)) and (v) 32.63% by ten other limited partners, each of which owns less than 10% interests in Songhe Chuangzhi. The general partner of Songhe Chuangzhi is Shenzhen Songhe Chuangzhi Private Equity Venture Capital Fund Management Partnership (Limited Partnership)* (深圳松禾創智私募創業投資基金管理合夥企業(有限合夥)), a company owned as to (i) 60% by Shenzhen Songhe Capital Management Partnership (Limited Partnership)* (深圳市松禾資本管理合夥企業(有限合夥)) which is in turn owned as to 49.5050% by Hainan Songhe Innovation and Venture Investment Co., Ltd.* (海南松禾創新創業投資有限公司), 49.5050% by Ningbo Meishan Bonded Port Area Anhe Enterprise Management Partnership (Limited Partnership)* (寧波梅山保稅港區安禾企業管理合夥企業(有限合夥)), and 0.9900% by Luo Fei (羅飛) and (ii) 35% by Wang Yang (汪洋). The ultimate beneficial owner of Songhe Chuangzhi is Wang Yang (汪洋). Each of the limited partners, general partner and ultimate beneficial owner are Independent Third Parties. Hainan Songhe Innovation and Venture Investment Co., Ltd.* (海南松禾創新創業投資有限公司) is wholly owned (100%) by Shenzhen Green Pine Capital Venture Investment Co., Ltd.* (深圳市松禾創業投資有限公司), which is, in turn, 77.9% owned by Cui Jingtao (崔京濤), with the remaining 21.9% held by four other shareholders. Ningbo Meishan Bonded Port Area Anhe Enterprise Management Partnership (Limited Partnership)* (寧波梅山保稅港區安禾企業管理合夥企業(有限合夥)) is owned as to 36% by Luo Fei (羅飛), 28% by Li Wei (厲偉), and the remaining 36% collectively by four other shareholders, none of which holds 30% or more of the interests therein.

Zhuhai Changhou

Zhuhai Changhou is a limited partnership established in the PRC. Zhuhai Changhou is owned as to 50% by Chen Shaokang (陳少康) and as to 50% by Wan Rong (萬榮), its general partner and ultimate beneficial owner. To the best knowledge of our Directors, each of Chen Shaokang (陳少康) and Wan Rong (萬榮) are Independent Third Parties.

Jiayin Xiangfu

Jiayin Xiangfu is a limited partnership established in the PRC. Jiayin Xiangfu is owned as to (i) 75.98% by Gongqingcheng Jiarui Investment Co., Ltd.* (共青城佳睿投資有限公司), which is ultimately controlled by Wang Siqi (汪斯奇) through Shenzhen Hezheng Huixin Investment Co., Ltd.* (深圳市合正匯鑫投資有限公司) and Shenzhen Siruiheng Investment Co., Ltd.* (深圳市斯瑞恒投資有限責任公司), (ii) 24% by Liu Jianfeng (劉建峰) and (iii) 0.02% by Shenzhen Jiayin Private Equity Fund Management Co., Ltd.* (深圳市佳銀私募股權基金管理有限公司), its general partner, which is also ultimately controlled by Wang Siqi (汪斯奇). The ultimate beneficial owner of Jiayin Xiangfu is Wang Siqi (汪斯奇). Each of the limited partners, general partner and ultimate beneficial owner are Independent Third Parties.

Ganzhou Sanxin

Ganzhou Sanxin is a limited partnership established in the PRC. It is owned as to (i) 17.14% by Feng Zao (馮早); (ii) 9.71% by its general partner Shenzhen Guohua Sanxin Fund Management Co., Ltd.* (深圳國華三新基金管理有限公司); and (iii) another 19 limited partners none of which holding interests of 9% or more therein. Shenzhen Guohua Sanxin Fund Management Co., Ltd.* (深圳國華三新基金管理有限公司) is owned as to (i) 40% by Shenzhen Zhulinshi Information Consulting Partnership (Limited Partnership)* (深圳市竹林仕信息諮詢合夥企業(有限合夥)), which is ultimately controlled by Gong Xun (龔勛) and Wang Jun (王軍), (ii) 33.33% by Shenzhen Hechuang Information Technology Consulting Partnership (Limited Partnership)* (深圳合創信息技術諮詢合夥企業(有限合夥)), which is owned as to 60% by Wang Jun (王軍), 30% by Wang Hanping (王漢平) and 10% by its general partner Shenzhen Tianrun Financial Consulting Co., Ltd.* (深圳天潤財務諮詢有限公司), a company ultimately controlled by Wang Zheng (王政), and remaining shareholder holds less than 30% interests therein. The ultimate beneficial owner of Ganzhou Sanxin is Wang Jun (王軍). Each of the limited partners, general partner and ultimate beneficial owner are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Qingdao Truesino

Qingdao Truesino is a limited partnership established in the PRC. It is owned as to (i) 30% by Qingdao Haikong Investment Holdings Co., Ltd.* (青島海控投資控股有限公司), (ii) 28% by Qingdao Haifa Technology Innovation Investment Co., Ltd.* (青島海發科技創新投資有限公司), (iii) 10% by Beijing Chengzhi Technology Innovation Development Co., Ltd.* (北京誠志科技創新發展有限公司), (iv) 10% by Chengfa Group (Qingdao) Industrial Capital Management Co., Ltd.* (城發集團(青島)產業資本管理有限公司), (v) 10% by Qingdao Ronghe Jin Kong Investment Group Co., Ltd.* (青島融合金控投資集團有限公司), (vi) 10% by Qingdao Innovation Investment Co., Ltd.* (青島市創新投資有限公司) and (vii) 2% by Qingdao Chip Screen Investment Management Co., Ltd.* (青島芯屏投資管理有限公司), its general partner. Qingdao Haikong Investment Holdings Co., Ltd.* (青島海控投資控股有限公司) is indirectly wholly owned by Qingdao Huangdao District State-Owned Assets Development Center* (青島市黃島區國有資產發展中心), the ultimate beneficial owner of Qingdao Truesino. Qingdao Chip Screen Investment Management Co., Ltd.* (青島芯屏投資管理有限公司) is owned as to (i) 32.9% by Chuxin Gongchuang Holding Group Co., Ltd.* (初芯共創控股集團有限公司), which is controlled as to 88.2% by Yin Jiayin (尹佳音), (ii) 31.6% by Beijing Yuedong Jingxing Technology Development Co., Ltd.* (北京悅動景行科技發展有限公司) which is ultimately controlled by Li Jian (李建), (iii) 18.1% by Beijing Keyuan Tiancheng Information Technology Co., Ltd.* (北京科元天成信息技術有限公司), which is owned as to 70% by Xue Feng (薛峰) and as to 30% by Zhang Yongxiao (張永笑), and (iv) Shenzhen Zero One Yuedong Consulting Co., Ltd.* (深圳零一悅動諮詢有限公司), which is owned as to 70% by Zhong Han (鍾涵) and as to 30% by Li Jian (李建). Each of the limited partners, general partner and ultimate beneficial owners are Independent Third Parties.

Taifu Huihong

Taifu Huihong is a limited partnership established in the PRC. None of its limited partners individually holds more than 10% limited partnership interest in Taifu Huihong. Qingdao Xincheng Hongtai Venture Capital Investment Management Co., Ltd. (青島鑫宸洪泰創業投資管理有限公司) is its general partner and is wholly owned by Qingdao Xincheng Technology Innovation Industry Co., Ltd.* (青島鑫宸科創實業有限公司), which is owned as to 60% by Sheng Xitai (盛希泰) and 40% by other shareholders, none of which holds 30% or more of the interests therein. All the general partner and limited partners are Independent Third Parties.

Leaguer Rongtong

Leaguer Rongtong is a limited liability company established in the PRC. It is wholly owned by Shenzhen Leaguer Finance Holdings Co., Ltd.* (深圳力合金融控股股份有限公司) (“**Leaguer Finance**”), Leaguer Finance is in turn owned as to 30% by Leaguer Group, and by nine other Independent Third Parties each held less than 13%. To the best knowledge of our Directors, each of the shareholders of Leaguer Rongtong are Independent Third Parties.

Richland Investment

Richland Investment is a limited partnership established in the PRC. It is owned as to (i) 32.89% by Zhuang Fangming (莊方明), (ii) 25.66% by Ji Yuan (姬媛), (iii) 19.74% by Li Jishan (李濟杉), (iv) 10.53% by Zhao Bing (趙冰), (v) 9.87% by Zheng Nan (鄭楠) and (vi) Beijing Richland Hengsheng Private Fund Management Co., Ltd.* (北京厚土恒生私募基金管理有限公司), its general partner. Beijing Richland Hengsheng Private Fund Management Co., Ltd.* (北京厚土恒生私募基金管理有限公司) is owned as to 45% by Zhuang Jinlong (莊金龍), as to 30% by Li Jishan (李濟杉) and as to 25% by Cheng Minmin (程敏敏). Each of the limited partners, general partner and ultimate beneficial owners are Independent Third Parties.

Helide

Helide is a limited partnership established in the PRC. It is owned as to (i) 90% by Cai Wei (蔡偉), its general partner, and (ii) 10% by Zeng Meng (曾濤). Each of the ultimate beneficial owners are Independent Third Parties.

Kexi Co-Win and Kexi Investment

Kexi Co-Win is a limited partnership established in the PRC. It is owned as to 94.36% by Jinan High-tech No. 1 Venture Capital Partnership (Limited Partnership)* (濟南高新一號創業投資合夥企業(有限合夥)) which is ultimately wholly owned by Management Committee of Jinan

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

High-tech Industrial Development Zone (Management Committee of Jinan Comprehensive Bonded Zone)* (濟南高新技術產業開發區管理委員會(濟南綜合保稅區管理委員會)), the ultimate beneficial owner of Kexi Co-Win. Its general partners are Shandong Shunying Equity Investment Fund Management Co., Ltd.* (山東舜盈股權投資基金管理有限公司), which is ultimately controlled by Management Committee of Jinan High-tech Industrial Development Zone (Management Committee of Jinan Comprehensive Bonded Zone)* (濟南高新技術產業開發區管理委員會(濟南綜合保稅區管理委員會)), and Shenzhen Qianhai Kexi Capital Management Co., Ltd.* (深圳前海珂璽資本管理有限公司), which is in turn owned as to 60% by Wang Zhen (王珍), 20% by Shenzhen Kexi Kechuang Enterprise Management Partnership (Limited Partnership)* (深圳珂璽科創企業管理合夥企業(有限合夥)), and 20% by Zhongke Venture Capital Research Institute (Qingdao) Co., Ltd.* (中科創投研究院(青島)有限公司). Each of the general partner and the limited partners are Independent Third Parties.

Kexi Investment is a limited partnership established in the PRC. It is owned as to (i) 51% by Wang Zhen (王珍), (ii) 48% by Wang Yanzai (王彥在) and (iii) 1% by Shenzhen Qianhai Ke Xi Capital Management Limited (深圳前海珂璽資本管理有限公司), its general partner, which is in turn controlled as to 60% by Wang Zhen (王珍), and none of its other two shareholders holds more than 30% of its equity interests. All the general partner and limited partners are Independent Third Parties.

Times Dingfeng

Times Dingfeng is a limited partnership established in the PRC. It is owned as to (i) 12.78% by Zhuzhou Lince Group Co., Ltd.* (株洲聯誠集團控股股份有限公司), (ii) 12.53% by CRRC Zhuzhou Electric Locomotive Co., Ltd.* (中車株洲電機有限公司), (iii) 12.53% by CICC Qi Yuan National Emerging Industry Venture Capital Guidance Fund (Limited Partnership)* (中金啟元國家新興產業創業投資引導基金(有限合夥)), (iv) 12.53% by Chongqing International Composite Materials Co., Ltd.* (重慶國際複合材料股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 301526.SZ), (v) 12.53% by Duanxin Investment Holdings (Beijing) Co., Ltd.* (端信投資控股(北京)有限公司), (vi) 12.53% by Zhuzhou Times High-tech Venture Capital Co., Ltd.* (formerly known as Zhuzhou CRRC Times High-tech Investment Co., Ltd.* (株洲中車時代高新投資有限公司)) (“**Zhuzhou Times**”), which is its general partner and (vii) 12.53% by Shanghai Yicheng Industrial Investment Group Co., Ltd.* (上海易成實業投資集團有限公司). Saved as disclosed above, no other limited partner individually holds more than 10% limited partnership interest in Times Dingfeng. Zhuzhou Times is ultimately controlled as to 49% by Zhuzhou High-tech Industrial Development Zone Management Committee* (株洲高新技術產業開發區管理委員會) and as to 49% by CRRC Corporation Limited, a company listed on the Stock Exchange (Stock Code: 01766.HK). Each of the general partner and limited partners are Independent Third Parties.

BASiC Atom LP

BASiC Atom LP is a limited partnership established in the PRC. It is owned as to (i) 33.33% by Ji Yuan (姬媛), (ii) 30% by Wang Sitong (王思彤), who is the general partner of BASiC Atom LP and Dr. Wang's aunt, (iii) 10% by Xiao Lixia (肖麗霞), and (iv) 26.67% by six other individuals, none of which holds more than 10% limited partnership interest in BASiC Atom LP. To the best knowledge of our Directors, save as Wang Sitong (王思彤), all limited partners are Independent Third Parties.

V&T

V&T is a company listed on Shenzhen Stock Exchange (Stock Code: 300484.SZ). It specializes in the research and development, manufacturing, sales and service of medium and low-voltage frequency inverters, servo drives, motor controllers for electric vehicles, elevator integration products and elevator control systems, inverters and other power electronic products. V&T is an Independent Third Party.

Kexi Synergy

Kexi Synergy is a limited partnership established in the PRC. It is owned as to 70% by Ma Guanyao (馬冠驍), the general partner, and as to 30% by Bu Kai (卜凱). Each of Ma Guanyao (馬冠驍) and Bu Kai (卜凱) are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Leaguer Preferred

Leaguer Preferred is a limited partnership established in the PRC. It is owned as to (i) 39.56% by Gongqingcheng Lihe Hongrun Investment Partnership (Limited Partnership)* (共青城力合宏潤投資合夥企業(有限合夥)), which is owned as to 75% by Shenzhen Hongrun Wealth Management Co., Ltd.* (深圳市宏潤財富管理有限公司), which is in turn owned as to 70% by Hu Wu (胡武) and 30% by Shenzhen Huanyi Industrial Co., Ltd.* (深圳市環益實業有限公司), which is ultimately controlled by Chuangyi Group Co., Ltd. (創億集團有限公司), (ii) 39.56% by Zhangjiagang Talent No. 1 Venture Investment Partnership (Limited Partnership)* (張家港人才一號創業投資合夥企業(有限合夥)), which is owned as to 35.2% by Suzhou Asset Management Co., Ltd.* (蘇州資產管理有限公司), a company which is ultimately controlled by Suzhou Municipal Finance Bureau (蘇州市財政局), and 30% by Zhangjiagang Emerging Industries Investment Fund (Limited Partnership) (張家港新興產業投資基金(有限合夥)), which is ultimately controlled by Zhangjiagang State-owned Assets Supervision and Administration Center (張家港市國有資產管理中心), and the remaining 34.8% by six entities, none of which holds more than 30% interest, (iii) 5.93% by Peng Ning* (彭寧), (iv) 4.95% by Shenzhen Yangpeng Investment Group Co., Ltd.* (深圳揚鵬投資集團有限公司), (v) 2.97% by Li Xiujun* (李秀軍), (vi) 1.98% by Shenzhen Ruizhaofeng Investment Co., Ltd.* (深圳市瑞兆豐投資有限公司), (vii) 1.98% by Shenzhen Suifeng Xingye Investment Development Co., Ltd.* (深圳市穗豐興業投資發展有限公司), (viii) 0.99% by Wang Yi* (王毅), (ix) 0.99% by Huang Zhen* (黃珍), (x) 0.99% by Shenzhen Qianhai Huixin Asset Management Co., Ltd.* (深圳市前海匯信資產管理有限公司), and (xi) 0.10% by Shenzhen Lihe Zhihui Innovation Fund Management Co., Ltd.* (深圳力合智匯創新基金管理有限公司), which acted as the general partner. Shenzhen Lihe Zhihui Innovation Fund Management Co., Ltd.* (深圳力合智匯創新基金管理有限公司) is owned as to (i) 51% by Leaguer Finance, which is controlled by Leaguer Group, which in turn is a wholly-owned subsidiary of Shenzhen Leaguer Co., Ltd.* (深圳市力合科創股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 002243); (ii) 30% by Gongqingcheng Yuanxing Investment Management Partnership (Limited Partnership)* (共青城源興投資管理合夥企業(有限合夥)), which is ultimately controlled by Chen Yuming (陳玉明) as the ultimate sole shareholder of Shenzhen Qianhai Huixin Asset Management Co., Ltd.* (深圳市前海匯信資產管理有限公司), acting as the general partner, and also as a limited partner holding 30% of the partnership interest, with no other limited partner holding 30% or more interest. To the best knowledge of our Directors, each of the limited partners and the general partner of Leaguer Preferred are Independent Third Parties.

Think Investment

Think Investment is a company incorporated in the PRC and wholly owned by Lei Xiaofang (雷曉芳). Lei Xiaofang is an Independent Third Party and an individual investor.

China Railway Jianxin

China Railway Jianxin is a company established in the PRC. It is owned as to (i) 31% by Shandong High-tech Venture Capital Co., Ltd.* (山東省高新技術創業投資有限公司), which is wholly owned by LUXIN Venture Capital Group Co., Ltd.* (魯信創業投資集團股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 600783), (ii) 31% by China Railway Development Fund Co., Ltd.* (中國鐵路發展基金股份有限公司), which is in turn owned as to (a) 50.34% by China State Railway Group Co., Ltd.* (中國國家鐵路集團有限公司) and ultimately controlled by the State Council, (b) 32.29% by CDB Development Fund Co., Ltd.* (國開發展基金有限公司), which is wholly owned by China Development Bank (國家開發銀行), which is controlled by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部), the State Council, the State Administration of Foreign Exchange Central Forex Business Center (國家外匯管理局中央外匯業務中心), and the National Council for Social Security Fund (全國社會保障基金理事會), and (c) the remaining 17.37% by other seven entities, (iii) 19.9% by Jianxin (Beijing) Investment Fund Management Co., Ltd.* (建信(北京)投資基金管理有限責任公司), (iv) 11.1% by Tianjin Zhaoyu Management Consulting Partnership (Limited Partnership)* (天津兆禹管理諮詢合夥企業(有限合夥)) and (v) 7% by Shenzhen Shenji Chuangjian Industrial Investment Partnership (Limited Partnership) (深圳市深基創建產業投資合夥企業(有限合夥)). All of the shareholders are Independent Third Parties.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Qingdao Taifu

Qingdao Taifu is a limited partnership established in the PRC. Its largest limited partner is Li Meng (李萌), holding 11.41% partnership interest in Qingdao Taifu. Save as disclosed above, no other limited partner individually holds more than 10% limited partnership interest in Qingdao Taifu. The general partner of Qingdao Taifu is Qingdao Xincheng Hongtai Venture Capital Management Co., Ltd.* (青島鑫宸洪泰創業投資管理有限公司), a company which is controlled by Sheng Xitai (盛希泰) by his direct shareholding or his majority-controlled entity. The ultimate beneficial owner of Qingdao Taifu is Sheng Xitai (盛希泰). To the best knowledge of our Directors, each of the limited partners, the general partner and the ultimate beneficial owner of Qingdao Taifu are Independent Third Parties.

Gongda Wujiang

Gongda Wujiang is a limited partnership established in the PRC. It is owned as to (i) 47% by Fu Yanping (傅艷平), (ii) 20% by Haotong Holdings Co., Ltd. (昊通控股有限公司), (iii) 10% by Mao Aijun (毛愛軍), (iv) 10% by Zheng Xian (鄭倩), and (v) 10% by Shenzhen Gongda Venture Capital Investment Co., Ltd. (深圳市工大創業投資有限公司). No other limited partners own more than 10% limited interests in Gongda Wujiang. The general partner of Gongda Wujiang is Shenzhen Gongda Venture Capital Investment Co., Ltd.* (深圳市工大創業投資有限公司) which is owned as to 60.80% by Fu Yanping (傅艷平) and the remaining 39.2% by four other shareholders, none of which holding more than 30% interests in it. Each of the general partner and limited partners of Gongda Wujiang are Independent Third Parties.

Yiqi Investment

Yiqi Investment is a limited partnership established in the PRC. It is owned as to 99% by its general partner Wang Huangliang (王璜亮), and as to 1% by Zhang Tao (張濤). Each of Wang Huangliang (王璜亮) and Zhang Tao (張濤) is an Independent Third Party.

Leauger Huiying

Leauger Huiying is a limited partnership established in the PRC. It is owned as to (i) 65.63% by Peng Zhen (彭震), (ii) 31.25% by Lv Haifu (呂海富), and (iii) 3.13% by Shenzhen Zhixin Investment Co., Ltd.* (深圳智鑫投資有限責任公司), its general partner. Shenzhen Zhixin Investment Co., Ltd. is owned as to (i) 32.26% by Shenzhen Puyi Technology Co., Ltd.* (深圳市普易科技有限公司), (ii) 13.71% by Zhuhai Lihe Zhongxin Enterprise Management Partnership (Limited Partnership)* (珠海力合眾鑫企業管理合夥企業(有限合夥)), (iii) 13.44% by Shenzhen Dongli Technology Co., Ltd.* (深圳市東驪科技有限公司) and (iv) 40.59% by 8 other shareholders, none of which individually holds more than 10% interest in Shenzhen Zhixin Investment Co., Ltd. Shenzhen Puyi Technology Co., Ltd. is owned as to 98% by Chen Yuming (陳玉明) and as to 2% by Chen Ruoxi (陳若曦). Each of the limited partners, general partner and ultimate beneficial owner of Leauger Huiying is an Independent Third Party.

Zhaoyin Gongying

Zhaoyin Gongying is a limited partnership established in the PRC. The limited partners of Zhaoyin Gongying include Yu Guozheng (余國鐸), who holds a 32.0% interest, and the remaining 68.0% by ten other individual limited partners, none of whom hold more than a 30% interest, and each an Independent Third Party. Its general partner is Jiangsu CMB Industrial Fund Management Co., Ltd.* (江蘇招銀產業基金管理有限公司) which is indirect wholly-owned by CMB.

Meaningful investment from Sophisticated Independent Investors

We have received investments from three Pathfinder SIIs, namely Leauger SIIs, Wingtech Technology and InteBridge Fund LP, each holds more than 3%, and in aggregate more than 10%, of the issued share capital of the Company as of the date of our listing application and throughout the pre-application 12-month period.

Our Sophisticated Independent Investors (as identified above) held, in aggregate, approximately 22.21% in the total issued share capital of our Company as of the Latest Practicable Date. Upon the Listing, such Sophisticated Independent Investors will hold, in aggregate, no less than 20% in the issued share capital of the Company.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

PRC Legal Adviser's Confirmation

As advised by our PRC Legal Adviser, our Company has obtained all necessary approvals from competent authorities or made all necessary registration or filings with the relevant local branch of the State Administration for Market Regulation (國家市場監督管理總局) in respect of the Pre-IPO Investments in material aspects set out above.

PUBLIC FLOAT

Immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised, the expected market capitalization of the Shares at the time of Listing will be approximately HK\$8.36 billion, HK\$8.99 billion and HK\$9.62 billion, and the minimum prescribed public float percentage applicable to our Shares is 17.9%, 16.7% and 15.6%, respectively, based on HK\$27.49, HK\$29.56 and HK\$31.62 per Offer Share (being the low-end, mid-point and upper-end of the Offer Price), respectively.

Immediately following the completion of the Global Offering, assuming 27,386,200 H Shares are allotted and issued in the Global Offering and the Over-allotment Option is not exercised, and none of the following persons will participate in the Global Offering: our Company's core connected persons, any persons who are accustomed to taking instructions from our Company's core connected persons in relation to their acquisition, disposal, voting or other disposition of their Shares, and any persons whose acquisition of Shares was financed, directly or indirectly, by our Company's core connected persons, it is expected that the public float requirement under Rule 19A.13A(1) of the Listing Rules will be satisfied with 111,511,575 H Shares, representing approximately 36.65% of the total Shares in issue, counted towards the public float.

More than 30% of the equity interests of Leaguer VC, Leaguer Yongjin, Lihe Hongxin, Leaguer Kaiwu, Leaguer New Generation, Leaguer Rongtong, Leaguer Preferred, Shenzhen Investment Chuangzhi, GAC Zhixing, Zhongshan Fund, Zhuhai Cultural, Yueke Jiangmen, Guangdong Kerui, Torch High-Tech, Torch Huayin and Songhe Chuangzhi ("**Guangdong Entities**") are ultimately controlled by government authorities and/or state-owned assets supervision authorities at the provincial, municipal and district/functional-zone levels within Guangdong Province, and Guangdong Entities collectively hold approximately 17.41% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised). As the Guangdong Entities will hold 10% or more of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised), therefore constitute core connected persons, and accordingly, the Shares held by the Guangdong Entities will not be counted towards the public float.

More than 30% of the equity interests in Qingdao Minxin, Qingdao Truesino and Kexi Co-Win ("**Shandong Entities**") are ultimately subject to supervision and management by relevant government authorities and/or state-owned assets supervision authorities at the municipal and district/functional-zone levels within Shandong Province, and Shandong Entities collectively hold approximately 2.09% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised). As the Shandong Entities will hold less than 10% of our total issued Shares upon Listing (assuming the Over-allotment Option is not exercised) and therefore do not constitute core connected persons, and accordingly, the Shares held by the Shandong Entities will be counted towards the public float.

FREE FLOAT

It is expected that immediately following completion of the Listing, a market capitalization of not less than HK\$600,000,000 of the H Shares listed on the Stock Exchange are not subject to any disposal restrictions at the time of the Listing (assuming an Offer Price of HK\$27.49 per Offer Share, being the low-end of the indicative Offer Price range, and the Over-allotment Option is not exercised). Accordingly, our Company will be able to satisfy the free float requirement under Rule 19A.13C(1) of the Listing Rules.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

LOCK-UP PERIOD

Pursuant to the applicable PRC law, within the 12 months following the Listing Date, all existing Shareholders (including all our Pre-IPO Investors) are prohibited from disposing of any of the Shares held by them.

The following Shares will be subject to disposal restrictions pursuant to Rule 18C.14 of the Listing Rules at the time of the Listing:

Name	Capacity	Aggregate number of Shares held immediately following the completion of the Global Offering ⁽¹⁾	Aggregate ownership percentage of shareholding in the total issued share capital of our Company following the completion of the Global Offering ⁽¹⁾	Lock-up period
Key persons and their close associates				
Dr. Wang ⁽²⁾	Founder, executive Director, chairman of the Board and a core R&D team member	127,320,916	41.84	Commencing on the date of this prospectus and ending on expiry of 12 months from the Listing Date
Bronze Group ⁽³⁾⁽⁹⁾	Dr. Wang's close associate	54,154,890	17.80	
BASiC Principle LP ⁽⁴⁾⁽⁹⁾	Dr. Wang's close associate	18,404,300	6.05	
BASiC Original LP ⁽²⁾	Dr. Wang's close associate	3,846,586	1.26	
Dr. He Weiwei ⁽³⁾⁽⁹⁾	Executive Director, chief executive officer and a core R&D team member	N/A ⁽¹⁰⁾	N/A	
Mr. Fu Junyin ⁽³⁾⁽⁹⁾	Executive Director and a core R&D team member	N/A ⁽¹⁰⁾	N/A ⁽¹⁰⁾	
Ms. Yan Rui ⁽³⁾⁽⁹⁾	Executive Director	N/A ⁽¹⁰⁾	N/A ⁽¹⁰⁾	
Mr. Zhang Yu ⁽⁹⁾	Secretary of the Board and joint company secretary	N/A ⁽¹⁰⁾	N/A ⁽¹⁰⁾	
Mr. Zhang Yongkun ⁽⁹⁾	Director of finance	N/A ⁽¹⁰⁾	N/A ⁽¹⁰⁾	
Employee shareholding platforms				
BASiC Createnjoy LP ⁽⁵⁾⁽⁹⁾	Dr. Wang's close associate	17,673,665	5.81	Commencing on the date of this prospectus and ending on expiry of 12 months from the Listing Date
BASiC Innotech LP ⁽⁶⁾⁽⁹⁾	Dr. Wang's close associate	12,000,000	3.94	
BASiC Creation LP ⁽⁷⁾⁽⁹⁾	Dr. Wang's close associate	11,491,475	3.78	
BASiC Entrepreneur LP ⁽⁸⁾⁽⁹⁾	Dr. Wang's close associate	9,750,000	3.20	
Pathfinder SIs				
Leaguer SIs				
– Leaguer VC	Pathfinder SII	11,001,225	3.62	Commencing on the date of this prospectus and ending on expiry of 6 months from the Listing Date
– Leaguer Yongjin	Pathfinder SII	5,021,125	1.65	
<i>Subtotal</i>		<u>16,022,350</u>	<u>5.27</u>	
Wingtech Technology	Pathfinder SII	<u>10,162,360</u>	<u>3.34</u>	
InteBridge Fund LP	Pathfinder SII	<u>8,622,770</u>	<u>2.83</u>	

Notes:

- (1) Assuming the Over-allotment Option is not exercised.
- (2) Dr. Wang is deemed to be interested in all the interests of Bronze Group, taking into account his direct interests, the interests held by Bronze Holding LP (in which he serves as the general manager), his concert party arrangement with InteBridge Tech, and the interests of his mother, Ms. Wang Yongmiao (王永苗). See note (3) below for details. Moreover, Dr. Wang is the general partner of BASiC Principle LP, BASiC Cretienjoy LP, BASiC Innotech LP, BASiC Entrepreneur LP and BASiC Original LP. Accordingly, under the SFO, Dr. Wang is deemed to be interested in the entire Shares held by Bronze Group, BASiC Principle LP, BASiC Cretienjoy LP, BASiC Innotech LP, BASiC Creation LP, BASiC Entrepreneur LP and BASiC Original LP.
- (3) Bronze Group is owned as to (a) 40.85% by Dr. Wang directly, (b) 27.35% by Bronze Holding LP, (c) 19.57% by InteBridge Tech, and (d) 12.23% by Ms. Wang Yongmiao (王永苗) (“Ms. Wang”), Dr. Wang’s mother. In December 2021, Dr. Wang and InteBridge Tech entered into a concert party agreement pursuant to which they agreed to act in concert with respect to their shareholder rights in Bronze Group, including voting and proposing resolutions, with Dr. Wang’s decision prevailing in case of disagreement. InteBridge Tech was established as an investment platform for Bronze Group’s employees and has at all times been under the control and management of Dr. Wang as its sole director. The agreement was entered into to strengthen governance and provide clarity, simply reflecting and confirming the existing control arrangement on Bronze Group. Bronze Holding LP is controlled by Dr. Wang as its general partner holding a 90% interest, with Mr. Fu Junyin holding the remaining 10%. InteBridge Tech is owned as to 13%, 25%, 15%, 25%, 3% and 19% by Dr. Wang, Ms. Wang, Dr. He Weiwei, Mr. Fu Junyin, Ms. Yan Rui, and five employees of the Company or Bronze Group, respectively, and none of such employees holds more than 5% of the equity interest in InteBridge Tech.
- (4) BASiC Principle LP is controlled by Dr. Wang as its general partner with 1.87% partnership interests. BASiC Original LP is controlled by Dr. Wang as its general partner with 2.18% direct partnership interests and 17.59% controlled through Bronze Group.
- (5) BASiC Cretienjoy LP is an employee share incentive platform controlled by Dr. Wang as its general partner.
- (6) BASiC Innotech LP is an employee share platform controlled by Dr. Wang as its general partner.
- (7) BASiC Creation LP is an employee share incentive platform controlled by Dr. Wang as its general partner.
- (8) BASiC Entrepreneur LP is an employee share platform controlled by Dr. Wang as its general partner.
- (9) Apart from Dr. Wang, the executive Directors, senior management members and core R&D members who are subject to lock-up requirements pursuant to Rule 18C.14 of the Listing Rules and who indirectly hold Shares through (a) Bronze Group or (b) the employee shareholding platforms, namely BASiC Cretienjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP, include (i) Dr. He Weiwei, who is our executive Director, chief executive officer and a core R&D member; (ii) Mr. Fu Junyin, who is our executive Director and a core R&D member; (iii) Ms. Yan Rui, who is our executive Director; (iv) Mr. Zhang Yu, who is our Secretary of the Board and joint company secretary; and (v) Mr. Zhang Yongkun, who is our director of finance. See “Appendix V — Statutory and General Information — D. Employee Shareholding Platforms”.
- (10) None of these individuals directly hold any Shares. See notes (3) and (9), as applicable.

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our Directors and employees and to incentivize them to further promote our development, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, and BASiC Entrepreneur LP were established as our employee shareholding platforms (the “**Employee Shareholding Platform(s)**”). Pursuant to the partnership agreements and/or incentive schemes, partnership interests in the relevant Employee Shareholding Platforms were awarded to our Directors and employees. Each of the Employee Shareholding Platform is controlled by Dr. Wang as its general partner, who can independently exercise the voting rights attached to the Shares owned by such Employee Shareholding Platform. None of such partnership agreements and/or incentive schemes is subject to the provisions of Chapter 17 of the Listing Rules. See “Appendix V — Statutory and General Information — D. Employee Shareholding Platforms”.

CAPITALIZATION OF OUR COMPANY

The table below sets forth a summary of the capitalization of our Company as of the date of this prospectus and as expected on the Listing Date (assuming the Over-allotment Option is not exercised):

Shareholders	Category	Total number of Shares as of the prospectus date	Number of Domestic Unlisted Shares immediately after completion of the Global Offering	Number of H Shares immediately after completion of the Global Offering	Total number of Shares immediately after completion of the Global Offering	Ownership percentage as of the prospectus date	Ownership percentage after completion of the Global Offering	Public Float
						%	%	
Controlling Shareholders Group								
1. Bronze Group ⁽¹⁾	Founder	54,154,890	–	54,154,890	54,154,890	19.56	17.80	No
2. BASiC Principle LP	Other Pre-IPO Investor	18,404,300	–	18,404,300	18,404,300	6.65	6.05	No
3. BASiC Createnjoy LP ⁽²⁾	Employee Share Incentive Platform	17,673,665	301,189	17,372,476	17,673,665	6.38	5.81	No
4. BASiC Innotech LP ⁽²⁾	Employee Share Platform	12,000,000	–	12,000,000	12,000,000	4.33	3.94	No
5. BASiC Creation LP ⁽²⁾	Employee Share Incentive Platform	11,491,475	138,486	11,352,989	11,491,475	4.15	3.78	No
6. BASiC Entrepreneur LP ⁽²⁾	Employee Share Platform	9,750,000	–	9,750,000	9,750,000	3.52	3.20	No
7. BASiC Original LP	Other Pre-IPO Investor	3,846,586	3,846,586	–	3,846,586	1.39	1.26	No
Guangdong Entities								
8. Leaguer VC ⁽³⁾	PSII	11,001,225	–	11,001,225	11,001,225	3.97	3.62	No
9. Leaguer Yongjin ⁽³⁾	PSII	5,021,125	–	5,021,125	5,021,125	1.81	1.65	No
10. Lihe Hongxin	Other Pre-IPO Investor	4,065,055	–	4,065,055	4,065,055	1.47	1.34	No
11. Leaguer Kaiwu	Other Pre-IPO Investor	3,963,895	–	3,963,895	3,963,895	1.43	1.30	No
12. Leaguer New Generation	Other Pre-IPO Investor	3,726,745	–	3,726,745	3,726,745	1.35	1.22	No
13. Leaguer Rongtong	Other Pre-IPO Investor	1,481,972	–	1,481,972	1,481,972	0.54	0.49	No
14. Leaguer Preferred	Other Pre-IPO Investor	883,685	–	883,685	883,685	0.32	0.29	No
15. Shenzhen Investment Chuangzhi	SII	4,253,910	–	4,253,910	4,253,910	1.54	1.40	No
16. GAC Zhixing	SII	4,165,935	–	4,165,935	4,165,935	1.50	1.37	No
17. Zhongshan Fund	SII	4,024,760	–	4,024,760	4,024,760	1.45	1.32	No

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholders	Category	Total number of Shares as of the prospectus date	Number of Domestic Unlisted Shares immediately after completion of the Global Offering	Number of H Shares immediately after completion of the Global Offering	Total number of Shares immediately after completion of the Global Offering	Ownership percentage as of the prospectus date	Ownership percentage after completion of the Global Offering	Public Float
						%	%	
18. Songhe Chuangzhi	Other Pre-IPO Investor	2,209,210	–	2,209,210	2,209,210	0.80	0.73	No
<i>Yueke related</i>								
19. Zhuhai Cultural ⁽⁴⁾	SII	2,082,965	–	2,082,965	2,082,965	0.75	0.68	No
20. Yueke Jiangmen ⁽⁴⁾	SII	1,999,650	–	1,999,650	1,999,650	0.72	0.66	No
21. Guangdong Kerui ⁽⁴⁾	SII	83,320	–	83,320	83,320	0.03	0.03	No
<i>Torch Group related</i>								
22. Torch High-Tech ⁽⁵⁾	Other Pre-IPO Investor	2,951,490	–	2,951,490	2,951,490	1.07	0.97	No
23. Torch Huayin ⁽⁵⁾	Other Pre-IPO Investor	1,073,270	–	1,073,270	1,073,270	0.39	0.35	No
Shandong Entities								
24. Qingdao Minxin	Other Pre-IPO Investor	3,387,455	–	3,387,455	3,387,455	1.22	1.11	Yes
25. Qingdao Truesino	Other Pre-IPO Investor	1,666,375	–	1,666,375	1,666,375	0.60	0.55	Yes
26. Kexi Co-Win	Other Pre-IPO Investor	1,291,275	–	1,291,275	1,291,275	0.47	0.42	Yes
Other Investors								
27. Wingtech Technology	PSII	10,162,360	–	10,162,360	10,162,360	3.67	3.34	Yes
28. InteBridge Fund LP	PSII	8,622,770	–	8,622,770	8,622,770	3.11	2.83	Yes
29. Bosch VC	SII	6,038,505	–	6,038,505	6,038,505	2.18	1.98	Yes
30. BASiC Primary Colors LP	Other Pre-IPO Investor	8,544,515	–	8,544,515	8,544,515	3.09	2.81	Yes
31. InteBridge Innovation LP	Other Pre-IPO Investor	6,899,410	2,700,000	4,199,410	6,899,410	2.49	2.27	Yes
32. Beijing E-town	Other Pre-IPO Investor	4,792,045	–	4,792,045	4,792,045	1.73	1.57	Yes
33. Dezaihou	Other Pre-IPO Investor	4,615,485	692,325	3,923,160	4,615,485	1.67	1.52	Yes
34. Wuxi New Peak	Other Pre-IPO Investor	3,433,280	–	3,433,280	3,433,280	1.24	1.13	Yes
35. Jinpu Investment	Other Pre-IPO Investor	2,979,867	2,979,867	–	2,979,867	1.08	0.98	Yes
36. Suzhou Tengxin	Other Pre-IPO Investor	2,576,520	–	2,576,520	2,576,520	0.93	0.85	Yes
37. Shanghai Xiche	Other Pre-IPO Investor	2,540,590	–	2,540,590	2,540,590	0.92	0.83	Yes
38. Renzhi Interconnection	Other Pre-IPO Investor	2,484,495	–	2,484,495	2,484,495	0.90	0.82	Yes
39. Zhuhai Changhou	Other Pre-IPO Investor	1,888,165	–	1,888,165	1,888,165	0.68	0.62	Yes
40. Jiayin Xiangfu	Other Pre-IPO Investor	1,767,365	–	1,767,365	1,767,365	0.64	0.58	Yes
41. Ganzhou Sanxin	Other Pre-IPO Investor	1,688,595	–	1,688,595	1,688,595	0.61	0.55	Yes
42. Richland Investment	Other Pre-IPO Investor	1,325,525	–	1,325,525	1,325,525	0.48	0.44	Yes
43. Helide	Other Pre-IPO Investor	1,325,525	–	1,325,525	1,325,525	0.48	0.44	Yes
44. BASiC Atom LP	Other Pre-IPO Investor	1,016,240	–	1,016,240	1,016,240	0.37	0.33	Yes

HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

Shareholders	Category	Total number of Shares as of the prospectus date	Number of Domestic Unlisted Shares immediately after completion of the Global Offering	Number of H Shares immediately after completion of the Global Offering	Total number of Shares immediately after completion of the Global Offering	Ownership percentage as of the prospectus date	Ownership percentage after completion of the Global Offering	Public Float
						%	%	
45. V&T	Other Pre-IPO Investor	999,825	–	999,825	999,825	0.36	0.33	Yes
46. Kexi Synergy	Other Pre-IPO Investor	892,857	892,857	–	892,857	0.32	0.29	Yes
47. Think Investment	Other Pre-IPO Investor	833,185	–	833,185	833,185	0.30	0.27	Yes
48. China Railway Jianxin	Other Pre-IPO Investor	714,285	714,285	–	714,285	0.26	0.23	Yes
49. Gongda Wujiang	Other Pre-IPO Investor	267,858	267,858	–	267,858	0.10	0.09	Yes
50. Kexi Investment	Other Pre-IPO Investor	267,857	267,857	–	267,857	0.10	0.09	Yes
51. Yiqi Investment	Other Pre-IPO Investor	223,214	223,214	–	223,214	0.08	0.07	Yes
52. Leaguer Huiying	Other Pre-IPO Investor	202,118	202,118	–	202,118	0.07	0.07	Yes
<i>China-US Green Fund related</i>								
53. China US Green Shenggu ⁽⁶⁾	Other Pre-IPO Investor	1,325,525	1,325,525	–	1,325,525	0.48	0.44	Yes
54. Suzhou Longying ⁽⁶⁾	Other Pre-IPO Investor	595,973	595,973	–	595,973	0.22	0.20	Yes
<i>CMB related</i>								
55. Runxia Zhaoying ⁽⁷⁾	SII	4,036,790	–	4,036,790	4,036,790	1.46	1.33	Yes
56. Zhaoyin Gongying ⁽⁷⁾	Other Pre-IPO Investor	129,145	–	129,145	129,145	0.05	0.04	Yes
<i>CRRC related</i>								
57. CRRC Qingdao	Other Pre-IPO Investor	3,839,000	–	3,839,000	3,839,000	1.39	1.26	Yes
58. Times Dingfeng	Other Pre-IPO Investor	1,162,970	–	1,162,970	1,162,970	0.42	0.38	Yes
<i>Taifu related</i>								
59. Taifu Huihong	Other Pre-IPO Investor	1,607,143	1,607,143	–	1,607,143	0.58	0.53	Yes
60. Qingdao Taifu	Other Pre-IPO Investor	450,290	–	450,290	450,290	0.16	0.15	Yes
61. Investors taking part in the Global Offering		–	–	27,386,200	27,386,200	–	9.00	Yes
		276,903,525	16,755,283	287,534,442	304,289,725	100.00	100.00	

Notes:

- The shareholding interest in our Company held by Bronze Group consists of (i) equity interests equivalent to 50,000 Shares at the time of the establishment of our Company on June 7, 2016; (ii) equity interests equivalent to 750,000 Shares acquired at a consideration of RMB2.5 million pursuant to an equity transfer agreement dated August 8, 2018 and settled on January 7, 2019; (iii) equity interests equivalent to 11,379,494 Shares acquired pursuant to an equity subscription agreement dated June 8, 2020 through capital contribution in the form of Bronze Group's 100% equity interests in Bronze Tech, which was valued at RMB27,619,200 by an independent valuer in the PRC; (iv) equity interests equivalent to 1,587,945 Shares acquired at a consideration of RMB6.9 million pursuant to an equity transfer agreement dated April 28, 2021 and settled on April 30, 2021; and (v) equity interests adjusted after the share subdivision on a one-for-five basis.
- BASiC Innotech LP, BASiC Entrepreneur LP, BASiC Creation LP and BASiC Createnjoy LP are our Employee Shareholding Platforms. For further details, see "Appendix V — Statutory and General Information — D. Employee Shareholding Platforms".

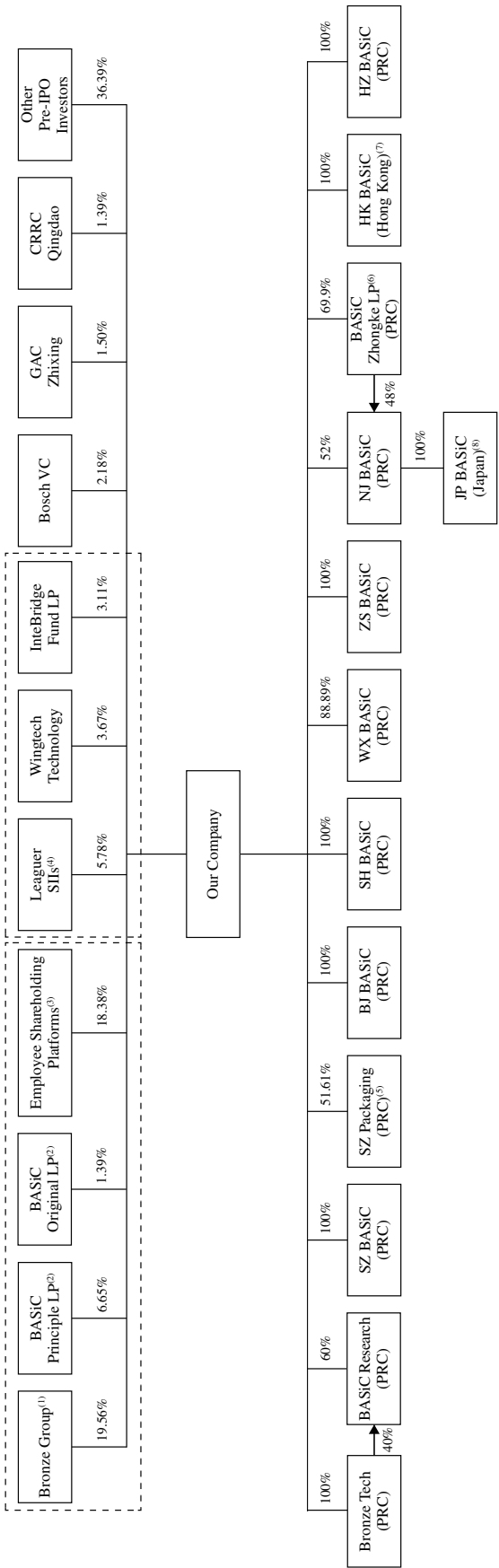
HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

3. Leaguer SIIs comprise Leaguer VC and Leaguer Yongjin. See “— Pre-IPO Investments — Information regarding our Pre-IPO Investors — Pathfinder SIIs”.
4. Each of Zhuhai Cultural, Yueke Jiangmen and Guangdong Kerui is ultimately controlled by Yueke Group. See “— Pre-IPO Investments — Information regarding our Pre-IPO Investors — Other Sophisticated Independent Investors”.
5. Torch High-Tech and Torch Huaying are both controlled by the same general partner, namely, Torch Electronics. See “— Pre-IPO Investments — Information regarding our Pre-IPO Investors — Other Pre-IPO Investors”.
6. Suzhou Longying and China US Green Shenggu are both controlled by the same general partner, namely, China-US Green Fund. See “— Pre-IPO Investments — Information regarding our Pre-IPO Investors — Other Pre-IPO Investors”.
7. The general managers of Runxia Zhaoying and Zhaoyin Gongying are both controlled by CMB Capital Management SZ.

CORPORATE STRUCTURE

Corporate Structure Immediately Before the Global Offering

The following chart sets forth our corporate structure immediately prior to the Global Offering:

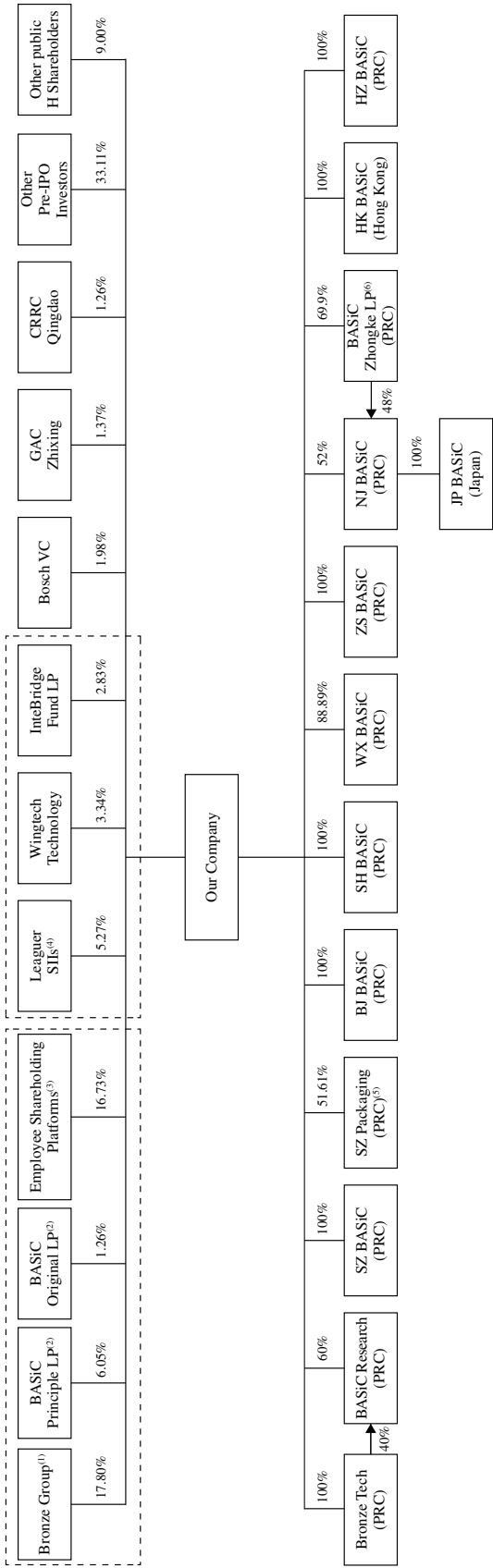


Notes:

1. Bronze Group is owned as to (a) 40.85% by Dr. Wang directly, (b) 27.35% by Bronze Holding LP, which is controlled by Dr. Wang as its general partner, (c) 19.57% by InteBridge Tech, which is owned as to 13.00% by Dr. Wang and as to 25.00% by Ms. Wang Yongmiao (王永苗), Dr. Wang's mother, and (d) 12.23% by Ms. Wang Yongmiao. Pursuant to the concert party agreement between Dr. Wang and InteBridge Tech, they agreed to act in concert with respect to their shareholder rights in Bronze Group, including voting and proposing resolutions, with Dr. Wang's decision prevailing in case of disagreement.
2. BASiC Principle LP and BASiC Original LP are controlled by Dr. Wang as its general partner. In BASiC Principle LP, Dr. Wang holds a partnership interest of 1.875% and Ms. Chen holds a partnership interest of 35.6%, and there are no limited partners holding 30% or more of the partnership interest in BASiC Original LP. Each of the limited partners of BASiC Principle LP are Independent Third Parties. In BASiC Original LP, Dr. Wang directly holds 2.18% and indirectly holds 17.59%, through his control interest in Bronze Group, of the partnership interest, with no other limited partners holding 30% or more of the partnership interest of BASiC Original LP. Save for Bronze Group, each of the limited partners of BASiC Original LP are Independent Third Parties.
3. We currently have four employee shareholding platforms, namely, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, and BASiC Entrepreneur LP. Dr. Wang is the general partner of each of the employee shareholding platforms. In BASiC Createnjoy LP, Dr. Wang holds 0.38% of the partnership interest, Shenzhen BASiC Createnjoy No. 2 Holding Partnership (Limited Partnership) (深圳基本創享二號控股合夥企業(有限合夥)) ("BASiC Createnjoy No. 2") holds 33.33% of the partnership interest, and no other limited partner holds 30% or more of the partnership interest. BASiC Createnjoy No. 2 is an employee shareholding platform of which Dr. Wang is the general partner holding 1% of the partnership interest, and none of its limited partners holds 30% or more of the partnership interest therein. In BASiC Innotech LP, Dr. Wang and Dr. He Weiwei hold 36.93% and 40.63% of the partnership interest, respectively, and there are no other limited partners holding 30% or more of the partnership interest. In BASiC Entrepreneur LP, Dr. Wang holds 68.94% of the partnership interest, and there are no other limited partners holding 30% or more of the partnership interest. In BASiC Creation LP, Dr. Wang holds 19.00% of the partnership interest, and there are no limited partners holding 30% or more of the partnership interest. Save that (i) our executive Directors, including Dr. He Weiwei, Mr. Fu Junyin and Ms. Yan Rui; (ii) Mr. Zhang Yu and Mr. Chen Hengxing, being supervisors of our subsidiaries; and (iii) Mr. Yu Shuangbai, being a chief executive of a subsidiary of our Company, are limited partners in the aforesaid platforms, the other limited partners are Independent Third Parties. See "Appendix V — Statutory and General Information — D. Employee Shareholding Platforms".
4. Leaguer SII's comprises Leaguer VC and Leaguer Yongjin. See "— Pre-IPO Investments — Information regarding our Pre-IPO Investors — Pathfinder SII's".
5. As of the Latest Practicable Date, SZ Packaging is owned as to 51.61% by our Company and as to 48.39% by SZ NEV Fund, an Independent Third Party. For further information of the capital increase, see "— Capital Increase in SZ Packaging".
6. BASiC Zhongke LP is owned as to 69.9% by our Company, with the remaining interests held by two Independent Third Parties, namely, 30.0% by Nanjing Pukou Development Zone High-Tech Investment Co., Ltd.* (南京浦口開發區高科技投資有限公司) and 0.1% by Leaguer Zhongke Private Equity Fund Management (Shenzhen) Co., Ltd.* (力合中科私募股權基金管理(深圳)有限公司).
7. HK BASiC was incorporated as a trading company for the purpose of engaging in import and export of semiconductor and related products for the Group. During the Track Record Period, HK BASiC did not engage in any sale or purchase activities, as these functions were carried out by other entities within the Group based on business needs. Accordingly, HK BASiC did not record any revenue, nor did it have any customers or suppliers during the Track Record Period.
8. During the Track Record Period and up to the Latest Practicable Date, JP BASiC mainly engaged in research and development of semiconductor and related products.
9. The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding.
10. For details of our Pre-IPO Investors, see "— Pre-IPO Investments — Information regarding our Pre-IPO Investors".

Corporate Structure Immediately Following the Completion of the Global Offering

The following chart sets forth our corporate structure immediately after the completion of the Global Offering, without taking into account any H Share which may be issued upon the exercise of the Over-allotment Option:



Note: The percentage of the Shares are rounded to the nearest two decimal places, and the total number of the percentages may not be equal to 100% due to rounding. For notes (1) to (8), please refer to the corresponding note below the chart as set out in “— Corporate Structure Immediately Before the Global Offering”.

OVERVIEW**Who We Are**

We are an enterprise in China's third-generation semiconductor power device industry, specializing in the research, development, manufacturing and sales of SiC power devices. We are the only company in China with integrated capabilities in SiC chip design, wafer fabrication, module packaging, and gate driver design and testing, as confirmed by Frost & Sullivan. We were one of the first domestic companies to mass produce and deliver SiC products for application in NEVs, the largest end-application market for SiC semiconductors. SiC, a leading third-generation semiconductor material, delivers superior performance, positioning it as a critical material for the future of the power device industry.

Through continuous innovation and robust R&D capabilities, we have built a comprehensive portfolio of products, including automotive- and industrial-grade SiC power modules, SiC discrete devices and power semiconductor gate drivers. Our products serve a wide range of industries, including NEVs, renewable energy systems, energy storage systems, industrial control, data and server centers and rail transportations. According to Frost & Sullivan, in terms of revenue in 2024, we ranked sixth in China's SiC power module markets with a market share of 2.9%, and ranked third amongst Chinese companies. In terms of revenue in 2024, we ranked ninth and ninth, respectively, in China's SiC discrete device market and power semiconductor gate driver market, with market share of 2.7% and 1.7%, respectively. These markets are highly concentrated, dominated by a few major international players. China's SiC power device market is highly competitive. According to Frost & Sullivan, in terms of revenue in 2024, major international players (namely, the three largest market players) have a market share of over 50% in both China's SiC power module markets and SiC discrete device market, respectively.

Since our inception in 2016, we have strategically focused on SiC semiconductor applications, securing first-mover advantages and mastering key technologies across the industry chain, including chip design, wafer fabrication, module packaging and gate driver design and testing. Our automotive-grade SiC power modules have been adopted in mass-produced flagship models by leading automotive manufacturers, making us one of the first domestic companies to mass produce and deliver SiC products for application in NEVs, the largest end-application market for SiC semiconductors. Given the typically long assessment cycles and high switching costs associated with SiC products, we have established high entry barriers, cultivated long-term collaborations with our customers and maintained a strong track record of securing design-ins for over 80 vehicle models from more than 20 automotive manufacturers as of the Latest Practicable Date.

Our international founding team and R&D team have built and solidified our position in the SiC power device industry through long-term innovation. As of December 31, 2025, we held 170 registered patents and had filed 132 patent applications, with core products achieving performance parity with international benchmarks according to Frost & Sullivan. We actively contribute to China's third-generation semiconductor R&D and industrial development, undertaking dozens of national and provincial projects under the Ministry of Industry and Information Technology, the Ministry of Science and Technology, and the governments of Guangdong Province. In collaboration with the Shenzhen Research Institute of Tsinghua University, we established the Third-Generation Semiconductor Materials and Devices R&D Center. Additionally, we were approved as the Third-Generation Semiconductor Collaborative Innovation Center under the China Association for Science and Technology's Industry-Academia-Research Integration Technology Innovation Service System (中國科協產學研融合技術創新服務體系), the Guangdong Provincial Third-Generation Semiconductor SiC Power Device Engineering Technology Research Center (廣東省第三代半導體碳化硅功率器件工程技術研究中心) and the Guangdong Provincial High-Voltage High-Power Device Application and Drive Engineering Technology Research Center (廣東省高壓大功率器件應用及驅動工程技術研究中心). We have led or participated in the formulation of three national standards in relation to SiC semiconductors and gate drivers.

We are continuously enhancing our IDM model and are the only SiC power device IDM in China with in-house capabilities that cover the entire value chain — from chip design and wafer fabrication to module packaging, further supplemented by gate driver design and testing — all of which have achieved mass production. Our wafer fab is located in Shenzhen, and our packaging facility is located in Wuxi, with plans to expand packaging capacity in Shenzhen and Zhongshan. Upon completion, we will possess significant domestic SiC power module packaging capacity. By

leveraging both in-house and outsourced production capacities and capabilities, we are poised to gain significant supply chain and cost advantages. Our IDM model ensures full control over design, fabrication and packaging, enabling effective synergies.

As an innovator in the SiC power device industry, our products have gained widespread market recognition due to our first-mover advantage, technology and comprehensive industry coverage. As of December 31, 2025, our cumulative shipments for NEVs exceeded 140,000 units. Our sales volume of automotive-grade SiC power modules increased from over 30,000 in 2023 to over 50,000 in 2025. In addition, we were developing and expanding the sales of our other key products during the Track Record Period. Our robust sales performance translated into continual revenue growth, with our revenue increasing from RMB220.6 million in 2023 to RMB299.0 million in 2024 and further to RMB311.2 million in 2025.

Market Opportunities

The fourth industrial revolution requires more efficient and economical electric power supplies, especially with the rapid growth of renewable energy and compute intensive applications. Conventional silicon semiconductor products are less desirable in these applications due to their inherent constraints. In contrast, the third-generation semiconductors such as SiC offer significant advantages, including high frequency, efficiency, power density, breakdown voltage, thermal stability, and low energy consumption. These properties make SiC a pivotal material for the future of the power semiconductor industry, particularly in NEVs, PV systems, energy storage systems, industrial controls, data and server centers and rail transportations. SiC power devices, often referred to as “green energy devices” for their role in reducing energy consumption, are driving the “new energy revolution.”

The global SiC power device market is currently experiencing a surge in demand, largely due to the continuous reduction in the cost of SiC materials. As the market recognizes SiC’s performance advantages and the cost of SiC continues to decrease, SiC power devices are expected to capture a larger share of the power device market, both globally and within China, marking a significant shift in the industry landscape. According to Frost & Sullivan, the penetration rate of SiC in the global power device market has increased significantly from 1.4% in 2020 to 6.5% in 2024, and is expected to reach 20.1% by 2029. The market size of the global SiC power device market is expected to reach RMB110.6 billion in 2029.

OUR STRENGTHS

Innovator in China’s SiC Power Device Industry

We were one of the first domestic companies to mass produce and deliver SiC products for application in NEVs, the largest end-application market for SiC semiconductors. SiC, an advanced third-generation semiconductor material, delivers superior performance, positioning it as a critical material for the future of the power device industry.

Pioneering Industry Innovation. As an innovator in the power device industry, we are dedicated to driving trailblazing technological advancements across the entire industry value chain. In particular, we have been actively fostering the development of SiC technology and an ecosystem based on it through collaborative innovation. Our unique position as the only enterprise in China with in-house capabilities spanning chip design, wafer fabrication, module packaging as well as gate driver design and testing enables us to achieve seamless integration and accelerate time-to-market for our products.

Our expertise extends across multiple realms, each reinforcing our competitive edge. In the realm of chip design, we leverage our comprehensive knowledge of SiC chip technology, manufacturing and applications to create chips with superior manufacturability and enhanced application reliability. Our manufacturing processes are fortified against potential reliability risks, informed by our extensive experience in module packaging and driver design. In the realm of module packaging, we have set new industry benchmarks by pioneering the application of advanced technologies, such as nano-silver sintering, die top system (DTS, a technology designed to address die interconnection issues in automotive modules) and embedded PCB packaging in the automotive sector. This holistic approach, combined with our commitment to innovation, consolidates our strong position in the SiC power device industry, capable of delivering high-performance and reliable products tailored to the specific needs of our diverse customers.

Ecosystem Development and Mass Production Capabilities. Our extensive production expertise and rigorous quality control standards have further bolstered our first-mover advantages, solidifying our position within the ecosystem. By leveraging our IDM model, we accelerate innovation cycles, achieve significant cost reductions compared to imported alternatives, and reinforce our position as China's foremost SiC technology pioneer with expanding global influence. We have achieved significant milestones in automotive-grade SiC power modules, becoming one of the first companies in China to mass produce SiC power modules for NEV traction inverters. As of December 31, 2025, our annual production capacity of SiC power modules reached 120,000 units. Through the operation of our own production facility, we have significantly shortened our R&D cycle and accelerated product iteration, enabling new products to transition from the research and development phase to mass production verification within our facility.

Customer Success and Market Adoption. We actively collaborate with industry leaders to replace conventional silicon-based solutions with advanced SiC technology, significantly enhancing product competitiveness across multiple sectors. As of December 31, 2025, our SiC power modules have been deployed in over 140,000 vehicles. Our SiC products achieved market validation rapidly underscoring rapid business growth. Our revenue grew rapidly from RMB220.6 million in 2023 to RMB311.2 million in 2025, representing a CAGR of 18.8%. In particular, our revenue from SiC power modules increased from RMB77.0 million in 2023 to RMB122.4 million in 2025, representing a CAGR of 26.1%.

Full-Spectrum Integrated R&D Capability in Delivering Products with Cutting-Edge Performance and Cost Competitiveness

We specialize in SiC power device technology, with a track record of innovation that positions us at the forefront of the industry's evolution. Through long-term dedication to in-house R&D, we are now the only company in China with deep-rooted technological expertise across the entire value chain — from chip design and wafer fabrication to module packaging and gate driver design and testing — positioning us as a fully integrated player in the industry. Our key technology strengths include the following:

Superior Performance. The performance of SiC products is determined by synergistic advancements across chip design, wafer fabrication, and module packaging. Our cutting-edge chip designs like field limiting rings (FLR, a structure used in high-voltage devices to manage electric field distribution) and seal ring enable higher efficiency and power density, while our precision fabrication techniques such as Low Interface State, High Reliability Gate Oxide Process and Self-alignment Process Technologies ensure high performance and high reliability. On the system level, our innovative packaging solutions including DTS and nano silver sintering technology address critical thermal and electrical challenges. Our 1,200V SiC MOSFETs achieve $<2.6 \text{ m}\Omega\cdot\text{cm}^2$ figure of merit, the performance metrics used to benchmark and compare the efficiency and effectiveness of semiconductor devices, $(\text{RDS(on)} \times \text{active area})$ and our wafer fabrication achieved over 92% yield, surpassing the industry average of 3.5 and 80%, according to Frost & Sullivan. Our vertically integrated technological capabilities enable us to deliver enhanced performance and achieve breakthrough metrics in efficiency, power density, and operational lifetime that redefine power electronics applications across NEVs, renewable energy, energy storage, industrial controls and other sectors.

Robust Reliability. Our in-depth expertise in SiC device design, production processes and applications gives us greater autonomy and ensures that our products maintain a superior edge over those of other fabless companies when collaborating with foundries, providing us with a significant competitive advantage. In particular, our deep understanding of the dynamics between device design and production processes enables us to anticipate and account for the practical implications of foundry processes during the design phase. This approach optimizes the performance potential of the foundry's process platform, resulting in products with enhanced performance and reliability. Furthermore, leveraging the extensive research conducted in our own wafer fabrication facility, we have developed proprietary core processes that are more closely aligned with our design requirements. By transferring these optimized processes to our foundry partners, we can achieve superior product performance and reliability. This synergy between our design capabilities and process innovations positions us uniquely in the market, allowing us to deliver cutting-edge SiC products that outperform traditional fabless offerings. Our products have earned the trust of leading customers across multiple industries, including NEVs, PV systems, industrial controls, data and server centers and rail transportations.

Cost Competitiveness. Through vertically integrated technology innovation, we achieve unrivaled cost competitiveness in SiC power device manufacturing. See “— Our Technologies.” By collaborating closely with domestic suppliers, we gain insights into material properties, further enabling technology-driven cost optimization. Our automated assembly minimizes waste and maximizes throughput efficiency.

Strategically Positioned in Capturing Industry Growth

The SiC market presents vast growth potential. As silicon-based devices approach their physical performance limits, SiC emerges as the next-generation semiconductor, offering superior efficiency, higher voltage tolerance, and enhanced thermal stability. These characteristics make SiC the cornerstone of innovation across critical industries, including NEVs, PV systems, industrial controls, data and server centers and rail transportations. We are strategically positioned to capitalize on the expansive and rapidly growing downstream markets, driven by the technological transition from silicon-based to SiC power devices.

We maintain leadership our market position through high entry barriers, a differentiated global strategy leveraging China’s supply chain and localized support — driving growth in domestic and international markets. The multi-year development and lengthy certification processes in these sectors effectively create high barriers to entry, protecting our market position against new competitors. Given the typically long assessment cycles and high switching costs, customers tend to have long-term collaboration with us. This technical capabilities are complemented by our strategic global footprint, developed through a combination of founder-led international networks, overseas R&D teams and sales offices in key markets. We have established ourselves as a truly global independent supplier capable of meeting international standards and customer requirements, going beyond China-centric operations. Our expansion strategy leverages China’s comprehensive SiC supply chain advantages while maintaining the flexibility to serve global leading automotive manufacturers through localized R&D and technical support and sales operations. Together, these factors position us to capitalize on both domestic market growth and international expansion opportunities in the coming years.

We excel in securing orders from leading customers by fulfilling their needs in energy efficiency and system performance. The accelerating adoption of SiC semiconductors is transforming multiple high-growth industries through fundamental improvements in energy efficiency and system performance. In NEVs, automotive-grade SiC power modules are mainly used in motor control systems, which are considered the second most critical component in terms of the cost percentage after batteries in power systems. Our SiC products directly address two critical adoption barriers — range anxiety and charging time — by enabling higher power density and thermal efficiency. The widespread adoption of 800V platforms has been driven by the extensive application of SiC power modules, with 800V platform vehicles achieving a penetration rate exceeding 8% by the end of 2024, a figure projected to grow steadily and enable more 5C ultra-fast charging applications according to Frost & Sullivan. As production costs continue to decline, leading Chinese automotive brands have further begun implementing SiC power modules in their 400V platform vehicles, marking a significant expansion of market applications. Our technological edge has translated into commercial success, with our automotive-grade products progressing from initial vehicle testing in 2019 to securing long-term agreements with leading Chinese automotive manufacturers. As of December 31, 2025, our products had been deployed in over 140,000 vehicles (including both 800V and 400V platforms). According to Frost & Sullivan, we hold a dominant position and rank first among Chinese SiC power device manufacturers in the domestic 400V platforms in terms of shipment volume. Beyond NEVs, our technology delivers similar transformative benefits across renewable energy infrastructure, where enhanced conversion efficiency in solar, wind and energy storage systems reduces capital expenditures while increasing energy output. The accelerating adoption of SiC technology in energy storage inverters delivers superior power density and energy efficiency, empowering our customers to develop next-generation products with enhanced market competitiveness. The same performance advantages are driving adoption in power-intensive applications including data centers, telecommunications infrastructure and industrial automation, where our products significantly reduce operational costs through enhanced energy efficiency. In addition, we have successfully partnered with domestic leaders in welding equipment, electroplating systems, solid-state circuit breakers, and active power filters to develop superior products that enhance end-product performance while demonstrating the transformative potential of our SiC power device technology. It is becoming the enabling technology for next-generation applications including electric aviation and advanced robotics, where its superior thermal management and power handling capabilities support breakthroughs in system performance and reliability.

IDM Model with Domestic and Overseas Supply Chain Capabilities

Strategic Insights and Early Planning. According to Frost & Sullivan, the global top five SiC power device companies all adopted the IDM model, which has become the preferred model in the industry and is poised to dominate in the near future. Envisioning a fully and vertically integrated business model from the outset, we implemented the IDM model in 2020, which enabled us to not only establish a first-mover advantage in the power device industry, but also develop robust capabilities across the entire value chain, spanning chip design, wafer fabrication, module packaging as well as gate driver design and testing.

Our years of R&D and refinement of production processes have enabled us to successfully implement the IDM model. Our commitment to the IDM model has provided us with stable supply of reliable products. As a result, our products have gained recognition from numerous industry-leading customers. While advanced process technologies substantially improve digital chip performance, the functionality of analog chips, particularly power semiconductor chips, primarily depends on the intrinsic properties of the semiconductor materials used. This fundamental understanding drove our strategic decision to control all critical manufacturing processes internally. Various materials possess unique characteristics such as bandgap, carrier mobility, electrical and thermal conductivity, leading to diverse performance outcomes and applications. Consequently, the IDM model fosters innovation through iterative design and process improvements, and supports cost-effective scaling, has emerged as the predominant operational framework in the power device industry and continues to prove to be the most effective. Our extensive SiC experience, combined with IDM model, has resulted in higher production yields compared to industry averages.

Efficient and Synergistic R&D and Manufacturing. As one of China's first semiconductor companies to establish a fully integrated IDM operation, we have achieved full-suite in-house mass production capabilities spanning wafer fabrication and module packaging, supplemented by gate driver design and testing. Our IDM structure enables seamless synergy between R&D and manufacturing. By maintaining control over the entire production process, we achieve accelerated product development cycles through real-time manufacturing feedback, superior quality through optimized process control, and guaranteed supply reliability through production autonomy. New chip designs based on our own existing platform can be completed in less than one week and then delivered to the foundry for tapeout. This vertical integration ensures we consistently meet the stringent customer requirements for performance, quality, and delivery security. Our integrated manufacturing model delivers significant economies of scale. Unlike fabless competitors who incur substantial foundry processing fees, our in-house control of the value chain allows for refined process optimization and efficient scaling. We have achieved lower defect rates through proprietary process innovations. The resulting economies of scale translate into structurally lower production costs, enabling us to offer customers superior price-performance ratios efficiently.

IDM and Foundry Collaborative Production Enabling Rapid Prototyping and Scalable Delivery. While maintaining core manufacturing capabilities, we have established partnerships with leading domestic and international SiC material suppliers and foundries. Our deep expertise in chip design, process and application allows greater autonomy and closer collaboration with foundries, providing a competitive advantage over fabless companies. By incorporating foundry-specific process characteristics into our design phase, we are able to fully leverage the capabilities of process platforms at the foundries, thereby enhancing product performance and reliability. For critical manufacturing steps, we have developed proprietary processes through in-house research at our wafer fab, which, when transferred to foundries, further optimize outcomes.

The strategic value of this business model encompassing IDM and foundry collaboration is further amplified in the current market environment, where supply chain security and cost competitiveness have become critical differentiators. This approach reduces sample lead times, enables parallel development of multiple customer projects and provides seamless transition from prototyping to mass production. It also minimizes capital expenditure burdens while ensuring optimal flexibility and scalability in production capacity, reducing operational risk and enhancing financial resilience. By leveraging both the stability of IDM operations and the flexibly scaling capacity, we are uniquely equipped to capitalize on market opportunities, navigate industry cycles, and sustain long-term growth in the rapidly expanding SiC power device sector, serving global customers across automotive, renewable energy and industrial applications. As a result, we had achieved over 80 design-ins from NEV manufacturers and Tier-1 suppliers as of December 31, 2025.

Founders with Strong R&D Credentials and Extensive Industry Experience, Supported by a Committed and Well-rounded Core Team

Our founders, Dr. Wang and Dr. He, boast distinguished academic and research backgrounds from Tsinghua University and the University of Cambridge. With over 17 years of dedicated experience in advancing power semiconductor technologies, they possess unrivaled technical and market insights of the semiconductor industry. Under our founders' guidance, we established a core leadership that spans R&D, manufacturing, sales and operations, ensuring seamless collaboration across the entire value chain under the IDM business model and strategically focused on SiC power products since inception. With over a decade of cohesive collaboration, our founders and core team demonstrate strong strategic foresight, operational agility, and a track record of execution, offering the perfect blend of vigor and experience — capable of sustaining exceptional performance for decades to come, ensuring long-term stability and innovation.

Our R&D team's multidisciplinary expertise — covering materials science, microelectronics, power electronics, mechanical engineering, and industrial engineering — enables us to stand out among the market competitors transitioning from conventional silicon-based solutions, particularly in the emerging third-generation semiconductor sector. We also nurture close industry-academia partnerships with leading global institutions, strengthening collaboration to facilitate the advancement of our R&D efforts and ensuring a continuous influx of cutting-edge innovations and top-tier talents. Our sales team comprises seasoned professionals from leading industry players, bringing extensive market networks and sales management expertise. Our manufacturing team consists of veterans from leading international semiconductor foundries, ensuring advanced production capabilities. This balanced, high-caliber team positions us as a strong contender in the semiconductor industry, capable of sustaining technological capabilities and market expansion.

OUR STRATEGIES

Continue R&D Investment to Maintain Competitive Edge

To solidify our position in the SiC power device sector, we are committed to continuously optimizing and expanding our R&D team through a global layout to enhance our capabilities and efficiency, which is fundamental to driving technological innovation. With an enhanced R&D team, we expect to broaden our technology reserve. For example, we are exploring process technologies that are compatible with both 6 and 8 inch wafers, aiming to realize better process synergy. This commitment enables us to introduce high-performance, cost-effective products that set industry benchmarks and lead market development.

We aim to continually optimize every aspect of our IDM model. By proactively exploring new technologies, processes, and applications in the SiC power device sector or areas such as Trench MOS and embedded PCB packaging technology through in-house R&D and forward-looking Industry-Academia-Research collaboration, we strive to capture emerging market opportunities and strategically position SiC materials for innovative applications in new fields.

Strengthen the Business Model Encompassing IDM and Foundry Collaboration

We are committed to enhancing our business model, which integrates both IDM and foundry operations, to effectively respond to the rapid expansion of the SiC power device industry. Our strategic initiatives involve a phased expansion of our wafer production capacity through the introduction of advanced equipment, optimization of production processes, and improvements in production efficiency and yield. Meanwhile, we are accelerating the expansion of our in-house design, packaging and testing capabilities to fully satisfy customer delivery requirements and cost objectives.

By strengthening our collaborations with both domestic and international wafer foundries, we aim to develop a robust supply chain that ensures steady capacity and meets the diverse needs of our customers. We are implementing a localized production capacity strategy to streamline our supply chain, enhance delivery efficiency and reduce logistics costs.

Focus on Core Applications and Strengthening Customer Collaboration

We are committed to focusing on core application areas, enhancing customer collaboration, and seizing market opportunities. In the automotive electronics sector, we aim to expand our market share by strengthening partnerships with leading domestic and international automotive manufacturers and Tier-1 suppliers.

We continue to serve leading customers in specialized industries and establish strategic partnerships, seeking to deepen our collaboration with major customers in the PV and energy storage system markets.

Moreover, we are accelerating the transition from conventional silicon-based devices to SiC devices in sectors such as welding, induction heating, electroplating, active power filters, consumer electronics, household appliances, and medical equipment. As we actively enter emerging industries like robotics and electric aircraft, we offer optimized products for robotic servo drive systems and develop comprehensive electric drive products for low-altitude aircraft, tailored to meet industry needs.

Enhance Global Presence to Build a Leading Brand for Power Device

We strive to expand our global presence and establish ourselves as a leading power device brand. By leveraging our advantages in product performance and proven industry applications, we are building a comprehensive global sales network and forming strategic partnerships with leading industry participants worldwide, thereby gradually enhancing our international market presence.

Through close collaboration with upstream and downstream companies across the industry value chain, we are actively developing global production capabilities to create a stable, open and flexible international supply chain system that caters to the diverse needs of our global clientele. Through the strategic deployment of global R&D, production and customer service centers, we aim to respond to our customers' needs and support their international expansion. This will solidify our position as an internationally proficient SiC power device company in the PRC, ensuring we remain at the forefront of technological innovation.

Expand Applications of SiC and Conduct Research of Ultra-Wide Bandgap Semiconductor

Our technology innovations are being applied across multiple high-growth sectors, tackling critical industry challenges. In renewable energy, we have engineered specialized SiC power modules for hydrogen fuel cell systems that demonstrate superior efficiency compared to conventional IGBT solutions, supporting the global transition to green hydrogen infrastructure. For power grid modernization, we are delivering breakthrough high-voltage SiC products including flexible high-voltage direct current transmission systems and advanced DC circuit breakers that enhance grid stability and capacity substantially. The industrial sector benefits from our compact, high-power-density modules that enable more efficient servo drives for robotics and power supplies for data centers. Each application area represents a strategic market opportunity where our SiC technology provides measurable performance advantages over existing solutions.

Leveraging our know-how and application experience in SiC, we are actively advancing next-generation semiconductor technologies by tapping into the research of ultra-wide bandgap semiconductor materials, through foundry partnerships and academic research programs. These materials represent the future of semiconductor technology, offering performance characteristics that far exceed conventional silicon solutions. We are exploring the potential of these materials in addressing emerging challenges in power electronics.

OUR PRODUCTS

We offer power modules, discrete devices and power semiconductor gate drivers, each suited to different application scenarios. The table below sets forth our major products:

Category	Products	Brief Introduction
SiC power modules .	- Automotive-grade SiC power modules - Industrial-grade SiC power modules	Assembled electronic units that perform similar operations as our SiC discrete devices, but more tailored to higher-power application scenarios because of their higher level of system integration that improves heat dissipation. Our SiC power modules are suitable for a wide range of high-power automotive and industrial applications
SiC discrete devices	- SiC MOSFETs - SiC Schottky diodes	Individual components of power electronic systems, performing fundamental operations such as switching and rectification. Our SiC discrete devices are suitable for various applications in automotive and industrial electronics sectors
Power semiconductor gate drivers	- Gate driver ICs - Gate driver boards	Individual components of electronic systems that facilitate the efficient operation of power electronic systems. Our power semiconductor gate drivers are suitable for various uses such as inverters, motor drives and power converters in the new energy industry and industrial applications

There is no overlap among our major products. Our SiC discrete devices are not used or packed in our SiC power modules. Compared to our SiC discrete devices, which typically contain no more than two SiC chips, our SiC power modules typically assemble a greater number of chips. The presence of multiple chips within the SiC power modules, along with advanced cooling structures, facilitates their use in high-power applications with higher current demands and enhanced thermal management. Our power semiconductor gate drivers control and enable the functions of discrete devices and power modules through power amplification, in particular: (i) they convert low-voltage control signals into appropriate gate voltage levels and provide sufficient drive current to amplify such signals, thereby enabling rapid charging and discharging of the devices' input capacitance and achieving precise control over the switching of discrete devices and power modules; (ii) they enhance the operating efficiency of power devices by optimizing switching behavior to minimize energy losses; and (iii) they incorporate protection features to safeguard power devices under abnormal operating conditions.

SiC Power Modules

We are dedicated to delivering high-frequency and high-power-density integrated SiC products. We primarily provide two types of automotive-grade SiC power modules, which are produced using transfer molding (a semiconductor packaging process in which molding compound is heated and transferred into a mold cavity to encapsulate and protect the chip and its interconnections) and gel potting (a semiconductor packaging method where a soft, gel-like material is used to encapsulate components, providing protection against moisture, dust and mechanical stress while allowing thermal expansion), respectively. These modules, with power capacities ranging from 200kW to up to 500kW, are suitable for a diverse range of automotive applications.

In response to the industry's transition from silicon-based IGBTs to SiC power modules in NEVs — a shift motivated by the demand for enhanced efficiency, compact designs, superior performance and increased reliability — we have developed a diverse array of automotive-grade SiC power module products specifically tailored for NEV components, such as the main traction inverters. By employing our proprietary SiC chip design technologies and advanced processes in automotive-grade SiC power module packaging, such as nano silver sintering technology, we enhance the conversion efficiency of power inverters, thereby improving the energy efficiency and driving range of NEVs.

Furthermore, capitalizing on our expertise developed through the creation of automotive-grade SiC power modules, we have expanded our portfolio to encompass industrial-grade SiC power modules. Our industrial-grade SiC power modules feature low conduction loss and low switching loss. By incorporating high-performance substrate materials and high-temperature solder, we have further improved our product reliability. Additionally, our industrial-grade SiC power modules support both press-fit and soldering techniques and NTC temperature sensor integration. We also provide complementary gate driver ICs and gate driver boards featuring our own module.

In 2023, 2024 and 2025, our revenue from SiC power modules amounted to RMB77.0 million, RMB145.6 million and RMB122.4 million, respectively, accounting for 34.9%, 48.7% and 39.3% of our total revenue, respectively.

SiC Discrete Devices

We design, develop and manufacture SiC discrete devices, featuring SiC MOSFETs and SiC Schottky diodes, for various applications including automotive and industrial electronics sectors. Leveraging our technology platform, we are dedicated to the development and mass production of our flagship products with voltage ratings of 650V, 750V and 1200V, designed to meet the diverse application needs of industrial power supplies such as PV systems, energy storage systems, industrial controls, as well as data and server centers.

Benefiting from our IDM model, we maintain full control over our R&D and manufacturing processes, enabling rapid iterations and enhancements in production technology. We integrate in-house production with third-party foundry resources, and have advanced our proprietary production processes to the third generation. Compared to previous generations, we utilize higher precision photolithography and etching equipment, alongside advanced metal filling equipment, to reduce cell pitch and increase cell density. This enables products from the third-generation process to have higher chip conductivity and cost advantages compared to previous products. As we continue to establish our own production bases and improve our production processes, we achieved a growing proportion of in-house production and our fourth-generation MOSFETs have entered mass production in 2025. With the implementation of the self-aligned source contact that improves alignment accuracy in connecting the source region, and trench-assisted contact process that enhances conductivity and reduces contact resistance, in our fourth-generation process, the impact of overlay errors on chip performance and reliability is minimized. This enables further reduction in cell size during product design, achieving superior performance.

In 2023, 2024 and 2025, our revenue from SiC discrete devices amounted to RMB52.6 million, RMB52.0 million and RMB58.4 million, respectively, accounting for 23.9%, 17.4% and 18.8% of our total revenue, respectively.

Power Semiconductor Gate Drivers

Power semiconductor gate drivers are critical components that facilitate the efficient operation of power transistors, such as both silicon- and SiC-based MOSFETs and IGBTs, by providing the requisite voltage and current for their activation and deactivation. Essential in applications like inverters, motor drives and power converters, gate drivers contribute significantly to the efficiency and reliability of power electronic systems by ensuring precise control and optimized thermal management.

We primarily offer two types of gate driver products, including gate driver ICs and gate driver boards, covering various power electronics application scenarios and addressing high-end application requirements. In response to the demands for high efficiency and high power density in power electronic machinery, we have restructured driving technology with a “chip-based” concept and launched gate driver IC products. These products feature highly integrated core circuit designs and simplified peripheral setups, facilitating power devices across the voltage range from 650V to 3,300V.

Our gate driver IC products deliver a maximum driving power of up to 5W and support peak currents of up to 35A. Our gate driver boards are products that can be directly applied to power modules, supporting a zero-peripheral circuit development model, allowing customers to achieve plug-and-play functionality. They are directly compatible with power devices across the voltage range from 650V to 4,500V, with a single-channel power output of up to 6W and peak currents of up to 35A, suitable for mainstream module packaging on the market. Their excellent power and current output capabilities meet various power electronics application scenarios in industrial applications.

Furthermore, to meet the increasing power demands and the growing number of parallel modules required in renewable energy applications such as wind power, photovoltaics and energy storage systems, we have introduced integrated gate driver products. Our integrated gate driver products offer a maximum power of up to 3MW, a maximum single-channel power of 4W and a peak current of 60A. They are adaptable to various three-level topologies and can support up to six parallel module applications, providing robust support for the main circuit driver solutions of power electronic machinery in the new energy industry.

We use our self-developed chipsets in our gate driver products, setting us apart from other domestic gate driver providers in China. Our gate driver solution integrates multiple advanced functionalities through a proprietary chipset architecture. The primary-side chip combines signal processing capabilities (including dual-channel direct and half-bridge operation modes with pulse signal generation for transformer transmission), integrated DCDC conversion (providing isolated power to the secondary-side circuitry), fault reception/lockout and status output functions. The secondary-side chip features signal conditioning (converting received pulses into square waves), power regulation for the drive circuit, output current capability, undervoltage/short-circuit detection with fault transmission through pulse transformers to the primary side and soft shutdown functionality. This comprehensive integration of specialized functions gives our driver chipset a competitive advantage in the domestic market. This strategic approach gives us a competitive edge in performance and cost, ultimately delivering better value to our customers.

In 2023, 2024 and 2025, our revenue from power semiconductor gate drivers amounted to RMB66.8 million, RMB80.1 million and RMB102.6 million, respectively, amounting to 30.3%, 26.8% and 33.0% of our total revenue, respectively.

The table below sets forth the sales volume, average selling price (ASP) and key financial data by product line:

	2023						2024						2025					
	Sales Volume	ASP ⁽¹⁾	Revenue	% of total revenue	Gross loss/profit	Gross margin	Sales Volume	ASP ⁽¹⁾	Revenue	% of total revenue	Gross loss/profit	Gross margin	Sales Volume	ASP ⁽¹⁾	Revenue	% of total revenue	Gross loss/profit	Gross margin
	(unit)	(RMB)	(RMB'000)	(%)	(RMB'000)	(%)	(unit)	(RMB)	(RMB'000)	(%)	(RMB'000)	(%)	(unit)	(RMB)	(RMB'000)	(%)	(RMB'000)	(%)
SIC power modules . . .	30,106	2,558.7	77,033	34.9	(50,820)	(66.0)	61,755	2,357.2	145,567	48.7	(40,605)	(27.9)	180,768	677.0	122,373	39.3	(29,253)	(23.9)
Automotive-grade . . .	30,104	2,559	77,031	34.9	(50,821)	(66.0)	61,401	2,369	145,445	48.6	(40,666)	(28.0)	50,367	1,769	89,087	28.6	(41,247)	(46.3)
Industrial-grade	2	752	2 ⁽²⁾	0.0	1 ⁽²⁾	84.7 ⁽²⁾	354	344	122	0.0	61	50.0	130,401	255	33,286	10.7	11,994	36.0
SIC discrete devices . . .	14,900,596	3.5	52,630	23.9	(96,870)	(184.1)	9,043,934	5.7	51,982	17.4	(50,159)	(96.5)	8,566,373	6.8	58,389	18.8	(38,200)	(65.4)
Power semiconductor gate drivers	404,261	165.3	66,832	30.3	30,430	45.5	1,670,153	48.0	80,092	26.8	37,151	46.4	1,224,516	83.8	102,607	33.0	34,820	33.9

Notes:

(1) The ASP is a mathematical average calculated by dividing relevant revenue with sales volume. The sales price of individual products under the same category may vary significantly based on specifications and functionalities.

(2) The revenue and gross profit for industrial-grade SiC power modules in 2023 was RMB1,504.4 and RMB1,274.0, respectively, leading to a gross profit margin of 84.7%, based on specifications and functionalities.

Commentary on Fluctuations***SiC Power Module******Fluctuations in the Operating Data***

The sales volume of our SiC power modules increased in 2024 compared to 2023, primarily due to the completion of qualification of our automotive-grade modules in 2023 and the rapid increase in demand from leading customers in 2024. The sales volume of our SiC power modules further increased in 2025, primarily due to the commencement of mass delivery for industrial-grade SiC power modules in the second half of 2025 in line with rapidly growing demand for industrial-grade SiC power modules, which was partially offset by a decrease in sales volume of our automotive-grade SiC power modules, mainly as a result of lower-than-expected sales of relevant vehicle models by one of our major customers amid intense market competition.

The ASP of our SiC power modules remained relatively stable in 2024 compared to 2023. The ASP of our SiC power modules decreased in 2025, primarily attributable to the increase in sales of industrial-grade products, which are typically priced lower than the automotive-grade products due to fewer chips and less packaging materials required. Specifically, the decrease in ASP of our automotive-grade SiC power modules was mainly due to (a) our strategic reduction of sales prices in the second half of 2025 to maintain long-term customer relationships; and (b) our forward-looking pricing strategy under which we set competitive pricing incorporating expected future cost optimization and long-term profitability considerations in order to accelerate customer acquisition and market penetration for automotive-grade SiC power modules.

In addition, the decrease in ASP of our industrial-grade SiC power modules was mainly due to (a) our transition from the small-batch sample production to mass production, leading to less technology validation and customer customization which are typically required during sample production stage, and therefore lower sales prices; and (b) change in product mix, as revenue contribution from products with lower voltage and current specifications increased due to the varying requirements of customers. These products had fewer chip count and lower packaging requirements and, accordingly, lower sales prices compared with products with higher voltage and current specifications.

Notwithstanding the fact that our industrial-grade SiC power modules are typically priced lower than the automotive-grade products, industrial-grade SiC power modules generally had better gross margin than automotive-grade products. Our industrial-grade SiC power modules are already applied to the industrial power and energy-storage sectors, establishing first-mover advantages and industry barriers. As a result, our principal models have shown strong profitability. In addition, our relatively strong bargaining power with our customers, given the extensive application scenarios and the relatively dispersed customer base, also contributed to the strong profitability. According to Frost & Sullivan, the gross profit margin profile for the industrial-grade SiC power module industry is generally better than that for automotive-grade SiC power modules.

As a result of the foregoing, revenue from SiC power modules increased from 2023 to 2024 but decreased from 2024 to 2025. Our gross loss and gross loss margin for SiC power modules narrowed in 2024 compared to 2023, primarily due to improved gross loss margin of our automotive-grade SiC power modules as a result of reduced apportioned fixed costs per product, supply chain management advantages, lower material costs, improved production processes and higher yields as we achieved economies of scale. Our gross loss and gross loss margin for SiC power modules further narrowed in 2025, mainly due to the increased revenue contribution from industrial-grade SiC power modules, which generally had better gross margin than automotive-grade products. Nonetheless, the gross profit margin for industry-grade SiC power modules decreased during the same period, mainly as a result of the transition from the small-batch sample production to mass production and change in product mix, as discussed above.

Competing Strategy for Automotive-grade SiC Power Module

During the Track Record Period, automotive-grade SiC power modules underwent a rapid transition from being deployed in premium vehicle models only to being adopted in mid- and entry-level vehicle models too. Their superior performance in NEVs has gained widespread recognition among automakers, positioning them as critical components for enhancing driving dynamics and accelerating the substitution of silicon-based power modules. However, automotive components are subject to rigorous quality standards, and automotive-grade modules, as core vehicular systems, necessitate extensive validation periods and substantial associated costs. Manufacturers that have successfully completed validation first are thus positioned to secure long-term, recurring orders from automakers, enabling rapid market share expansion. Currently, both we and our peers prioritize capturing design-wins of the existing vehicle models or updated vehicle models of existing customers and the systematic conversion of these design-wins into mass-production revenue to capitalize on rapid growth and realize further cost-optimization benefits. In summary, at the present market stage, both we and our peers prioritize order acquisition while maintaining clear visibility into subsequent revenue acceleration and cost efficiencies. As a result, competitive intensity remains elevated, exerting material influence on pricing dynamics.

Rationale and Effectiveness of Pricing Strategies

After fully evaluating future profitability potential, we adopted a forward-looking pricing strategy for automotive-grade SiC power modules. We established product price ranges by comprehensively considering our advantages in product performance and cost control, as well as the sales performance of application vehicle models, thereby creating highly competitive offerings to rapidly secure and expand customer relationships and accelerate penetration into the traditional silicon-based market. This approach has established dual barriers of market adoption and technology; however, because the current pricing incorporated projections of future cost optimization, it resulted in short-term gross margin losses.

During the Track Record Period, our pricing strategy garnered broad market recognition. According to Frost & Sullivan, our market share in China increased rapidly from 0.2% in 2022 to 2.9% in 2024. From the beginning of 2023 to 2025, our design-wins increased from 13 to 30 models, mass-production models increased from two to nine, and we emerged as the seventh-ranked domestic SiC module supplier, underscoring the applicability of our modules. Additionally, we have forged strategic collaborations with leading automotive OEMs and Tier-1 suppliers and are advancing SiC power module product validations with them. These partnerships are expected to transition into phased mass production commencing in 2026, further affirming the efficacy of our pricing strategy in driving market expansion.

Our forward-looking assessment is also evidenced by the sharp decline in the prices of SiC substrate and epitaxial wafer, a trend expected to persist. See “— Path to Profitability — Gross Margin Improvement — Specific Gross Margin Improvement Measures for Major Products.”

Competitive Strengths for Automotive-grade SiC Power Modules

Beyond using a forward-looking pricing approach to rapidly scale our business, we have established competitive advantages which differentiate us from other automotive-grade SiC power module suppliers.

R&D investment. We maintain a high standard of long-term R&D investment and have a comprehensive technology reserve, testified by our intellectual property. This capability has driven continuous breakthroughs in core performance metrics and mass-production yields, materially reducing material costs for automotive-grade SiC power modules and delivering a significant product competitiveness advantage.

Quality management. Our automotive-grade SiC power modules are manufactured on our in-house packaging lines and are subject to strict quality control to ensure they meet the high standards required by automakers. Through consistently stable product quality, we have gradually established a reputation for excellence in the market, accelerating customer adoption and creating a clear brand advantage.

Global footprint. Leveraging a flexible IDM layout, we have built a global supply-chain system and established overseas R&D centers and regional sales and technical-support centers. This enables us to establish commercial partnerships and/or co-development arrangements with globally recognized automakers and Tier-1 suppliers in the electric-drive sector, facilitating efficient conversion from technical collaboration to commercial deployment and creating a global market advantage.

Large-scale mass production. During the Track Record Period, we achieved mass production for nine vehicle models and have 18 models undergoing production validation. Large-scale mass production not only reduces our per-unit R&D and fixed production costs but also strengthens our bargaining power with suppliers, further lowering unit costs and delivering a pronounced cost advantage.

Change in Product Mix

As SiC material costs continue to decline, the cost effectiveness of SiC in industrial applications has improved markedly, while surging demand for high-power devices in new energy systems and data centers has rapidly expanded the addressable market for SiC power modules.

Leveraging our market insights and forward-looking strategies, we have developed industrial-grade SiC power modules for high-power industrial power supplies, energy-storage inverters, centralized charging stations, data-center power supplies, PV inverters and other related sectors. As of the Latest Practicable Date, our industrial-grade SiC power modules are primarily applied to the industrial power and energy-storage sectors, establishing first-mover advantages and meaningful industry barriers. As a result of such first-mover advantages and meaningful industry barriers, our principal models have shown strong profitability. Our relatively strong bargaining power with our customers given the extensive application scenarios and the relatively dispersed customer base also contributed to the strong profitability. As of the date of this prospectus, we hold orders for industrial-grade SiC power modules exceeding 120,000 units, expected to generate substantial revenue and gross profit in 2026. Going forward, we will capitalize on this early-mover position to drive rapid revenue growth through successive iterations in the industrial segment, significantly enhancing overall profitability.

Future Price Trends

With accelerating demand and a moderate pace of raw material price declines, the rate of price erosion for automotive-grade SiC power modules is expected to ease. According to Frost & Sullivan, the unit prices of automotive-grade SiC power modules drastically decreased in 2025, and from 2025 to 2027, the unit prices of SiC automotive-grade power modules will be between RMB1,500 and RMB2,800. As of December 31, 2025, our major types of automotive-grade SiC power modules were priced at approximately RMB1,700, close to the lower bound of this range, leaving limited room for further near-term reductions. Although price and cost volatility may delay the profitability for our automotive-grade SiC power module business, we are well-positioned to achieve gross profit in the near future. Successive product iterations, packaging process improvements, accelerating scale effects and declining raw material costs will enable us to capture the opportunities from large-scale SiC adoption while continuously optimizing production costs to offset pricing pressure. According to Frost & Sullivan, price declines for industrial-grade SiC power modules are expected to be narrower compared to the historical trends. Accordingly, we do not expect future price declines to materially impact our long-term profitability.

SiC Discrete Device

Change in Product Mix

We began the sales of SiC Schottky diodes in 2018, the application scenarios of which cover industrial fields such as wind power, energy storage and industrial control. Although sales of SiC Schottky diode products have been loss-making during the Track Record Period and this trend is expected to continue, they play a strategic role in maintaining a comprehensive product portfolio within the SiC power device industry. This enables us to reach a broader range of customers and generate business opportunities for subsequent sales of SiC MOSFETs and SiC power modules.

Owing to the extensive applicability of SiC Schottky diodes, these products emerged as the preferred entry point for mass production among a majority of manufacturers, including established silicon-based manufacturers. This influx precipitated a pronounced oversupply in the market. To

expedite the displacement of legacy silicon-based products and absorb excess SiC diode capacity, aggressive pricing strategies were adopted industry-wide, resulting in a structural misalignment between prevailing market prices and underlying production costs. Consequently, the ASP for our SiC Schottky diode products experienced a sharp decline in 2023 compared to the ASP prior to the Track Record Period, leading to sustained negative gross margins for this product line.

In response, we proactively optimized our product portfolio by selectively reducing sales of certain SiC Schottky diode variants and reallocating resources toward SiC MOSFET products, which have higher technical barriers. This strategic reorientation yielded expected results in 2024 as we saw a significant increase in SiC MOSFET sales volume.

In addition to optimizing product mix, we have continued to drive iterative upgrades across our existing portfolio. Commencing in 2024, we have proactively supplied next-generation SiC discrete device product samples, including our third-generation SiC Schottky diodes and MOSFETs, to customers and supported comprehensive reliability validation programs, thereby accelerating the commercialization and market penetration of these advanced products. Relative to the previous-generation SiC discrete device product, the new-generation devices maintain equivalent performance and quality standards while incorporating enhanced chip architecture and refined manufacturing processes. These improvements are expected to increase production yields and lower unit manufacturing costs, further strengthening the long-term competitiveness of our SiC discrete device offering.

Fluctuations in the ASP

Despite persistent competitive pressures in the SiC device market and concurrent reductions in upstream supply chain costs, the ASP of SiC discrete devices increased from RMB3.5 in 2023 to RMB5.7 in 2024, and further increased to RMB6.8 for 2025. The ASP of SiC discrete devices increase observed in 2024 and 2025 was primarily attributable to the product mix optimization initiatives previously discussed, rather than any fundamental shift in our pricing strategy. These ASP dynamics also influenced the revenue contribution from SiC discrete devices. Looking ahead, we intend to further refine our production structure, exercise disciplined control over SiC Schottky diode sales volumes, and systematically transition existing customers to our higher-value SiC MOSFET product series.

Future Plans

We anticipate that the competitive environment in the SiC discrete device sector will remain challenging in the near to medium term, with products featuring lower pricing strategy continuing to encounter profitability pressures. In addition, SiC MOSFETs products feature (i) a broad application scope and substantial market potential; (ii) sales volumes, a large quantity of epitaxial procurement and, therefore, an enhanced bargaining power with suppliers; and (iii) enable efficient customer acquisition, seamless transition to industrial-grade SiC power module products and, therefore, significant revenue growth. Accordingly, we will prioritize the expansion of SiC MOSFET sales, which demonstrate superior gross margin profiles compared to SiC Schottky diodes, while sustaining a controlled volume of SiC Schottky diode sales to meet the requirements of existing customers and to present a comprehensive product suite to potential customers. With our ongoing iterations of SiC discrete devices, continuous cost reduction and expanding applications in new fields, the profitability of our SiC discrete devices is expected to improve rapidly. SiC discrete devices are expected to remain an important product line and continue to deliver revenue contributions.

Power Semiconductor Gate Drivers

Fluctuations in the Operating Data

The sales volume of our power semiconductor gate drivers significantly increased from 2023 to 2024 primarily because we increased the offering and sales of products adopted in the renewable energy industry. The ASP of our power semiconductor gate drivers significantly decreased from RMB165.3 in 2023 to RMB48.0 in 2024, primarily because we significantly increased the offering and sales of gate driver IC products in 2024 in line with the increased market demands for such products and our inventory clearance of low-integration general-purpose products. Excluding gate driver IC products, the ASP of our power semiconductor gate drivers remained relatively stable with minimal fluctuations from 2023 to 2024. The sales volume of our power semiconductor gate drivers

BUSINESS

decreased from 2024 to 2025. The ASP of our power semiconductor gate drivers increased from RMB48.0 in 2024 to RMB83.8 in 2025. These changes were primarily because of the change in product mix, where we significantly decreased the offering and sales of gate driver IC products and increased the sales of gate driver board products. The ASP of our gate driver board products decreased from RMB182.2 in 2024 to RMB142.3 in 2025, mainly due to (i) intensified market competition; (ii) changes in our product mix, including the accelerated sales of previous generation products at lower prices; and (iii) the overall downward trend in the market price of SiC products.

Product Mix of Gate Driver Board and Gate Driver IC

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(unit)	(RMB)	(unit)	(RMB)	(unit)	(RMB)
Power semiconductor gate driver board	370,063	180.3	411,815	182.2	712,145	142.3
Power semiconductor gate driver IC	34,198	2.8	1,258,338	4.0	512,371	2.4

During the Track Record Period, our gate driver IC products, principally general-purpose driver chips and associated power supply chips, were utilized in low- to medium-power applications, including mobile power banks and server power supplies. These products primarily served the consumer electronics and small-scale power system sectors, which are characterized by comparatively limited value addition. By contrast, our gate driver boards were designed for high-power applications, such as photovoltaic and energy storage systems, and incorporated high-power driver chips featuring higher technical barriers and greater product value. These chips are not marketed independently and constitute the core technology of the boards. Gate driver ICs accounted for a modest proportion of revenue within our power semiconductor gate driver business line, with gate driver boards representing the principal focus. In 2024, the ASP of our gate driver IC increased substantially, driven by orders for production-customized driver chips. Concurrently, the sales volume of our gate driver IC increased because we executed proactive inventory clearance of low-integration general-purpose products, which accounted for more than 80% of our total sales volume of gate drive ICs, resulting in sales volume fluctuations that were anomalous and unrelated to underlying customer demand. Except for 2024, the revenue of gate driver IC products in each year contributed to less than 2% of the total revenue of our power semiconductor gate driver products in the respective period. In 2024, the revenue contribution of gate driver IC products contributed to approximately 6% of the total revenue of our SiC semiconductor gate driver products in 2024 due to the above reasons.

Looking ahead, we will sustain our strategic emphasis on the development and commercialization of gate driver boards and related modular products, while maintaining ongoing research and development and iterative enhancements for gate driver ICs. We intend to gradually penetrate additional low- to medium-power application scenarios and dynamically calibrate business scale in accordance with prevailing market conditions, thereby improving revenue and gross margin performance across the entire portfolio.

The price range of our products during the Track Record Period was relatively large due to the variation of prices among different sub-categories, as well as the market competition which reduced the ASP of certain products as discussed above. During the Track Record Period, for SiC discrete devices, including both SiC Schottky diodes and SiC MOSFETs, the price range was between RMB1.2 and RMB34.8. The price range for SiC power modules, including both automotive-grade and industrial-grade SiC power modules, was between RMB102.2 and RMB4,923.7. The price range for power semiconductor gate drivers, including gate driver boards, which accounted for the majority of our revenue from power semiconductor gate driver products during the Track Record Period, was between RMB68.2 and RMB3,174.4. The customer acquisition cost, defined as the selling and distribution expenses, deducting the share-based payments expenses, and then divided by the number of new customers (not including distributors) for each year, amounted to RMB103.3 thousand, RMB119.7 thousand and RMB129.0 thousand in 2023, 2024 and 2025, respectively. The increasing trend from 2023 to 2025 was primarily because of (i) our strategy of leveraging high technical barriers to entry to acquire high-end, international customers, whose validation processes

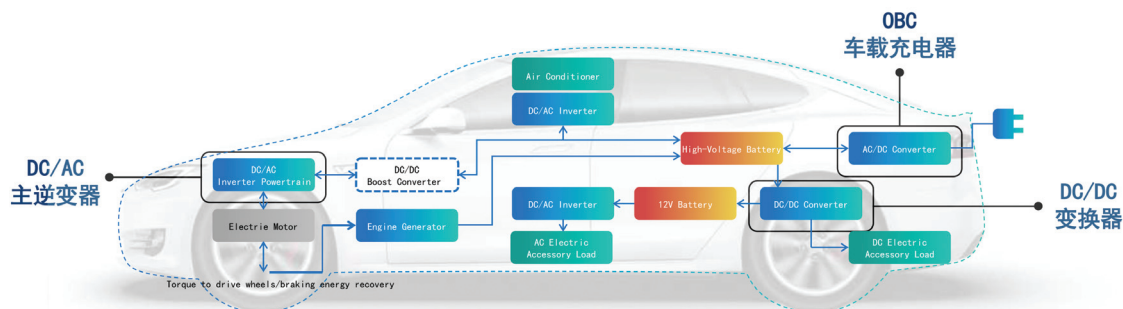
BUSINESS

are more complex; (ii) our increased sales of products with relatively high technological barriers that lead to greater investment in marketing, demonstrations and after-sales support; and (iii) our strategic reduction in the promotion of products with low technological barriers which led to a decrease in the number of new customers acquired, resulting in an increase in customer acquisition cost.

Primary Application Areas

As an IDM, we design, develop and manufacture SiC and gate driver products, suitable for a range of application areas, including NEVs, renewable energy and industrial applications.

NEVs



Our SiC products are primarily applied to NEV components, such as the main traction inverters. Additionally, as integration of electrical systems on EV progresses, such as integration of the cooling of batteries and motors with the air conditioning systems, the demand for superior semiconductor devices is expected to increase further. In capturing opportunities brought along by this trend, we have also developed a range of SiC products to be used in DC-DC converters, OBC, BMS and air compressor solutions. These innovations are designed to enhance the overall efficiency and performance of modern xEVs.

The table below demonstrates details of operating data for our automotive-grade SiC power modules as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Number of NEV models for which we achieved design-wins ⁽¹⁾	13	20	30
Number of mass-produced NEV models adopting our automotive-grade SiC power modules	2	8	9
Number of NEV manufacturers with mass-produced NEV models adopting our automotive-grade SiC power modules ⁽²⁾	2	6	7

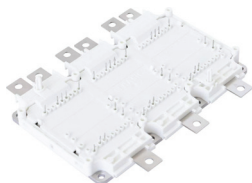
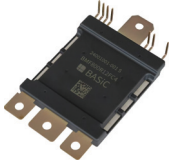
Notes:

- (1) Due to the lengthy and rigorous customer validation processes required for NEV applications, certain of our automotive-grade SiC power modules that had achieved design-wins were still undergoing testing as of December 31, 2025.
- (2) NEV manufacturers typically place orders with us on a transaction basis in accordance with their production plans.

According to Frost & Sullivan, for the SiC semiconductor power device, it normally takes one to two years and between RMB7 million to RMB10 million, including basic automotive-grade testing costs and functional safety certification costs, to convert design-wins into commencement of mass production. This period primarily includes the time for downstream customers to complete

the long assessment cycle of SiC semiconductor power device. Nonetheless, the duration of the verification process may vary for downstream customers based on factors such as their historical practices, the specific SiC semiconductor power device products purchased and the automotive models in which the products are used. According to the same source, downstream customers of the SiC semiconductor power device industry tend to have long-term collaboration with mid-stream suppliers. This is primarily because the rigorous verification process for new components and the need for high reliability from critical components necessitate a thorough evaluation of potential suppliers, making the process of building trust and forming partnerships between downstream customers and their suppliers complex and time-consuming. See “— Path to Profitability — Revenue Growth Acceleration — Converting Design-wins into Revenue” for detailed discussion of our design-win conversion.

The following table sets forth our key SiC products used in automotive electronics and their respective characteristics.

Application	Our SiC Products	Characteristics
Traction Inverters . . .	Pcore TM 6 – Automotive HPD SiC MOSFET Module 	With adoption of pressure-assisted nano silver sintering process, high-density copper wire bonding technology, Si ₃ N ₄ AMB ceramic substrate and a direct liquid-cooled Pin Fin structure, the Pcore TM 6 series is a compact power module designed for hybrid and electric vehicle efficiency enhancement, featuring lower power loss, high blocking voltage, low on-resistance, high current density, and high reliability (above the AQG-324 reference standard).
Traction Inverters . . .	Pcore TM 2 – Automotive DCM SiC MOSFET Module 	This power module employs advanced pressure-assisted nano silver sintering process, high-density copper wire bonding technology, Si ₃ N ₄ AMB ceramic substrate and a direct liquid-cooled Pin Fin structure (a heat sink design featuring an array of pin-like fins that enhance thermal performance by increasing surface area and promoting efficient heat dissipation). The module is characterized by low switching losses, low conduction loss, high blocking voltage, high current density and high reliability.
OBC	SiC discrete device 	Our SiC discrete devices exhibit high efficiency and reliability in OBCs, effectively reducing energy loss and increasing charging speed. Advanced materials and processes are used to ensure stable performance in high-temperature and high-voltage environments.

Case Study — SiC Power Modules for NEVs

We collaborate closely with multiple automotive manufacturers and their Tier-1 suppliers, engaging in the initial module design phase to address any issues encountered during development and application. This ensures the successful integration of our SiC products in automotive applications. In 2021, we developed the PcoreTM6 HPD series of automotive SiC power modules for a leading global automotive manufacturer to meet the demand in the NEV sector for greater output

power and higher output efficiency in traction inverters, as well as the high power density requirements of integrated electric drive systems within limited space. The following outlines the details of our product development:

Application areas: On-board motor controller products, including power generation and drive units for BEVs, hybrid EVs and extended-range EVs.

Our product: 1,200V and 750V HPD SiC three-phase full-bridge power modules.

Customer requirements and pain points: Customers in the NEV sector seek to apply more efficient and higher power output SiC products in traction inverters to achieve higher power levels for single motors. Conventional IGBT power modules cannot meet the power requirements of traction inverters in high power levels, and the high conduction losses of IGBTs in medium and low power ranges pose a significant challenge, limiting the driving range of NEVs.

Product features: Our certain 1,200V automotive-grade SiC power modules feature low power loss, low stray inductance ($<8.5\text{nH}$, enabling high-speed switching performance), low on-resistance ($<2\text{m}\Omega$), high current density, high blocking voltage ($>1,200\text{V}$), high reliability (exceeding AQG-324 standards) and continuous operating junction temperature up to 175°C . These characteristics significantly enhance the module's power density, making the products suitable for traction inverters and powertrain systems in NEVs. Furthermore, SiC exhibits significant advantages in energy efficiency as compared to IGBTs, primarily due to its (i) higher operating frequencies, which result in lower switching losses; and (ii) reduced conduction losses. When our SiC power modules are applied to our customers' NEVs in 2024, they enabled the electric control system to achieve a peak efficiency of 99.85%, improved the electric drive efficiency by approximately 2% and extended the driving range by approximately 30 kilometers, compared to IGBT-based systems.

Product iteration: Our Pcore^{TM6} HPD automotive SiC power module products were mass-produced and delivered in September 2022. Subsequently, we have developed a series of products with new packaging, such as Pcore^{TM2} DCM and Pcore^{TM1} TPAK, adopting the same packaging technology, as well as other products of different specifications to meet customer needs. We continually advance the research and validation of new processes and technologies, employing advanced materials to develop various technologies and processes for expanding the application of SiC in traction inverters for NEVs, helping customers achieve better performance, greater reliability and lower costs.

Achievements: Our flagship Pcore^{TM6} HPD SiC three-phase full-bridge products have been applied in eight NEV models, receiving widespread acclaim and recognition within the industry, and won the 20th TOP10 POWER Technology Breakthrough Award (第二十届TOP10 POWER技術突破獎) in 2022.

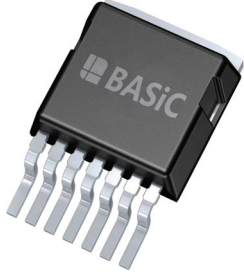
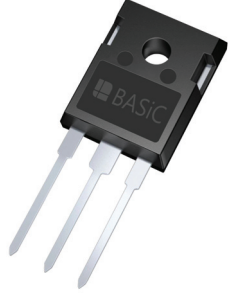
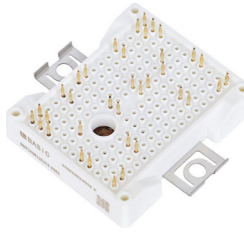
Renewable Energy and Industrial Applications

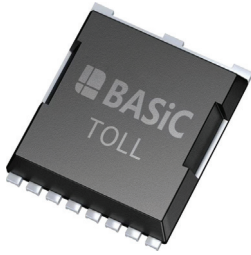
Our SiC products are applied in various renewable energy and industrial applications, including PV inverters, energy storage systems, high-end welding machines, UPS as well as data and server centers. According to Frost & Sullivan, the penetration rate of SiC in PV and energy storage sectors is expected to increase from 9.7% in 2024 to 20.4% in 2030. In the power grid sector, the penetration rate of SiC is projected to rise from 4.2% in 2024 to 14.6% in 2030.

Our SiC products offer advanced, efficient and cost-effective solutions. For example, our SiC half-bridge MOSFET modules feature low conduction loss and low switching loss, making them ideal for high-frequency applications. They offer high reliability with a junction temperature of up to 175°C . When applied in inverter welding machines, they consume less energy compared to IGBT power devices, helping customers reduce electricity costs.

BUSINESS

The following table sets forth our key SiC products used in renewable energy and industrial applications and their respective characteristics.

Application Area	Our SiC Products	Characteristics
PV Inverter	SiC discrete device 	Our SiC products are essential components in PV inverters, which convert the DC electricity generated by solar panels into AC electricity for use in homes and businesses. By enabling higher efficiency in the power conversion process, our SiC devices maximize energy harvesting from solar panels. Their capacity to operate at higher temperatures allows for more compact and lighter PV inverters, decreasing installation costs and enhancing overall system performance.
Energy storage systems	SiC discrete device 	Our SiC products play a critical role in energy storage applications, such as battery management systems and power conversion processes. They facilitate efficient energy transfer in bidirectional converters, managing the flow of energy into and out of storage units, thereby ensuring effective charging and discharging cycles. This capability is especially beneficial for applications integrating renewable energy sources with energy storage, enhancing overall system responsiveness and reliability.
High-end welding machines	SiC MOSFET module 	Our SiC products improve the performance of power converters used in high-end welding machines. With the ability to handle high current loads and provide fast switching capabilities, our SiC devices enable precise control over the welding process, resulting in enhanced weld quality, reduced energy consumption, and increased operation speed, ensuring consistent and reliable results.
Uninterrupted Power Supply (UPS) systems	SiC MOSFET module 	Our SiC products are employed in UPS systems to deliver backup power during outages and maintain power quality. The high efficiency of our SiC devices minimizes energy losses, which is crucial for extending backup power duration. Additionally, their rapid switching speeds enhance the response time of UPS systems, improving overall reliability and performance while reducing heat generation and cooling needs.

Application Area	Our SiC Products	Characteristics
Power supplies for data and server center	SiC discrete device 	Our SiC products are utilized in data and server center power supplies to deliver high efficiency, low power loss, high-frequency performance, high-temperature resilience, and superior reliability, along with environmental benefits. These advantages not only enhance the overall performance of data and server center power systems but also provide critical support for data and server centers in achieving energy savings, emission reduction, and cost optimization.

Case Study — SiC Integrated Products for Commercial and Industrial Energy Storage Inverters

We developed an advanced SiC integrated solution, involving SiC MOSFET modules and gate driver ICs, specifically designed for commercial and industrial energy storage inverters for a globally leading company in the renewable energy industry. The following outlines the details of this development:

Application area: 125kW commercial and industrial energy storage inverters, which convert AC from the grid into DC to charge battery packs or convert DC generated by battery packs into AC for the grid.

Customer requirements and pain points: Our customer required a more cost-effective solution for commercial and industrial energy storage inverters. Conventional IGBT solutions have lower operating frequencies and higher power losses, resulting in lower overall power density and increased design complexity. This negatively impacts the efficiency and compactness of energy storage systems, necessitating more space and complicating integration into compact designs.

Achievement: Our SiC products have increased switching frequency and reduced energy losses. Compared to IGBT products, SiC MOSFETs consume less energy, enabling the use of smaller heat sinks and thereby reducing overall system costs. The adoption of two-level topology significantly simplifies the customer's R&D process. Our power semiconductor gate driver products boast an integrated and miniaturized design, delivering enhanced operational efficiency and cost-effectiveness for our customer.

Case Study — SiC Products for Data and Server Center Power Supplies

As AI applications grow significantly across industries, more computing power is required at large data and server centers. As a result, servers with high power consumption are placing stringent demands on system efficiency. According to Frost & Sullivan, the global market size of SiC power devices in data centers is expected to grow from USD6 million in 2024 to USD86 million in 2030, at a CAGR of 58%.

We provide SiC products, mainly SiC MOSFETs, to leading manufacturers of power supply products, enabling high-efficiency power supplies for data and server centers. The following outlines the details of this development:

Customer requirements and pain points: Given the significant power consumption of servers, our customers demand stringent efficiency requirements to mitigate high utility expenses while maintaining high reliability standards.

BUSINESS

R&D focus: Leveraging the high-frequency and long-term reliability of SiC MOSFETs, we collaborated with our customer in the development and optimization of SiC MOSFETs for bridgeless power factor correction (PFC, techniques and devices used to improve the power factor of electrical systems) topologies, applying them in server power supplies to achieve significant efficiency improvements over conventional silicon-based power products. We considered the customer's requirements for electromagnetic interference, power loss and protection level during product development, ensuring our products meet their objectives.

Achievement: Our products, with superior high-frequency characteristics compared to conventional silicon-based products, enable higher switching frequencies in customers' systems, significantly reducing system size and weight, and greatly enhancing power density. The major efficiency metrics for customers are substantially improved, reducing electricity costs and delivering considerable benefits.

The table below sets forth our key operational data by end application:

	Year ended December 31,					
	2023		2024		2025	
	Automotive electronics	Renewable energy and industrial applications	Automotive electronics	Renewable energy and industrial applications	Automotive electronics	Renewable energy and industrial applications
Number of customers . . .	50	540	51	459	39	426
Number of new customers ⁽¹⁾	35	285	34	220	25	198
Average customer value (RMB'000) ⁽²⁾⁽⁶⁾	4,807	1,129	11,226	1,263	7,802	1,959
Average transaction value (RMB'000) ⁽³⁾⁽⁶⁾	35	25	32	26	30	30
Customer retention rate (%) ⁽⁴⁾⁽⁶⁾	66.7	62.5	50.0	48.8	53.8	56.4
Net revenue retention rate (%) ⁽⁵⁾	94.1	80.8	96.8	73.5	97.8	81.6

Notes:

- (1) Number of new customers in a given period refers to customers who contributed to our revenue in that period and did not do so in the previous period.
- (2) The average customer value for a given period is calculated by dividing the revenue from the application area in that period by the number of customers operating in that application area during the same period.
- (3) Average transaction value for a given period is calculated by dividing revenue from the application area in that period by the number of corresponding transactions during the period.
- (4) Customer retention rate is calculated by dividing the number of customers that contributed to our revenue in both the current and previous periods by the number of customers in the previous period, and then multiplying by 100%.
- (5) Net revenue retention rate is calculated by dividing the revenue generated from the customers in the current year by the revenue generated from the same customers in the immediately preceding year.
- (6) Our calculation is based on mass-delivery customers and their transactions, excluding the impact of sampling transactions that had insignificant value or other incidental transactions.

During the Track Record Period, the majority of our revenue was derived from sales to the renewable energy and industrial application scenarios. The revenue derived from sales to the automotive electronics application scenarios in each year during the Track Record Period as a proportion to our total revenue generally ranged from approximately 28% to approximately 50%. The revenue derived from sales to the renewable energy and industrial application scenarios in each year as a proportion to our total revenue generally ranged from approximately 50% to 72%. The gross margin of our sales to the renewable energy and industrial application scenarios was generally better than that of our sales to the automotive electronics application scenario, which is in line with

BUSINESS

the industry norm, according to Frost & Sullivan. During the Track Record Period, the revenue generated outside the PRC increased, while remaining immaterial as a proportion to our total revenue in each year. We expect such revenue to become an important component of our future revenue.

COMMERCIALIZATION

The following chart illustrates the commercialization timeline of our major products, reflecting our continuous application of advanced technologies:

Product category	Product iteration	Launch (sample product produced)	Mass production
SiC power modules	G1-Potting packaging	2019	2022
	G2-Molding packaging	2022	2023
	G3 Chip Embedded PCB Packaging	2025	2027 mass production expected
SiC discrete devices	G1-Planer MOSFET	2017	2018
	G2-High current density MOSFET	2021	2022
	G3-Mini-pitch MOSFETs	2024	2025
	G4-Micro-pitch MOSFETs	2025	2025
Gate driver ICs	G1-Digital isolated gate driver ICs	2021	2023
Gate driver boards ⁽¹⁾	G3-Driver board based on our 2nd-gen proprietary IC	2019	2021

Note:

- (1) As part of our development strategy, we integrated gate driver business from Bronze Group in 2020. Our G1-discrete-component based driver board and G2-driver board based on our proprietary IC products, launched in 2011 and 2013 and commenced revenue generation in 2012 and 2014, respectively, were integrated from Bronze Group.

SPECIALIST TECHNOLOGY INDUSTRIES

Our industry consultant, Frost & Sullivan, confirms and our Directors are of the view that based on the above, each of our SiC products falls within an acceptable sector of a Specialist Technology Industry, namely, Semiconductors under Advanced Hardware and Software as defined under Chapter 18C of the Listing Rules. Accordingly, we meet the definition of a Specialist Technology Company under Chapter 18C of the Listing Rules.

OUR TECHNOLOGIES

In developing SiC power devices, we leverage our own wafer fabrication, device packaging facilities and process know-how to enable rapid validation of design. This deep coordination between design and process enables rapid optimization and technological iteration. Our in-house production lines allow quick adjustments to process parameters, enhancing device performance and reliability. This bidirectional iteration between product design and production process shortens R&D cycles and accelerates cost reduction. The following are the technologies related to our products and manufacturing processes:

SiC Chip Design Technologies

Key Parameter Design for SiC MOSFET Device Cells. We focus on the design optimization of SiC MOSFET devices to achieve high performance, reliability and quality consistency while maintaining cost control. The key performance parameter of SiC MOSFET devices is on-resistance per unit area, also known as specific on-resistance. Through design improvements, we optimize and regulate key dimensional parameters and doping levels of chip cells, achieving a superior balance between chip blocking, conduction and switching characteristics. We also strictly control the production process of 6-inch SiC wafers, successfully reducing their specific on-resistance and switching losses by optimizing core process parameters and effectively controlling process

variance. Our efforts have led to more compact chip design and a significant increase in the number of chips produced per wafer, thereby substantially lowering production costs. To further solidify our advantage in cost control, we have developed our proprietary self-aligned source-gate contact technology, which increased the number of third-generation SiC MOSFET chips produced per wafer by over 40% compared to the previous generation.

Terminal Structure Design for SiC MOSFET Devices. Our redesigned terminal structure optimizes electric field distribution to address the challenge of high-temperature on-resistance in conventional silicon-based power devices. This innovation, while maintaining identical breakdown voltage, allows for optimized epitaxial layer doping concentration, minimizing resistance from the epitaxial layer. The reduction in high-temperature conduction losses enhances thermal reliability, operational stability and energy conversion efficiency at elevated temperatures.

Fabrication Process Technologies

High Temperature Ion Implantation, Annealing and Carbon Film Removal Process Technologies. We have developed a comprehensive short-process integration solution for SiC wafer fabrication, utilizing high-temperature ion implantation, carbon film protection, high-temperature annealing and carbon film removal. High-temperature ion implantation enhances dopant activation and reduces lattice defects, thereby improving device performance and reliability. High-temperature annealing and carbon film removal are critical post-implantation steps. Our annealing technology balances lattice repair and dopant activation, reducing interface state density and improving carrier mobility. Precise control during carbon film removal prevents over-etching and residue, ensuring surface quality and reliability.

Self-alignment Process Technologies. The self-alignment process reduces lithography alignment operations, minimizes errors from multiple alignments and enhances device precision. This technology streamlines the process flow, shortens the production cycle and lowers defect rates, cutting production costs. Additionally, its precise control of the implantation region reduces impurity diffusion, optimizes the internal electric field distribution, increases breakdown voltage and enhances reliability in high-voltage applications.

Low Interface State, High Reliability Gate Oxide Process Technologies. By analyzing atomic properties at the interface, we gain a deep understanding of MOS (metal oxide semiconductor) interface defects and validate process impacts through experiments. Our optimized high-temperature oxidation process, which considers atmosphere, temperature and time, passivates interface defects and reduces interface state density, enhancing electrical characteristics and reliability. We evaluate the optimized process through testing and integrate these technologies into the SiC MOSFET process flow. Compared to conventional methods, our technology improves oxide layer quality, interface state control and high-temperature annealing effects, supporting large-scale production of reliable SiC MOSFET devices.

Packaging Process Technologies

We use advanced technologies like pressureless nano silver sintering, thermal design, and sealing and protection technology to enhance device performance, reliability, and stability. These technologies offer high junction temperature, low thermal resistance, and low parasitic inductance. Our packaging process technology leverages the high breakdown electric field strength and thermal conductivity of SiC materials to ensure stable performance in high-voltage and high-temperature environments, preventing insulation failure and performance degradation. By minimizing parasitic inductance and capacitance, we reduce drive signal transmission delay and switching losses, improving switching speed and efficiency.

Nano silver sintering technology. Nano silver sintering technology uses nanoscale silver particles to create connections at relatively low temperatures (below 200°C) and under certain pressure. This process forms a continuous silver bonding layer with excellent electrical and thermal conductivity, enhancing device performance and stability by reducing thermal resistance and preventing overheating. The small size of the nano-silver particles allows for precise control of connection areas and layer thickness, essential for the miniaturization and integration of modern electronic devices.

Copper-Copper Ultrasonic Interconnection Technology. Copper-copper ultrasonic interconnection technology uses ultrasonic energy to bond copper to copper. This technology creates high-strength connections capable of withstanding significant mechanical loads, ensuring reliability in complex stress environments like aerospace electronics. The copper-copper bonds maintain excellent electrical and thermal conductivity, facilitating efficient signal transmission and heat dissipation.

Gate Driver-Related Technologies

Gate Drive Technology and Isolation Technology. Our high-voltage gate control technology, based on our independently developed ASIC chipset, enables efficient switching of power devices and dynamic adjustment of gate voltage. This can be achieved with minimal peripheral circuitry, reducing parasitic effects during high-speed switching. In addition, our capability to utilize different isolation technologies, namely, pulse transformer isolation and digital isolation, helps us achieve up to 10KV insulation withstand voltage while ensuring reliability.

Gate Driver Device Protection Technology. We have integrated various protection functions into our independently developed ASIC chipset. This chipset includes short-circuit protection, overvoltage and undervoltage protection, active clamping, soft shutdown, temperature monitoring and fault feedback. To better meet customer requirements, we can also combine CPLD/FPGA programmable devices to implement additional functions, such as fault identification and power voltage monitoring, making the system more intelligent.

RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new products, and enhance existing products is critical for maintaining our market position.

R&D Team

Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products which help maintain our technological advantages and market competitiveness. Each of our core R&D team members has more than 16 years of experience in the power device industry. Each of our core R&D team members has their specialized area and the following table sets out their profile:

Core R&D team member	Profile
Dr. WANG Zhihan	Our founder and chairman of the Board; executive Director since May 2025. B.Eng. in electrical engineering (Tsinghua, 2003), M.Phil. and Ph.D. in power electronics (Cambridge, 2005 and 2009). Over 17 years of industry experience. Leads R&D of chip design and fabrication techniques. See “Directors and Senior Management — Board of Directors — Executive Directors.”
Dr. HE Weiwei	Our chief executive officer; executive Director since May 2025. B.Eng. in electrical engineering (Tsinghua, 2007), Ph.D. in power electronics (Cambridge, 2014). Holds positions in several industry associations and research centers. Leads R&D of power module technologies. See “Directors and Senior Management — Board of Directors — Executive Directors.”
Mr. FU Junyin	Director since August 2020; executive Director since May 2025. B.Eng. in electrical engineering (Tsinghua, 2003). Extensive hardware engineering experience. Leads R&D of power gate driver technologies. See “Directors and Senior Management — Board of Directors — Executive Directors.”

As of December 31, 2025, our R&D team consisted of 155 members, approximately 79.4% of whom held a bachelor’s degree or above, and represented 29.5% of total employees as of the same date. We have established an R&D center incorporated in Nagoya, Japan to access Japan’s talent pool and maintain proximity to customers. We incurred R&D expenses of RMB75.8 million in 2023, RMB91.1 million in 2024, and RMB109.7 million in 2025.

We retain key management and technical staff with competitive remuneration packages and welfare benefits. To mitigate the risks associated with key staff departure, we have implemented preemptive, active and post-departure measures, including supervisor assessments to identify early signs of dissatisfaction, targeted retention efforts upon resignation, and team stabilization and continuity measures post-departure. Additionally, we safeguard intellectual property through the IP guard encryption system, contractual non-compete obligations and reserved rights to enforce restrictive covenants. We also invest in continuing education and training programs to upskill our key management and technical staff. In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and collect feedbacks on us.

The key terms of agreements with management and key technical staff include: (i) ownership of intellectual property created during employment; (ii) prohibition on other paid employment without our consent; (iii) non-competition obligations of up to two years post-termination; and (iv) confidentiality obligations during and after employment. We have established incentive programs for R&D employees, with special rewards granted for projects that bring breakthrough results.

Key Research Projects

Building on our comprehensive capabilities in chip design, manufacturing and testing, we are developing and iteratively upgrading our SiC products. We offer one-stop services ranging from technical support to customized products. Our key research projects include:

SiC Power Modules

Copper sintering: We are currently developing a more advanced module packaging process using copper sintering technology for NEV and industrial applications, aiming to replace costly silver sintering while improving thermal performance and reliability. We focus on optimizing the process for enhanced heat dissipation, mechanical strength and durability, reducing costs and increasing power density for lighter, more compact inverter systems. This offers higher efficiency, lower expenses and improved thermal management, positioning us competitively in the NEV and industrial power electronics markets. Our development is currently in the preliminary reliability testing phase, where we are evaluating the copper sintering process under various conditions, including thermal cycling, power cycling, humidity resistance and mechanical stress. These tests simulate real-world environments to ensure our technology meets stringent NEV and industrial requirements. According to our production timeline, we have completed reliability verification by the end of 2025, followed by product finalization in the first quarter of 2026. This schedule allows sufficient time for thorough testing, process optimization and qualification procedures to ensure our copper sintering technology meets industry standards and customer expectations.

Embedded PCB: Our development is currently in the preliminary design and prototyping phase, where we are fabricating initial samples to validate our PCB embedding concept and lamination process. These prototypes are undergoing comprehensive reliability testing, including thermal cycling, power cycling, vibration resistance and long-term aging tests to ensure bonding integrity, thermal interface performance and electrical characteristics under stress. Following our development roadmap, we plan to complete reliability verification by the second quarter of 2026, allowing us to finalize the product design and manufacturing processes by the end of 2026. Mass production is scheduled to commence in early 2027, providing sufficient time for process scaling, supply chain establishment and customer qualification procedures. This innovative PCB-embedded approach significantly advances SiC power module packaging, offering superior electrical and thermal performance compared to traditional packaging methods. The integration of temperature sensing capabilities and optimized thermal management enables higher power density applications while maintaining excellent reliability, positioning our solution as a next-generation technology for high-performance power electronics applications.

SiC Discrete Devices

Mini-pitch SiC MOSFETs: Since April 2024, we have been developing our mini-pitch process platform, which primarily targets products used in traction inverters for NEVs, switching power supplies, power inverters, PV inverters, motor drivers and NEV charging stations. We plan to develop 650V, 750V and 1,200V MOSFET products based on the mini-pitch process platform, effectively reducing cell size and chip area while improving wafer utilization, offering stable performance and reliability advantages.

Micro-pitch SiC MOSFETs: Since August 2024, we have been developing our micro-pitch process platform, which primarily targets products used in microinverters, computing power supplies, energy storage, communication power supplies and servo motors for data and server center power supplies. Beyond fundamental performance enhancements, application-friendly features are being developed for innovative package solutions, such as miniaturized power modules and embedded PCB integration. For example, as of the Latest Practicable Date, we were capable of producing 650V SiC MOSFETs for high-voltage direct current AI data center server power supplies using our micro-pitch process platform. Our AI data center server power supply products began mass production in the first quarter of 2026. We were capable of producing 2000V SiC MOSFETs as core components for solid-state transformers using our micro-pitch process platform. This product is anticipated to begin mass production in the second quarter of 2026.

Trench MOSFETs: We have been focusing on the R&D of trench MOSFETs and have obtained relevant invention patents. These MOSFET products can further enhance device conduction performance and achieve better cost-effectiveness. We have developed and integrated the necessary manufacturing processes of our own for future product launches.

SiC JFETs: We plan to develop SiC JFET devices in 2026, with mass production expected to begin in early 2027. Compared to MOSFETs, JFETs have lower on-resistance, which offers significant advantages in terms of reduced power consumption in applications such as solid-state circuit breakers.

Power Semiconductor Gate Drivers

Gate driver ICs: We have been developing and launching gate driver chips based on high-voltage capacitive isolation since 2021. This series of chips features high isolation voltage, high common-mode transient immunity ($>150\text{V/ns}$) and strong driver capability. We offer multiple products, including single-channel, dual-channel and intelligent models with short-circuit protection, designed to drive IGBTs, SiCMOSFETs and silicon MOSFETs. These products have broad application prospects in the medium and low power application scenarios. For our dual-channel digital HVIC, we have completed circuit design and simulation as of the Latest Practicable Date, with layout design currently in progress. Mass production is expected by June 2026. For our single-channel isolated smart gate driver IC, we have finalized circuit design and simulation as of the Latest Practicable Date, and are currently progressing with layout design.

Gate driver boards: In 2022, we launched our second-generation driver chipset, enhancing product performance and quality. Based on this chipset, we introduced dual-channel driver core products and the plug-and-play driver series 2QP0225. This series can be applied in PV systems, energy storage, industrial controls and rail transportation sectors. In 2023, we launched high-performance multi-level and multi-parallel driver products based on our proprietary chips, suitable for high-power wind energy, PV applications and energy storage. These products feature over-temperature protection, intelligent logic and fault management with active neutral point clamped (ANPC, a topology used in power converters that features multiple active switches and diodes) topology, soft shutdown and multi-level shutdown functions. For our AC 1800V System ANPC gate driver solution, the schematic design phase is completed as of the Latest Practicable Date. Additionally, our Current Source Gate Driver has completed feasibility analysis as of the Latest Practicable Date, with mass production planned for June 2026. Furthermore, we are advancing our SiC Module Driver Platform, targeting high-frequency/high-power drivers for 62mm and ED3 SiC modules, with conceptual design finalized and sample product already produced by January 2026. Mass production is scheduled for the second quarter of 2026.

R&D Process

Conducted in accordance with our advanced product quality planning management procedures, our R&D process is rigorously structured to comply with ISO 9001 and IATF 16949 standards, ensuring the highest levels of quality and reliability in our products. The process encompasses several critical phases:

- **Product concept and feasibility analysis.** We conduct in-depth research on the selection, analysis and validation of potential products. A preliminary feasibility analysis is carried out considering current technology levels, cost estimates, potential and target customers and potential risks. If the project is deemed feasible, our R&D team proceeds to formulate a development plan;
- **Technology development and prototype design.** During this phase, we rigorously analyze and formulate development plans for device structure, process and packaging technologies. We ensure compatibility from design to production and packaging, aiming to develop the most stable and reliable product development plan;
- **Product validation and trial production.** We conduct product validation, including performance and reliability testing, after prototype design to examine functionality and the production process. Through trial production, we comprehensively evaluate product performance, verify the accuracy and rationality of the process flow diagram, and carry out failure analysis. During this phase, we closely monitor production issues and product performance to validate the producibility of the design.
- **Mass production.** We monitor production data and product testing data to ensure stable output of product performance and reliability. We also regularly conduct screening tests on different batches to promptly identify and address any unexpected product anomalies.

At each stage, a thorough company-level review is conducted to ensure alignment with our quality objectives. The estimated timeline for platform products from project initiation to finalization is approximately one year, while the development cycle for derivative models typically ranges from three to six months, reflecting the necessary duration for trial production and customer usage evaluation to deliver superior products that meet market demands.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

As of December 31, 2025, we held 170 registered patents, including 72 invention patents, 81 utility patents and 17 design patents, and had filed 132 patent applications. As of the same date, we also had 48 layout-designs of ICs, three software copyrights, four domain names and 39 registered trademarks. We had 16 registered trademarks and eight trademark applications overseas as of December 31, 2025. In addition, we have been using five trademarks of Bronze Group registered in the PRC on a royalty-free basis in the business of our Group since our establishment, and we intend to continue to use these trademarks in such connection after the Listing. See “Continuing Connected Transaction — Fully-Exempt Continuing Connected Transactions — Trademark Licensing Agreement.”

We acquire key patented technologies which pertain to our Specialist Technology Products through self-development. We use patents to protect our core fundamental technologies that are used in various types of products across different application scenarios. As of December 31, 2025, we co-owned three patents with our Controlling Shareholder and had no co-ownership or co-sharing arrangements of our patents and patent applications with other third parties. According to the agreement reached between us and our Controlling Shareholder and the relevant PRC laws and regulations, the rights and commercial interests of the co-owned patents are equally shared between us and our Controlling Shareholder.

BUSINESS

The table below lists the portfolio of material patents, patent applications and software copyrights for our core technologies of which we are the registered owner as of the Latest Practicable Date:

Specialist Technology Products	Core Technology	Patent	Functions	Grant date	Expiry date	Material payment obligations (if any)	In-licensed, self-owned or co-owned with the Controlling Shareholders Group
SiC power module	Power module, packaging structure and electronic equipment	CN202311435343.6	Module packaging process	2024-04-16	2043-11-01	NA	self-owned
	Power module electrode welding fixture and welding method	CN201911040161.2	Module packaging process	2022-01-18	2039-10-29	NA	self-owned
	A press-fit type SiC power module packaging structure	CN201911285299.9	Module packaging process	2021-07-30	2039-12-13	NA	self-owned
	A welding method	CN202210993797.4	Module packaging process	2024-07-19	2042-08-18	NA	self-owned
	A double-sided heat dissipation hermetic packaging device, component and its packaging method	CN202310876472.2	Module packaging process	2024-03-12	2043-07-18	NA	self-owned
SiC discrete device	A trench-type SiC MOSFET device structure and its fabrication method	CN202311524270.8	Device design	2024-04-16	2043-11-16	NA	self-owned
	A high-power trench gate T-MOSFET structure design	CN201710179874.1	Device design	2024-05-10	2037-03-23	NA	self-owned
	Power device with integrated Schottky diode and its manufacturing method	CN202011027352.8	Device manufacturing process	2022-03-29	2040-09-25	NA	self-owned
	Power device and manufacturing method	CN202011025267.8	Device manufacturing process	2022-03-29	2040-09-25	NA	self-owned
	A method for suppressing channel effects through ion implantation	CN202311678319.5	Device manufacturing process	2024-04-30	2043-12-08	NA	self-owned
Power semiconductor gate drivers	A control method and circuit for insulated gate devices	CN200910258615.3	Driver design	2012-01-04	2029-12-04	NA	self-owned
	A narrow pulse suppression circuit and its method	CN202311764589.8	Enhancing narrow pulse suppression in signal transmission through circuit design optimization	2024-05-17	2043-12-21	NA	self-owned
	A gate current controllable IGBT driver circuit	CN202110761920.5	Driver design	2024-07-05	2041-07-06	NA	self-owned
	A scalable shutdown IGBT driver circuit and its method	CN202111269907.4	Implementing scalable shutdown of IGBT or SiC MOSFET in multi-level applications to enhance shutdown speed and reduce shutdown losses	2024-11-29	2041-10-29	NA	self-owned
	An IGBT overvoltage protection circuit and its method	CN201410828613.4	Preventing IGBT or SiC MOSFET collector overvoltage failure by collecting the IGBT collector voltage to form a control loop	2018-02-16	2034-12-25	NA	self-owned

We confirm that all of the above listed patents are significant for carrying out the key functions of our Specialist Technology Products. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights.

As advised by our internal control consultant, the system we established for the management and protection of intellectual property has covered the material aspects of each of our major Specialist Technology Products during the Track Record Period and up to the Latest Practicable Date.

The term of an individual patent may vary based on the countries/regions in which it is granted. In China where we file the vast majority of patent applications, the term of an issued invention patent is generally 20 years from the filing date. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and related design methods.

We may rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, advisers and contractors. We have entered into confidentiality agreements and non-competition agreements with our management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

As of the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent and may have a material adverse effect on our business, financial condition or results of operations. Our Directors confirm that they are not aware of any legal, arbitral or administrative proceedings of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date. For details, see "Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group." For risks related to intellectual property rights, see "Risk Factors — Risks Relating to Our Intellectual Property Rights."

MANUFACTURING

We have internally developed manufacturing and testing processes to produce our SiC products on a commercial scale. Our manufacturing processes and know-how set high barriers to entry, and these are key differentiators for us. As we highly value the quality of our products, the safety of our employees and environmental protection in the course of the manufacturing process, we have actively acquired a series of certifications, including ISO 45001 and ISO 14001.

Our Production Process

Our production process primarily consists of wafer fabrication and packaging processes. The following chart illustrates our wafer fabrication process and device packaging process:

Wafer Fabrication

- *Deposition, lithography and implantation:* We begin with SiC epitaxial wafer cleaning, and then perform zero-layer lithography and etching on the wafer to ensure precise alignment for subsequent lithography steps. We then apply thin-film processes for mask deposition, lithography, etching and implantation to transfer the layer design structure.
- *Protection and anneal:* Following the lithography and implantation, we coat the wafer with a carbon film for protection. This is followed by high-temperature annealing, a diffusion module process.

- *Thermal oxidation and active area formation:* After annealing, we perform surface thermal oxidation using diffusion processes to grow a sacrificial oxide layer. We then remove the sacrificial oxide via wet etching and generate field oxide layers using diffusion and thin-film processes. The field oxide layer is patterned through lithography and etching to form the active region base structure.
- *Gate structure:* With the active region base structure in place, we grow gate oxide via diffusion and deposit a polycrystalline silicon (Poly) layer, which is critical for MOSFET fabrication. We define the gate structure by lithography and etching of the Poly layer.
- *ILD formation:* Subsequently, we deposit an interlayer dielectric (ILD) using thin-film processes to serve as an isolation layer.
- *Top metal connection:* We then form ohmic contacts by depositing a nickel metal layer via thin-film PVD. Front-side metal layers are deposited via PVD, followed by lithography and etching to create front-side electrode structures.
- *Passivation protection:* To protect the front-side structure, we deposit a passivation layer via chemical vapor deposition (CVD, a process in which gaseous precursors undergo chemical reactions on the substrate surface, resulting in the creation of solid thin film materials) and pattern it through lithography and etching. We apply a polyimide protective layer over the passivation layer using lithography.
- *Backside grinding:* Next, we perform backside thinning of the SiC wafer to reduce chip thickness and enhance electrical performance.
- *Backside ohm contact and metal deposition:* We implement backside metal sputtering and ohmic annealing to achieve optimal contact between the SiC substrate and backside metal, and finalize the backside metal structure by depositing backside metal layers.

Device Packaging Process

- *AMB assembly:* We begin the device packaging process with AMB assembly, which includes wire bonding, silver sintering and die attach. These steps ensure the secure attachment of components to the AMB substrate.
- *AMB test:* Following assembly, we conduct AMB testing to verify the integrity and functionality of the assembled components.
- *Module assembly:* Next, we proceed to module assembly, which involves potting, ultrasonic welding, frame assembly and vacuum reflow. These steps are crucial for creating a robust and reliable module structure.
- *Module test:* After module assembly, we perform module testing to ensure the module meets all required specifications and standards.
- *Module burn-in:* We conduct module burn-in to stress-test the module and ensure its long-term reliability and performance.

Production Bases in Operation

As of the Latest Practicable Date, we operated three production bases, namely, the Guangming production base, Wuxi production base and Pingshan testing base. The table below sets forth details of our production bases as of December 31, 2025:

Production Bases	Location	Gross Floor Area	Key Products and Functions
Guangming production base	Guangming District, Shenzhen, Guangdong Province	12,427 sq.m.	SiC wafer fabrication
Wuxi production base	Xinwu District, Wuxi, Jiangsu Province	12,106.06 sq.m.	SiC power module manufacturing
Pingshan testing base	Pingshan District, Shenzhen, Guangdong Province	5,855.68 sq.m.	Power semiconductor gate driver testing

BUSINESS

Set forth below are the production capacity, production volume and utilization rates of our production bases for the years indicated.

	Year ended December 31,								
	2023			2024			2025		
	Production Capacity ⁽¹⁾	Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Production Capacity ⁽¹⁾	Production Volume ⁽²⁾	Utilization Rate ⁽³⁾	Production Capacity ⁽¹⁾	Production Volume ⁽²⁾	Utilization Rate ⁽³⁾
			(%)			(%)			(%)
Guangming production base ⁽⁴⁾ (pieces)	–	–	–	6,750	3,052	45.2	8,625	5,943	68.9
Wuxi production base ⁽⁵⁾⁽⁶⁾ (units)	60,000	29,533	49.2	120,000	63,119	52.6	120,000	48,022	40.0
Pingshan testing base ⁽⁶⁾ (units)	500,000	376,303	75.3	550,000	437,520	79.5	750,000	685,875	91.5

Notes:

- (1) The production capacity for each year is calculated based on the hourly capacity and working hours of the respective production base.
- (2) The production volume refers to actual production of respective products of each production base for the relevant period.
- (3) The utilization rate during the year is calculated by dividing production volume by the production capacity for the same period.
- (4) Our Guangming production base commenced operation in April 2024.
- (5) Our Wuxi production base commenced operation in July 2022. The production capacity of our Wuxi production base increased during the Track Record Period, primarily because we strategically expanded our in-house production capacity in response to growing customer demand. The utilization rate of our Wuxi production base increased from 49.2% in 2023 to 52.6% in 2024 and decreased to 40.0% in 2025, primarily due to changes in customer demand, particularly for automotive-grade SiC power modules, which resulted in lower production volume.
- (6) The production capacity and production volume of our Wuxi production base are measured in terms of three-phase full-bridge modules.

Planned Production Base

We plan to establish two new production bases in China and continue to expand our production capacity. The following table sets out certain information regarding our planned new production bases as of December 31, 2025:

Production Bases	Location	Estimated commencement time of production	Status	Investment Amount	Land Area	Key Products and Functions
				(RMB in millions)		
Pingshan production base.	Pingshan District, Shenzhen, Guangdong Province	Late 2027	Initial construction stage	400	8,447.6 sq.m.	SiC power module manufacturing
Zhongshan production base	Zhongshan, Guangdong Province	2027	Initial land acquisition stage	220	14,666.6 sq.m.	SiC power module manufacturing

Production Equipment and Machinery

We possess advanced production equipment and machinery, which are crucial for ensuring the quality, cost advantages and production efficiency of our products. We primarily purchased our production equipment from renowned semiconductor equipment suppliers in China, Germany and Japan. We have established close and stable relationships with core suppliers to ensure the stability and reliability of our equipment supply.

BUSINESS

During the Track Record Period, we strategically outsourced discrete device packaging and gate driver product manufacturing to optimize our production costs and production capacity, considering the vast number of qualified service providers, relatively low technical barriers and competitive pricing of manufacturing outsourcing services. See “— Procurement and Supply Chain Management — Suppliers — Manufacturing Outsourcing.” During the same period, we utilized, and plan to utilize, a combination of in-house packaging and outsourced packaging for industrial-grade SiC power modules depending on the utilization rate of our production bases, the cost of manufacturing outsourcing services and the requirements of customers, if any.

As for wafer fabrication, we will increase the proportion of in-house production over time, aiming for a production model that prioritizes in-house production while still utilizing manufacturing outsourcing as a supplement in the long term. Since wafers are essential raw materials for various products, we believe that concentrating on in-house production can boost our long-term competitiveness. However, due to the substantial capital investment needed for wafer fabrication lines, we will adopt a flexible mix of manufacturing outsourcing and in-house production in the short term, gradually shifting toward more in-house production as our financial resources allow.

SALES AND MARKETING

Catering to different products and their application scenarios, we have adopted a hybrid model of direct sales and distribution to broaden our sales and marketing channels. As of December 31, 2025, our sales and marketing team consisted of 78 employees with extensive industry experience and in-depth expertise of our products. We have a sales team in Germany responsible for business development efforts across the European market, ensuring close proximity to our customers and responsiveness to regional market needs.

Sales Channel

We have an experienced and highly trained sales and marketing team that proactively identifies market opportunities and designs sales strategies. Our products are sold through both direct sales and distributorship. The table below sets out a breakdown of our revenue by sales channel in absolute amount and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except percentage)</i>						
Direct Sales	151,942	68.9	223,250	74.7	198,996	64.0
Distributorship	68,644	31.1	75,765	25.3	112,169	36.0
Total	220,586	100.0	299,015	100.0	311,165	100.0

Direct Sales

In 2023, 2024 and 2025, revenue from direct sales amounted to RMB151.9 million, RMB223.3 million, and RMB199.0 million, representing 68.9%, 74.7% and 64.0% of the total revenue for the same periods, respectively. We adopt direct sales mainly for our automotive-grade SiC power modules and most of our power semiconductor gate drivers (which are customized). During the Track Record Period, we had over 700 direct sales customers. To our knowledge, during the Track Record Period, substantially all of the Group’s products sold through direct sales are used by end customers based in the PRC.

BUSINESS

The salient terms of our direct sales agreements during the Track Record Period are set out below:

- *Product specifications.* Our customers typically set forth specific product specification requirements for products ordered, such as name, model, configuration and features.
- *Pricing policy.* We sell our products to direct sales customers at agreed price levels stipulated in the agreements.
- *Payment and credit term.* Customers shall make payment pursuant to the agreements. We generally grant a credit period to our direct sales customers of approximately 30-180 days after monthly clearing date.
- *Logistics.* We are responsible for delivering our products to locations designated by our direct sales customers.
- *Transfer of risks.* The risks typically transfer to direct sales customers upon product delivery.
- *Quality guarantee and warranty.* We provide our customers with products that meet the agreed specifications and performance standards. We usually set out warranty periods, typically between one and two years for SiC discrete device and one year for power semiconductor gate drivers, in the sales agreement. During the warranty period, our customers may request that we replace or repair defective parts and components and products free of charge.
- *Termination.* Both parties are entitled to terminate the agreement in the event of specific circumstances stipulated in the agreement.

Distributorship

We generally adopt a distribution model to sell our more standardized products, such as industrial-grade SiC power modules, SiC discrete devices and power semiconductor gate drivers (which are standardized). This facilitates rapid establishment of regional sales networks, thereby enhancing our market penetration. In 2023, 2024 and 2025, revenue from our distributors amounted to RMB68.6 million, RMB75.8 million and RMB112.2 million, representing 31.1%, 25.3% and 36.0% of the total revenue for the same periods, respectively. According to Frost & Sullivan, sales through distributors are in line with industry norm. During the Track Record Period, our distributors were primarily based in the PRC. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with our distributors.

We select the distributors for the sales of our SiC discrete devices and power semiconductor gate drivers, and regularly evaluate our distributors, based on a number of criteria, including, among others, business scale, regional product distribution, warehousing capabilities, good creditworthiness and commercial reputation, comprehensive market management, sound marketing plans, as well as a certain level of technical support capability. We manage these distributors and determine whether to continue our contractual relationships with them based on their performance. We maintain a standard buyer-seller relationship with distributors where we typically enter into sale and purchase agreements (rather than distribution agreements) with our distributors in the same way as our direct customers. They directly purchase products from us and are our customers, on-selling our products to companies operating in renewable energy and industrial application sectors. As a result, we do not require our distributors to maintain a minimum inventory level and generally do not possess knowledge of the amounts of unsold inventories held by distributors. We do not offer rebates to our distributors. We do not impose minimum purchase requirements or sales targets for our distributors. We carefully manage our distribution channels and mitigate the risks of channel stuffing through partnering with carefully selected distributors following comprehensive assessments and periodic reviews. We also maintain regular communication with distributors to ensure distribution strategies adapt to new product line developments, preventing market cannibalization and optimizing customer services. We believe the risk of channel stuffing within our distribution network is low, considering that (i) we maintained a contractual buyer-seller relationship with distributors and there is no material difference in the core commercial terms, such as pricing, payment and product return arrangements, between contracts entered into under direct sales and distributorship; (ii) we typically do not allow distributors to return products to us unless there are product quality issues caused by us; (iii) we also generally do not buy back our products except in limited circumstances such as defective products or product packaging, allocation for

BUSINESS

urgent customer needs, bankruptcies or liquidations of the distributors' business, and termination of distribution agreements with the distributors; and (iv) our distributors are not subject to mandatory sales targets and, therefore, we believe that our distributors do not have any incentives to purchase more than they expect to sell. During the Track Record Period, the amount of buy back from our distributors was immaterial. We also believe that the risk of cannibalization within our distribution network is low, considering that the product types and geographical coverages vary among our distributors, who generally place orders on an as-needed basis.

The salient terms of our standard agreements with distributors during the Track Record Period are set forth below:

- *Duration.* The duration of the agreements is typically one year.
- *Credit limits and terms.* We determine credit terms and limits based on the creditworthiness of the distributors. We generally provide a credit term of 30 days.
- *Minimum pricing.* We negotiate and determine the sales price in consultation with the distributors, considering the overall market conditions.
- *Sub-distribution.* Distributors are not allowed to sub-distribute without our prior written consent.
- *Warranty.* We specify the warranty period for our products in the agreement based on the type of product delivered. During the warranty period, if the product fails to meet the functional specifications due to material or workmanship defects, we will promptly and free of charge repair or replace the defective product. We do not assume any responsibility for repair, replacement, refund or any other liability for issues unrelated to product quality.
- *Prohibition on goods-fleeing.* Distributors are authorized to sell our products within a designated scope.
- *Termination.* We are entitled to terminate the agreement if the distributor is found to be in violation of our distributor management policy and its contract obligations.

The below table sets forth the movement of our distributors during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period	169	163	141
Number of new distributors for the period	78	63	24
Number of terminated distributors for the period ⁽¹⁾	84	85	71
Net increase (or decrease) in number of distributors for the period	(6)	(22)	(47)
Number of distributors at the end of the period	163	141	94

Note:

(1) Including distributors who did not transact with us in the indicated period.

During the Track Record Period, we continued to expand our sales network through the distributorship model while strengthening the management of our existing new distributors. In 2023, 2024 and 2025, we engaged 78, 63 and 24 new distributors, respectively. In 2023, 2024 and 2025, 84, 85 and 71 distributors ceased transactions with us, respectively. These are primarily small distributors with insignificant and irregular dealings with us. The number of new distributors was lower in 2025 primarily because of the increased offering and sales of products with relatively high technological barriers, which are primarily sold through the direct sales channel.

BUSINESS

To the best of our knowledge, all of our distributors are Independent Third Parties. The distributors are not connected to any of the Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates. Our distributors place orders with us when and to the extent they deem appropriate. In general, our relationships with distributors have remained stable.

Marketing

We recognize that our marketing approach must vary across different business segments, reflecting the unique characteristics of each industry. In the automotive sector, we focus on direct sales because high market concentration and the prevalence of single models lead to substantial sales volumes. For industrial applications, we adopt a dual approach: we offer standard SiC discrete devices, such as 1200V MOSFETs, through a distribution model while maintaining a direct sales strategy for gate driver products that are often tailored to meet specific customer requirements.

CUSTOMERS

We serve companies operating in various industries, including automotive electronics and renewable energy and industrial applications. Our customers in the automotive industry are primarily leading automotive manufacturers and their Tier-1 suppliers. Our customers in the renewable energy and industrial applications are primarily reputable companies operating in the wind power, solar power, energy storage and rail transportation sectors.

Our design-wins with such customers are a huge part of our success. We intend to further strengthen existing customer relationships and pursue new relationships to expand our customer base as we continue to explore the potential of SiC products across novel application areas.

Major Customers

Revenue generated from our largest customer in each year during the Track Record Period accounted for 29.7%, 45.5% and 20.6% of our total sales in the respective years. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 46.4%, 63.1% and 40.4% of our total sales in the respective years.

BUSINESS

The tables below set forth information about our five largest customers in each year during the Track Record Period:

Year ended December 31, 2023

Customer	Product sold	Background	Revenue (RMB'000)	% of total sales	Year of commencing business relationship	Typical credit term
Customer A	SiC power modules	Founded in 2006 and registered in Zhejiang, Customer A primarily engages in the production and sales of automotive motors as well as vehicle parts and components.	65,477	29.7	2023	30 days after monthly clearing
Customer B	SiC Schottky diodes/SiC MOSFETs	Founded in 2012 and registered in Shenzhen, Customer B primarily engages in the R&D and sales of electronic components, computer software and hardware as well as superconducting material technologies.	12,665	5.7	2019	30 days after monthly clearing
Customer C	SiC Schottky diodes	Founded in 1999, registered in Jiangsu and listed on ChiNext, Customer C primarily engages in the integration and value-added services of electronic component supply chains.	9,232	4.2	2018	30 days after monthly clearing
Customer D	Gate driver boards	Founded in 2000 and registered in South Korea, Customer D primarily engages in the development and manufacturing of power converters and solutions for key components of power conversion devices.	7,671	3.5	2020	30 days after monthly clearing
Customer E	Testing equipment	Founded in 2016 and registered in Jiangsu, Customer E primarily engages in the R&D, production and sales of power distribution and control equipment.	7,243	3.3	2019	30% prepayment, 60% within 30 days after product acceptance and 10% after the expiry of the one-year warranty period

Year ended December 31, 2024

BUSINESS

Customer	Product sold	Background	Revenue (RMB'000)	% of total sales	Year of commencing business relationship	Typical credit term
Customer F	SiC power modules	Founded in 2022 and registered in Guangdong, Customer F primarily engages in the R&D, production and sales of electric drive systems, automotive components and transmission parts.	136,040	45.5	2023	45 days after monthly clearing
Customer G	Gate driver boards and SiC Schottky diodes/SiC MOSFETs	Founded in 2006 and registered in Jiangsu, Customer G primarily engages in the development, sales and technological service of electronic products, as well as the sales of electronic components and chips. Please see above.	22,495	7.5	2021	Prepayment/ 30 days after monthly clearing
Customer B	SiC Schottky diodes/SiC MOSFETs		14,496	4.8	2019	30 days after monthly clearing
Customer H	Gate driver boards	Founded in 2021 and registered in Henan, Customer H primarily engages in the manufacturing and sales of power electronic components, photovoltaic equipment and components, as well as the R&D of power systems and related technologies.	8,190	2.7	2020	60 days after invoice date
Customer I	Gate driver boards	Founded in 2005, registered in Hunan and listed on the Hong Kong Stock Exchange and the SSE STAR market, Customer I primarily engages in the R&D, manufacturing, sales and services of traction converter systems for rail transit.	7,637	2.6	2020	90% within 30 days after monthly clearing and 10% three months after the expiry of the two-year warranty period

Year ended December 31, 2025

Customer	Product sold	Background	Revenue (RMB'000)	% of total sales	Year of commencing business relationship	Typical credit term
Customer F	SiC power modules	Please see above.	63,994	20.6	2023	45 days after monthly clearing
Customer B	SiC Schottky diodes/SiC MOSFETs/SiC power module	Please see above.	23,997	7.7	2019	30 days after monthly clearing
Customer G	Gate driver boards and SiC Schottky diodes/SiC MOSFETs/SiC power module	Please see above.	13,155	4.2	2021	Prepayment/30 days after monthly clearing
Customer J	Gate driver boards	Founded in 1998 and registered in Xinjiang, Customer J primarily engages in the R&D, manufacturing and sales of wind turbine systems and is listed on both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange. Please see above.	12,690	4.1	2020	95% within 90 days after invoice booking following product delivery, and 5% within 730 days after invoice booking as retention
Customer H	Gate driver boards		11,983	3.9	2020	60 days after invoice date

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

Pricing

We employ a dynamic, market-driven pricing strategy that balances competitiveness with sustainable profitability. Our marketing team first defines the optimal price range based on market prices, our market positioning, competitive advantages and customer value. The sales team and management then negotiate with the customers and evaluate pricing by factoring in key operational metrics to ensure alignment with both market demands and long-term business goals. According to Frost & Sullivan, our pricing strategy is in line with the industry norm pricing strategy for SiC power devices.

Specifically, for our automotive-grade SiC power module products, our pricing strategy is forward-looking. See “— Commentary on Fluctuations — SiC Power Module — Fluctuations in the ASP.”

For our industrial-grade SiC power module products, we apply market-based pricing, taking into consideration our first-mover advantages and meaningful industry barriers, and dynamically adjusting the prices based on different order volume and customer requirements.

For our power semiconductor gate driver products, we primarily adopt a cost-plus pricing model and dynamically adjust expected product gross margins within a certain range based on our customers’ industry standing, expected order quantities and the technical complexity of the product. This pricing approach can flexibly accommodate different customer requirements and helps maintain long-term cooperation.

For our SiC discrete device products, because the market for discrete devices is relatively competitive, we apply market-based pricing after comprehensively considering each model’s technical performance and production cost, and we enhance competitiveness through rapid product iteration and continuous cost optimization.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Raw Material and Procurement

We procure a variety of materials essential for the manufacturing of our SiC products, primarily including epitaxial wafers, SiC wafers and packaging materials. During the Track Record Period, we sourced the majority of our raw materials from suppliers located within China, while certain SiC wafers were imported from overseas suppliers.

We maintain a comprehensive list of qualified suppliers to facilitate the selection of the most suitable raw materials for our projects, in line with our procurement plans. These plans are developed based on production schedules, inventory levels, supplier lead times, and product lifecycles. Once approved, our supply chain management department conducts price inquiries and evaluates potential suppliers based on key criteria, including price, quality, and delivery timelines. We typically negotiate pricing with our suppliers on an annual basis or through a competitive bidding process, formalizing terms in framework agreements. To mitigate the potential impact of price increases from major suppliers, we also perform evaluations of secondary sourcing options to manage our raw material costs effectively.

Suppliers

During the Track Record Period, we engaged suppliers and service providers for raw materials necessary for the production of our SiC products as well as testing processes.

Supplier Management

We have established comprehensive selection criteria that account for the specific requirements of various materials and equipment while adhering to consistent overall principles. The evaluation process is anchored in two primary dimensions: (i) quality, technology, and performance, which assess the capability of the suppliers to meet our rigorous standards, and (ii) pricing, payment terms, and delivery schedules, which ensures that we obtain optimal financial conditions and timely supply.

To ensure competitive sourcing, we generally maintain a policy of having at least two suppliers for each raw material. The standard procurement term we establish with our suppliers is typically three years, providing stability and predictability for both parties.

BUSINESS

We enter into supply agreements with our suppliers, the salient terms of which are set out below:

- *Product specifications.* We specify the product name, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.
- *Payment and delivery.* We are responsible for timely payment to suppliers, who are typically responsible for delivery of products to our designated location specified in each purchase order.
- *Transfer of risk.* The risk transfers to us upon product delivery.
- *Quality guarantee.* If the products provided by the supplier fail our inspection or are found to have quality issues within the warranty period, the supplier shall resolve the issue or replace the products free of charge within two days of receiving our notification.
- *Subcontracting.* Subcontracting is not allowed without our prior written consent.
- *Product return.* We have the right to reject, replace or return products for a variety of reasons, including non-conformity with product quality, product specifications or quantity with the order placed.
- *Termination.* We are entitled to terminate the agreement with 15 days' prior written notice.

Manufacturing Outsourcing

During the Track Record Period, we engaged certain contractors to carry out production of our SiC products and gate driver ICs. We collaborate with third-party foundries in order to complement our production capacity at the early stage of development. In 2023, 2024 and 2025, our outsourcing services costs amounted to RMB31.6 million, RMB24.3 million and RMB40.9 million, respectively, which accounted for 9.0%, 7.4% and 11.8% of our cost of sales during the same periods. See "Risk Factors — Risks Relating to Our Industry and Business — We depend on third parties to manufacture certain products. Such arrangements may reduce our control over product quality, quantity, development, enhancement and product delivery schedule and could harm our business." According to Frost & Sullivan, it is an industry norm in the semiconductor power device sector for companies to engage contractors for production.

We carefully select contractors from a pool of reputable candidates. We evaluate the potential contractors in terms of, among other aspects, qualifications, technical skills, product quality, workplace safety and delivery commitments. We require our contractors to comply with our internal policies and closely monitor their performance. In the event of any failure by contractors to meet our internal policies, we may cease to work with them or claim damages. We apply testing to ensure that the sourced products meet our product specifications, quality standards and customers' expectations. We have generally maintained long-term relationships with our contractors, and all of our contractors are independent third parties.

The salient terms of the agreements with our contractors are set forth below:

- *Duration and Termination.* The duration of the agreements typically spans a period of either one or three years. Both parties have the right to terminate the agreement if circumstances arise that prevent the performance of the agreement.
- *Principal rights and obligations of parties involved.* We provide technical specifications and/or other relevant raw materials to contractors who perform semiconductor manufacturing processing according to our requirements.
- *Payment and delivery.* We are responsible for timely payment to our contractors. Contractors are responsible for delivering qualifying products to our designated warehouses.
- *Subcontracting.* Subcontracting is not allowed without our prior written authorization.
- *Quality guarantee.* Products are accepted in accordance with our specifications, as well as national, local and industry standards. Should any quality issues arise during the warranty period, our contractors are responsible for replacement.
- *Pricing.* Prices are determined by mutual agreement, subject to periodic review and adjustment for market fluctuations, with payment terms typically requiring advance payment or post-delivery settlement with VAT invoices.

BUSINESS

- *Exclusivity.* The agreements typically do not have exclusivity clauses, but have certain priority access rights to suppliers' capacity.
- *Confidentiality.* All contracts mandate strict confidentiality of proprietary information through NDAs, restricting disclosure to third parties and requiring return/destruction of confidential materials upon termination of agreements.
- *Raw Material Procurement.* Suppliers bear responsibility for sourcing compliant materials, primarily ancillary raw materials, at their own cost, with quality guarantees and penalties for defects, while we may provide forecasts to facilitate planning.

The table below sets forth the percentage of revenue generated from sale of our products manufactured by third-party contract manufacturers for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Revenue generated from sale of products manufactured by third-party contract manufacturers (%)	58.0	43.2	56.4

Prior to achieving in-house production capacity, we collaborated with qualified third-party manufacturers to ensure business continuity and maintain our market position in the competitive SiC semiconductor industry. This strategy enabled us to secure early market share while building our brand reputation. Furthermore, certain long-standing customers required manufacturing process consistency under strict 5M1E (Man, Machine, Material, Method, Measurement, Environment) requirements as part of their product qualification protocols. Transferring such products from contract manufacturers to our own facilities would have necessitated complete requalification, which represents a time-intensive validation process. We have since transitioned new product models to our Guangming production base as it became operational.

For discrete device packaging, the packaging process for SiC discrete devices represents a relatively small portion of the overall product value. As the technical requirements are substantially similar to silicon-based device packaging, and given the abundance of qualified packaging service providers in the market, outsourcing this segment represented the most commercially optimal solution. This approach allows us to allocate our internal resources more efficiently while maintaining cost competitiveness.

For gate driver product manufacturing, we utilize a competitively positioned domestic manufacturing structure with effective cost control, which benefits from China's mature and reliable supply chain ecosystem. With multiple established manufacturers capable of producing these components competitively, outsourcing their production aligns with industry best practices and enables optimal operational expenditure.

This selective outsourcing strategy has allowed us to balance capacity utilization effectively while maintaining supply chain flexibility. It has enabled us to focus our internal resources on core technological advancements and higher value-added processes while ensuring uninterrupted product availability to our customers. We continuously evaluate the optimal mix of in-house and outsourced manufacturing based on technological requirements, cost efficiency, and customer needs.

To ensure our contract manufacturers comply with all relevant regulations and protect our intellectual property, we have established a robust control framework. See "— Quality Control."

Major Supplier

Our major suppliers are suppliers of SiC wafers, SiC epitaxial wafers, as well as production equipment and machinery. Starting from 2024, we began procuring raw materials for outsourced manufacturing services, enabling better control over material quality and supply, as well as improved cost efficiency. Purchases from our largest supplier in each year during the Track Record Period accounted for 20.2%, 26.5% and 21.0%, respectively, of our total purchase amount during those periods. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 52.4%, 43.9% and 38.2% of our total purchases in the respective years.

BUSINESS

The tables below set forth information about our five largest suppliers in each year during the Track Record Period:

Year ended December 31, 2023

Supplier	Product provided to us	Background	Purchase amount (RMB '000)	% of total purchase amount	Year of commencing business relationship	Typical credit term
Supplier A	Wafers/chips	Founded in 1974 and registered in Hong Kong, Supplier A primarily engages in the sales and services of semiconductor products.	106,166	20.2	2021	30 days after monthly clearing
Supplier B	Wafers	Founded in 1985 and registered in Taiwan, Supplier B primarily specializes in providing foundry services for SiC and GaN products. Shanghai Hanlei Electronic Trading Co., Ltd. is a wholly-owned subsidiary of Episil Technology Inc.	88,786	16.9	2017	50% prepayment and 50% according to production progress
Supplier C ⁽ⁱ⁾	Production equipment and machinery	Founded in 2014 and registered in Jiangsu, Supplier C is a group engaged in semiconductor device manufacturing and processing, as well as development and services relating to electronic components, mechanical parts and integrated semiconductor solutions.	57,626	11.0	2022	30%, prepayments, 60% upon shipment and 10% after product acceptance. Alternatively, 40% prepayments, 55% a week before shipment and 5% as warranty deposit paid one year from acceptance

Supplier	Product provided to us	Background	Purchase amount (RMB'000)	% of total purchase amount	Year of commencing business relationship	Typical credit term
Supplier D	Production equipment and machinery	Founded in 2009 and registered in Shanghai, Supplier D primarily engages in providing high-end computer-aided engineering (CAE) software and high-tech instruments, along with consulting services for design, analysis, testing and manufacturing solutions.	12,691	2.4	2021	30% prepayment, 60% upon shipment and 10% after product acceptance
Supplier E	Production equipment and machinery	Founded in 1994 and registered in Shenzhen, Supplier E primarily engages in integrated circuit and electronic product manufacturing.	10,096	1.9	2021	30 days after monthly settlement

Note:

- (i) In May 2023, Supplier F acquired another one of our major suppliers. The purchase amount are therefore aggregated and other details are presented side-by-side.

BUSINESS

Year ended December 31, 2024

Supplier	Product provided to us	Background	Purchase amount (RMB '000)	% of total purchase amount	Year of commencing business relationship	Typical credit term
Supplier A	Wafers/chips	Please see above.	104,556	26.5	2021	30 days after monthly clearing
Supplier B	Wafers	Please see above.	25,262	6.4	2017	50% prepayment and 50% according to production progress
Supplier F	SiC epitaxial wafers	Founded in 2019 and registered in Jiangsu, Supplier F primarily engages in the manufacturing and sales of wide bandgap semiconductor materials.	16,556	4.2	2021	30 days after monthly clearing
Supplier G	SiC epitaxial wafers	Founded in 2000 and registered in Hebei, Supplier G primarily engages in the R&D, production and sales of integrated circuit epitaxial materials, electronic product materials and related components.	15,592	3.9	2018	30 days and 60 days after monthly clearing
Supplier H	AMB substrates	Founded in 2018 and registered in Jiangsu, Supplier H primarily engages in the R&D, manufacturing and sales of power semiconductor copper-clad ceramic substrates and related materials for substrate production.	11,551	2.9	2021	30 days after monthly clearing

BUSINESS

Year ended December 31, 2025

Supplier	Product provided to us	Background	Purchase amount (RMB'000)	% of total purchase amount	Year of commencing business relationship	Typical credit term
Supplier A	Wafers/chips	Please see above. Founded in 2017 and registered in Shanghai, Supplier I primarily engages in the R&D of specialty process technologies for integrated circuit chips and the production of integrated circuit chips.	74,456	21.0	2021	30 days after monthly clearing full prepayment or payment in the following month after monthly clearing
Supplier I	Wafers		21,515	6.1	2022	
Supplier B	Wafers	Please see above.	17,962	5.1	2017	50% prepayment and 50% according to production progress
Supplier J	Manufacturing services	Founded in 2021 and registered in Shenzhen, Supplier J primarily engages in the assembly and production of PCBA and fully assembled electronic products, offering integrated electronics manufacturing services.	11,274	3.2	2021	30 days after monthly clearing
Supplier K	SiC power modules, manufacturing services and development services	Founded in 2018 and registered in Anhui, Supplier K primarily specializes in the R&D, manufacturing, sales and services of power modules.	10,166	2.9	2024	full prepayment or payment in the following month after monthly clearing

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

BUSINESS

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Customer F was one of our top five customers in 2024 and 2025, and was also one of our suppliers in 2025. Established in 2022, Customer F is primarily engaged in the R&D, production and sales of electric drive systems, automotive components and transmission parts. As our customer, Customer F mainly purchased SiC power modules from us. As our supplier, Customer F primarily provided us with product testing services, with a transaction amount of RMB5.0 million in 2025.

According to Frost & Sullivan, it is an industry norm in the semiconductor power device sector for companies to engage in the sale of products and procurement of testing services with the same customer-supplier, primarily because the customers, typically companies engaged in the R&D and production of automotive components, often possess greater expertise in system integration and application environments advanced testing environment, and are occasionally entrusted by their suppliers to conduct specific product tests.

The table below sets forth the revenue and purchase amounts, as well as their respective percentages to total revenue and total purchases, and gross loss, for transactions between our Group and Customer F during the Track Record Period:

Year	Revenue (RMB'000)	Percentage to total revenue (%)	Gross loss (RMB'000)	Purchases (RMB'000)	Percentage to total purchase (%)
2023	6,643	3.0	(2,136)	—	—
2024	136,040	45.5	(44,484)	—	—
2025	63,994	20.6	(37,091)	5,000	1.4

Our sales and purchase transactions with the above customer-supplier were not inter-conditional and involved different types of products. All transactions were conducted in the ordinary course of business, on normal commercial terms and on an arm's length basis, and the terms were comparable to those with other customers and suppliers. During the Track Record Period, there was no set-off of trade receivables and payables with these customer-suppliers.

Save as disclosed above, to the best of our knowledge, none of our other top five customers during each year of the Track Record Period was our supplier, and none of our other top five suppliers was our customer.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We utilize qualified third-party logistics providers to deliver all finished goods from our production bases to the locations designated by our customers. We establish stringent transportation standards that these logistics providers must adhere to, and we periodically assess their compliance and performance to ensure the prompt and efficient delivery of products. To the best of our knowledge, all of these logistics providers operate as independent third parties.

Inventory Management

We implement a refined inventory management strategy through our highly integrated IT systems, including financial ERP and electronic materials warehousing systems, to ensure operational efficiency and business continuity. Our inventory management policy features a multi-tiered inventory counting system designed to maintain the accuracy and transparency of inventory data. Each month, the warehouse management department collaborates with the production line department to conduct inventory counts, promptly identifying and addressing any inventory issues. Every six months, the finance department is deeply involved in the inventory counting process to ensure strict alignment between financial records and physical inventory, providing a solid foundation for our financial reporting. Additionally, an annual inventory count is conducted through a comprehensive static review, offering a complete overview of inventory management throughout the fiscal year. For the years ended December 31, 2023, 2024 and 2025, our inventory turnover days were 100.2 days, 88.9 days and 85.6 days, respectively. See “Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

QUALITY CONTROL

We have established a systematic framework of quality control policies for each product line, encompassing incoming inspection specifications, process control documents and outgoing inspection criteria. Specifically, industrial application SiC products are governed by ISO 9001 standards, while automotive application SiC products must comply with the more stringent IATF 16949 standards. We have obtained both ISO 9001 and IATF 16949 certifications, as well as UL (Underwriters Laboratories) certification for product safety. Additionally, we are also in the process of obtaining the national laboratory accreditation of CNAS (China National Accreditation Service for Conformity Assessment).

Our quality control measures encompass a range of activities, including (i) R&D projects, (ii) management of suppliers and contractors, (iii) production processes, (iv) reliability management, (v) pre-shipment inspections and (vi) customer services.

Quality management in R&D: Based on the principles of integrated product development, we have established a robust R&D management process that includes comprehensive project tracking, real-time alerts and stringent quality control measures. We strive to align projects with our strategic objectives at the R&D stage and ensure that customer requirements are met with high quality.

Quality management of suppliers and contractors: Critical raw materials are sourced exclusively from approved suppliers on our qualified vendor list, with new key suppliers undergoing a rigorous evaluation process before onboarding. These measures are designed to closely monitor the quality of materials, prevent the use of substandard raw materials in our production lines, and drive continual quality enhancement among our suppliers and contractors. All incoming materials undergo batch-by-batch inspection in accordance with GB/T2828.1/MIL-STD-105E, covering key criteria such as appearance, dimensional accuracy and critical performance parameters. While certain items rely on supplier-provided certifications, we conduct periodic verification to ensure compliance. Depending on historical quality performance, tightened inspections may be triggered when necessary. All inspection results are systematically recorded in our manufacturing execution system (“MES”) to ensure full traceability.

Quality management in the production process: We closely monitor our production processes through a multi-layered quality control system, including the establishment of quality checkpoints at critical process stages. Our quality control department has established in-process quality engineering procedures that monitor any activities that could impact product quality, including machinery, processes and environmental factors. Our operators strictly adhere to standardized work instructions, implementing first-article inspection, periodic process checks and self-/mutual-inspection protocols. Additionally, we maintain stringent control over production equipment through scheduled maintenance and calibration, while ensuring that environmental conditions (such as temperature, humidity and electrostatic protection) remain within specified requirements. In the event of quality issues, our exception handling process enables us to conduct risk assessments and manage the disposition of suspect or non-conforming products efficiently. We ensure timely, closed-loop management for the causes of anomalies and the corresponding improvement actions.

Quality management regarding reliability: We set stringent reliability certification standards. Through a comprehensive reliability certification process, together with ongoing reliability monitoring during mass production, we strive to guarantee high quality and stable performance of our products.

Quality management in the pre-shipment stage: Prior to product delivery, we conduct thorough inspections that include final testing of all finished products, with sampling frequencies typically determined by GB/T2828.1/MIL-STD-105E or specific customer requirements. All inspection and test records are maintained in our MES system to ensure full traceability, and only products that pass all required tests and inspections are approved for shipment. Moreover, findings from inspections are used to drive ongoing enhancements in the production process.

Quality management for customer services: We have instituted a standard customer complaint resolution process to address any quality issues reported, supported by our comprehensive quality management system that includes annual internal audits and management reviews to monitor key quality indicators. All customer feedback and complaints are thoroughly investigated and closed in accordance with our established customer complaint handling procedure, ensuring continuous improvement in our quality systems.

During the Track Record Period and up to the Latest Practicable Date, except as otherwise disclosed in this prospectus, we have not experienced any material product returns, material customer complaints, claims or recalls of our products, and no expenditure has been incurred to settle our warranty obligations for the products we offered. See “— Legal Proceedings and Compliance — Legal Proceedings — Recent Litigation with a Customer.”

INFORMATION TECHNOLOGY SYSTEMS

Information technology is crucial to maintaining our competitive advantage and operational efficiency. We implement and sustain IT systems that grow alongside our business, ensuring they fulfill our diverse operational needs. Our primary IT systems include the following: the product lifecycle management (PLM) system, the manufacturing execution system (MES), the customer relationship management (CRM) system, the ERP system, and an enterprise endpoint security management system which integrates various functions, encompassing data encryption, network management and network monitoring.

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

IMPACTS OF U.S. TRADE AND INVESTMENT-RELATED LAWS AND REGULATIONS

Impact of the U.S. Export Control

Our Directors are of the view, after consultations with our legal advisor as to international sanctions (“International Sanctions Advisor”) and taking into account its view, that the impact of the current U.S. export control laws on our business is generally limited and manageable for the following reasons:

(1) During the Track Record Period, we procured certain U.S.-origin parts and components (including diodes, resistors, controllers, etc.) used by the Group that were subject to the Export Administration Regulations (“EAR”); however, such items were classified as EAR99 and were not otherwise controlled under the EAR. In other words, these U.S.-origin parts and components are of low sensitivity and restriction, and are generally considered to present a lower level of risk under U.S. export controls. Specifically, all U.S.-origin parts and components we procured were classified as EAR99, and we did not transfer any items subject to the EAR to any third parties. We did not procure any U.S.-origin controlled items (including technologies) that fall under ‘advanced’ categories under the EAR, especially those subject to the enhanced controls introduced under the recent U.S. semiconductor-related rules (such as items classified under the advanced-computing, advanced semiconductor manufacturing equipment, etc.)

Furthermore, the raw materials used in our products were not directly imported from the U.S. Upon our further evaluation, the U.S.-origin parts or components that are eventually incorporated into our products are not controlled items (i.e. EAR99 items) under the EAR with the PRC as the destination. Accordingly, our International Sanctions Advisor is of the view that, based on the data and confirmation we provided, no U.S. export control license from the BIS is required for items subject to the EAR that we procure from the United States. During the Track Record Period, our procurement of such U.S.-origin parts and components from suppliers did not trigger any export restrictions under U.S. export control laws.

(2) Given that our products are manufactured in the PRC and do not incorporate controlled U.S.-origin commodities or are not bundled with controlled U.S.-origin software, generally speaking, our SiC products are not subject to the EAR unless they would be transferred to a final destination or end-user that is subject to restrictions under a specific FDP rule. During the Track Record Period, we purchased certain U.S.-origin software that is subject to the EAR and may be classified under Export Control Classification Numbers (“ECCNs”) 3D991 and EAR99. Based on our confirmation, none of such software was used in the production of products supplied to customers that would trigger the application of any Entity List–Related Foreign Direct Product (“FDP”) rules. Accordingly, our International Sanctions Advisor is of the view that these transactions are not subject to the EAR, and that our Group’s SiC products are likewise not subject to the EAR unless transferred to a destination or end-user restricted under a specific FDP rule in the future. In addition, we have not obtained any items which are subject to EAR restriction for import into China for civilian end uses. Our International Sanctions Advisor has confirmed that

items classified as 3D991 and EAR99 are freely exportable from the United States to China for civilian use without any U.S. export license. As such, our Directors are of the view that such transactions do not have any material adverse impact on our business operations, financial position or future prospects.

Impact of the U.S. Outbound Investment Rules

Our Directors are of the view, after consultations with our International Sanctions Advisor and taking into account its view, that the impact of the U.S. Outbound Investment Rules (“Final Rule”) is generally limited and manageable because: (1) as one of the practitioners in the semiconductor field, our business (IC design) has not reached the level of falling within the scope of activities referred to in the definition of prohibited transaction but is categorized as activities within notifiable transaction under the Final Rule. Specifically, we do not design IC that meets or exceeds the performance parameters referred to in the definition of “prohibited transaction” under 31 CFR 850.224; (2) investments by persons other than U.S. persons as defined under the Final Rule are not subject to the Final Rule; (3) nonetheless, the Final Rule may increase the compliance burden on U.S. investors if any U.S. investors intend to purchase shares before the initial public offering (“IPO”) or if future U.S. investors intend to make other types of “covered transactions.” Notably, concerning our listing application, the Treasury emphasizes that a U.S. person’s acquisition of equity that is not yet publicly traded for purposes of facilitating an IPO, including as part of an underwriting arrangement, would not fall under the publicly traded securities exception under 31 CFR 850.501 and could be a covered transaction, and such U.S. initial purchasers shall bear the obligation to notify the Treasury. However, once shares are issued and become publicly traded, then subsequent purchasers (including U.S. persons) are exempted under the publicly traded securities exception regardless of whether we engage in covered activities. Whether underwriters or investors in this Global Offering decide to make such a notification will be based on their own assessment of the implication of the Final Rule. Our Directors, having considered the advice of our International Sanctions Advisor for matters relating to the Final Rule, are of the view that the Final Rule is not likely to have any material adverse impact on the Company’s business operations and financial performance, its shareholders, the Listing or the Global Offering. Having reviewed the basis of the Directors’ view and the independent due diligence work conducted by the Joint Sponsors, the Joint Sponsors are of the view that the Final Rule is not likely to have any material adverse impact on the Company’s business operations and financial performance, its shareholders, the Listing or the Global Offering.

DATA SECURITY AND PRIVACY

We attach the greatest importance to data security and protection. We have adopted our standard protective measures including confidentiality categorization, access control, data encryption and desensitization to prevent unauthorized access, leakage, improper use or modification of, damage to or loss of data. We have built up a comprehensive data management system and formulated a series of technical standards and specifications to ensure data security throughout its life cycle.

We do not engage in collecting private information through public channels such as operational websites or apps, and the data we collect is limited. In the course of our business operations, the only privacy data we collect mainly pertains to employee information, customer and supplier contact information, and other data necessary for operation and management. We will make sure to obtain adequate authorization and consent from our employees, customers, suppliers and job applicants for collecting and processing their private information. Our operation data primarily consists of internal R&D, operations, financial, and management records. To enhance our data security and protection measures, we have established comprehensive internal policies that support effective data management through classification. These policies outline clear protocols for identifying, storing, accessing, transporting, copying, reproducing, distributing, transmitting, recycling, and disposing of data based on varying levels of sensitivity.

In addition, we have implemented a robust information backup management system that provides guiding principles, detailed procedures, and mechanisms for data recovery. We also developed a corporate trade secret protection system and a document control system, which includes procedures governing the entire lifecycle of data, from initial storage to final destruction. Together, these systems create a solid framework that protects our data and maintains our high standards for information security.

On December 28, 2021, the Cyberspace Administration of China (中國國家互聯網信息辦公室) (the “CAC”) and several other administrations jointly promulgated the revised Cybersecurity Review Measures, which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that intend to purchase network products and services, which affect or may affect national security, must apply to the Cybersecurity Review Office established by CAC for cybersecurity review. In addition, an online platform operator that possesses the personal data of more than one million users must apply for cybersecurity review if it seeks listing abroad. The Cybersecurity Review Office of CAC may voluntarily conduct cybersecurity review if any network products and services or activities of data processing affect or may affect national security.

Our PRC Legal Adviser conducted consultation via the hotline published by the CAC, on behalf of us on May 14, 2025, with an officer of the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the “CCRC”, now renamed as China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心)). The CCRC is a competent authority on this consultation, because it is entrusted by the Cybersecurity Review Office under the CAC with authority to accept and review of application materials and to set up a hotline for consultation regarding the cybersecurity review, according to the official announcement by the CAC. Based on such consultation, although the Cybersecurity Review Measures stipulate that an online platform operator that possesses the personal data of more than one million users must apply for cybersecurity review if it seeks a listing abroad, Hong Kong is part of the PRC and not considered “abroad” as contemplated in the Cybersecurity Review Measures, and therefore we do not need to proactively file for the cybersecurity review for our proposed listing in Hong Kong.

Based on the oral consultation response from the staff of the CCRC, and in accordance with Article 2, Article 8 and Article 10 of the Regulations on Protection of Critical Information Infrastructure, the competent authorities and supervision and administration departments of the important industries and sectors (hereinafter referred to as the “Protection Departments”) are responsible for the security protection of critical information infrastructure; the Protection Departments are responsible for organizing the identification of critical information infrastructure within its industry or field according to the identification rules, notifying the operators of the identification results in a timely manner, and reporting to the Ministry of Public Security. As of the Latest Practicable Date, we have not received any notification from the relevant competent or supervisory authorities to require our PRC domestic companies to undergo a cybersecurity review, nor have we been informed that the PRC domestic companies have been identified as operators of critical information infrastructure.

Article 16 of the Cybersecurity Review Measures provides that the Cybersecurity Review Office of CAC may voluntarily conduct cybersecurity review if any network products and services or activities of data processing affect or may affect national security. According to the oral consultation response from the staff of the CCRC to the telephone consultation, the cybersecurity review stipulated in Article 16 of the Cybersecurity Review Measures does not require proactive application. If competent authorities initiate a cybersecurity review based on Article 16 of the Cybersecurity Review Measures, the relevant departments will notify the entities involved in the cybersecurity review. As of the Latest Practicable Date, we had neither been involved in any investigations of cybersecurity review conducted by the CAC nor received any notice, warning or penalties in this regard.

The relevant authorities have discretions in the interpretation and enforcement of cybersecurity related regulations, and it is unclear whether and how such regulations will further evolve into supervisory measures in the future, and we will closely monitor and assess any development in the rule-making process. If we become subject to enhanced cybersecurity review or investigations launched by PRC regulators in the future, any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance with the related laws and regulations may result in fines or other penalties, as well as reputational damage or legal proceedings or actions against us, which may have a material adverse effect on our business, financial condition or results of operations.

On September 24, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the “Data Security Regulations”), which are applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the PRC and took effect on January 1, 2025. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to national security review in accordance with

BUSINESS

relevant laws and regulations. We believe that we do not commit any act that threatens or endangers the national security of the PRC, and to our knowledge, we have not received or been subject to any investigation, notice, warning or sanction from any PRC authority with respect to national security issues arising from our business operations. Furthermore, the Data Security Regulations do not include the article of “if a data processor’s proposed listing in Hong Kong affects or may affect national security, the data processor shall apply for the cybersecurity review according to relevant laws and regulations” as presented in the Draft Regulations.

We neither provide products or services to our customers through a network platform, nor collect any personal information from individual users. Besides personal information of our employees, we hold contact information of around 10,000 individuals from our customers and suppliers. We store all the business data and personal information in mainland China. The current information protection organizational structure is led by the Board Secretary’s Office (董事會秘書辦公室), assisted by the IT department, with each department having its designated Information Security Manager. Cybersecurity is primarily the responsibility of the IT department. We have adopted internal measures regarding cybersecurity and data protection to ensure compliance with relevant cybersecurity and data protection laws and regulations.

Our Directors and our legal advisor as to the PRC cybersecurity and data protection laws are of the view that we would be able to comply with the relevant cybersecurity and data protection laws and regulations in all material aspects, and the Cybersecurity Review Measures will not have any material adverse effect on our business operations or the listing. As of the Latest Practicable Date, we were not engaged in any cybersecurity review or subject to any warnings or fines or punishment regarding cybersecurity and data protection by any competent authority.

COMPETITION

The global SiC power device industry witnessed remarkable growth from 2020 to 2024. The market size increased from RMB4.5 billion in 2020 to RMB22.7 billion in 2024, with a CAGR of 49.8%. It is expected to further increase at a CAGR of 40.5% from 2025 to 2029, reaching RMB110.6 billion by 2029. The penetration rate of SiC in the global power device market has also increased significantly, rising from 1.4% in 2020 to 7.6% in 2025, and is expected to reach 20.1% by 2029.

As the market trends towards third-generation semiconductor materials, SiC stands out as an ideal choice for high-power, high-temperature and high-frequency applications with its wide bandgap, high thermal conductivity and excellent radiation resistance. We are a major player in the SiC semiconductor industry, with a track record of innovation that positions us at the forefront of the industry’s evolution. We primarily compete with providers offering SiC products and providers of semiconductor products based on alternative semiconductor materials. See “Industry Overview.”

We believe we are strategically positioned in capturing industry growth, leveraging our full-spectrum integrated R&D capabilities as well as the IDM model with domestic and overseas supply chain capabilities. However, the SiC power device industry is highly competitive, and we have a limited track record in developing, commercializing and marketing our products. Failure to compete effectively could adversely affect our business, results of operation and future prospects. See “Risk Factors — Risks Relating to Our Industry and Business — The SiC power device industry is highly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.”

EMPLOYEES

As of December 31, 2025, we had 526 full-time employees. The following table sets forth the number of our employees by function:

Employee Function	Number of employees	% of Total
Research and Development	155	29.5
Manufacturing	146	27.8
Management and Administration	147	27.9
Sales and Marketing	78	14.8
Total	526	100.0

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high quality talent pool is one of our core strengths. We adopt high standards and strict procedures in our recruitment to ensure the quality of new hires and use various methods for our recruitment to satisfy our demands for different types of talents. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

We enter into employment contracts and agreements regarding confidentiality, intellectual property, and non-competition with our management and employees. In addition, we usually enter into proprietary information and inventions agreement with our key employees, under which we have all right, title and interest relating to any and all inventions by such employee during the term of his/her employment with us. Further, when employees are hired, we give them an employee handbook, which informs them of our policies and their rights in all material respects, from recruitment, compliance, salary, benefits, performance assessment to training and development.

We have 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.

Social Insurance and Housing Provident Funds

According to laws and regulations in China, we are required to participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance, employment injury insurance, unemployment insurance and housing provident funds through a PRC government-mandated benefit contribution plan.

We are required under PRC law to make contributions to employee social insurance plans at specified percentages of the salaries, bonuses and certain allowances of our staff. See “Regulatory Overview — Regulations on Labor, Social Insurance and Housing Provident Fund.” The aggregate shortfall of social insurance payments and housing provident fund contributions in 2023, 2024 and 2025 amounted to approximately RMB9.7 million, RMB11.7 million and RMB15.5 million, respectively. These shortfalls primarily resulted from (i) employees being unwilling to make contributions to employee social insurance and housing provident plans based on the actual level of salary. Compulsory contribution by full amount could potentially lead to the loss of employees, harming our competitiveness; and (ii) non-local employees declining to make contributions to employee social insurance plans and housing provident plans in the host cities where they are employed.

Our Directors believe that the incidents above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any employee complaint concerning their payment of social insurance and housing provident funds; (ii) we will make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities and (iii) (a) based on confirmations from relevant authorities, during the Track Record Period, we were not subject to any administrative penalties imposed by the social insurance authorities or the housing provident fund authorities due to insufficient payment of social insurance or housing provident funds, and (b) we learned from the interviews with relevant authorities where the majority of our employees are located that, in practice, these authorities typically do not proactively require enterprises within their responsible districts to make supplementary payments for shortfalls of social insurance or housing provident funds, and they generally do not proactively impose administrative penalties on enterprises for such insufficient payments, unless employee complaints have been filed. In addition, pursuant to Notice of the General Office of the State Taxation Administration on Properly and Orderly Implementing the Collection and Management of Social Insurance Contributions (國家稅務總局辦公廳關於穩妥有序做好社會保險費徵管有關工作的通知) and the Notice of the General Office of the State Council on Issuing the Comprehensive Plan for Reducing Social Insurance Contribution Rates (國務院辦公廳關於印發<降低社會保險費率綜合方案>的通知), tax enforcement inspections shall be conducted in a standardized manner, no voluntary organization of inspections on overdue contributions from prior years shall be carried out and during the reform of the collection system, no centralized collection of enterprises’ historical overdue contributions shall be conducted on a voluntary basis. Based on the foregoing, our PRC Legal Adviser is of the view that the risk we would be required to pay all the historical shortfalls,

BUSINESS

or be subject to material administrative penalties by the competent authorities regarding our contribution to the social insurance and housing provident funds during the Track Record Period is remote, provided that there are no material adverse changes in the current regulatory policies and environment and no substantial employee complaints occur.

We have reviewed our practice and adopted or plan to adopt remedial. (i) We have established an internal control department to monitor our ongoing compliance with the social insurance and housing provident fund contribution regulations and oversee the implementation of any necessary measures. (ii) We will continuously review and monitor the reporting and contributions relating to the social insurance and housing provident funds and we will consult our PRC Legal Adviser for advice on relevant laws and regulations in China to keep us abreast of relevant regulatory developments. (iii) We will offer more educational sessions on social insurance and housing provident funds to our workforce, especially the non-cooperating employees, to heighten their compliance awareness and secure their cooperation in making timely joint contributions in this regard. (iv) We will enhance our human resources management policies with respect to social insurance plans and housing provident funds. (v) We will assign designated teams, including, but not limited to, the members of our legal and compliance department, to monitor our ongoing compliance with the social insurance and housing provident fund contribution regulations. This team will also be responsible for implementing any necessary corrective measures. (vi) We will engage in regular communication with the relevant PRC authorities to ascertain that our methods for calculating and remitting contributions are in full compliance with all pertinent regulations.

We have enhanced the social insurance and housing provident fund contribution base for part of our employees who have consented to such increase. However, due to (i) the practicable time window for adjusting the social insurance and housing provident fund contribution for 2025 for certain of our subsidiaries having already passed, and (ii) a certain number of our employees still being unwilling to adjust the social insurance and housing provident fund contribution base despite our proactive communication, as mandatory increases in the contribution base would reduce employees' income and thereby adversely affect our employment stability, we are unable to complete the compliance rectification of the social insurance and housing provident fund contribution bases for all employees prior to the Listing. In order to rectify the non-compliance of contribution bases, we will continue to proactively communicate with our employees to guide and encourage them to agree to the adjustment of contribution base. We plan to progressively adjust the contribution bases following our Global Offering.

Going forward, we will continue to implement the above measures to ensure that we comply with the social insurance and housing provident fund contributions requirements under the relevant laws and regulations and undertake to make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities.

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which is not mandatory under PRC laws. We do not maintain any keyman insurance. During the Track Record Period, we did not make any material insurance claims in relation to our business. See “Risk Factors — Risks Relating to Our General Operations — We may not have sufficient insurance coverage to cover our business risks, including all losses or potential claims by our customers, which would affect our business, financial condition and results of operations.”

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We have established a three-tier environmental, social and governance (ESG) governance structure, comprising the Board, an ESG working group and an implementation level. The Board holds ultimate responsibility for the ESG strategy and reporting. It oversees and approves our ESG and climate-related management policies, strategies, targets and annual work, ensuring effective assessment, prioritization, and management of material ESG risks and opportunities. The Board also regularly reviews and monitors performance and progress towards our ESG targets. The Directors will regularly attend ESG training to enhance their knowledge of ESG governance.

Our ESG working group, consisting of our general manager and members of the Board office, will report directly to the Board on ESG matters. The ESG working group is responsible for establishing ESG and climate-related management policies, strategies, targets, and annual work plans for the Board's approval, as well as driving their implementation. It also identifies, assesses, and manages actual and potential ESG-related risks and opportunities, while tracking and reviewing our ESG performance and progress toward key targets. In addition, the working group gathers, evaluates, and responds to stakeholders' views on significant ESG matters through appropriate channels. It prepares ESG reports, updates the Board on ESG performance and the effectiveness of related policies, and provides recommendations to support the Board's decision-making on ESG matters.

Materiality Assessment

A materiality assessment has been conducted to better understand the needs and expectations of our stakeholders. We have engaged an independent ESG consultant to assist in conducting a materiality assessment in accordance with Appendix C2 of the Listing Rules of the Stock Exchange. This involves a questionnaire to collect stakeholders' concerns and expectations, for the subsequent determination of material issues by the Group. The materiality assessment process begins with identifying potential ESG issues that may affect the Group's business or related parties, based on the Group's development. Stakeholders, including directors, senior management, employees, suppliers, and customers, are then invited to complete a questionnaire to share their views and concerns regarding each potential material issue. The results of the questionnaire are analysed to prioritise the issues based on their significance. Finally, management reviews and confirms the list of material issues to determine the necessary actions and disclosures.

Based on the results of the materiality assessment, a total of six ESG issues were identified as highly material, including: anti-corruption, customer service, product quality and safety, supplier management, equal and compliant employment, and waste and greenhouse gas emissions.

Anti-corruption: See “— Anti-bribery and Anti-corruption.”

Customer Service: We are committed to providing customers with high-quality products and services based on their actual needs. Our marketing center receives customer complaints through e-mail, complaint forms, telephone, and other forms, and transfers them to the quality department for classification and processing. We will respond to customers with solutions as soon as possible until the customer is satisfied.

Product Quality and Safety: We attach great importance to product quality and safety, and have established a comprehensive quality management system, including defining the scope of the quality management system, responding to quality risks and opportunities, quality goals and realization, laboratory requirements, and other aspects, covering the entire process of product development, production, release, sales, traceability, etc., to ensure the high quality and safety of our products and services.

Supplier Management: See “— Supply Chain Management.”

Equal and Compliant Employment: See “— Compliant Recruitment”, “— Performance and Development” and “— Remuneration and Benefits.”

Exhaust and Greenhouse Gas (GHG) Emissions: See “— Energy and Emission Management.”

Energy and Emission Management

We aim to control energy consumption and reduce carbon emissions in our operations, and prioritise using energy efficient equipment in the office area. We have formulated and implemented the *Energy Saving and Consumption Reduction and Office Environment 5S Management Regulations* (《節能降耗及辦公環境5S管理規定》) to save energy and cost, as well as cultivate environmental protection habits among employees. Our approach focuses on promoting efficient energy use by maximising natural daylight during working hours and ensuring that lights, air conditioning and other electrical equipment are switched off promptly after work or during prolonged absences to avoid unnecessary energy consumption. In summer, air conditioning should only be used when temperatures exceed 26°C, and the air conditioning temperature should be controlled above 24°C-26°C. For research, development or production equipment that must run continuously, appropriate handover arrangements are required. Additionally, all company computers must be set to automatic lock-screen mode, and office equipment should operate in power-saving mode when not in use.

BUSINESS

Water Management

To promote the efficient use of water resources and enhance our environmental performance, we require employees to follow the measures set out in the Energy Saving and Consumption Reduction and Office 5S Management Regulations (《節能降耗及辦公環境5S管理規定》). These include controlling water flow and minimizing usage time when using tap water to prevent unnecessary waste, as well as replacing the Reverse Osmosis (RO) membrane with a higher-output version to improve purified water production efficiency by approximately 5% to 10%.

Waste and Wastewater Management

We strictly abide by the laws and regulations of the place where the business is operated and have passed the relevant inspections of the local Environmental Protection Department. As stated in our *Process Environmental Management Program* (《過程環境管理程序》), the Plant Affairs Department is responsible for the treatment of wastewater and sewage throughout the Company. Operators involved in generating wastewater must strictly follow operating procedures, control process indicators, and minimise wastewater discharge. Industrial wastewater will first be discharged to the wastewater station for preliminary treatment. After the industrial wastewater meets the standards at the wastewater station, it will be discharged to the designated water treatment plant. Meanwhile, we always carefully manage the solid waste generated during the production process and find third parties to handle it in a timely manner to reduce waste pollution. The hazardous and non-hazardous waste are entrusted to the qualified third party for treatment. For hazardous waste, we collect and classify hazardous waste, such as used batteries, waste organic solvents, waste lubricants, etc., and transfer them to the temporary storage of hazardous waste, and arrange qualified third parties to handle them. In order to reduce the generation of hazardous waste, we have formulated a hazardous waste management plan and implemented measures to reduce the amount of hazardous waste and reduce the harm. These measures include improving product design, adopting advanced process technology and equipment, using clean energy and raw materials, improving management, integrated utilization of hazardous waste and improving pollution prevention and control levels.

Metrics

The following outlines the environmental key performance indicators for our Group's offices and production bases. Our GHG inventories are conducted following the "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

Direct GHG emissions that occur from sources controlled or owned by the Group, including fossil fuel combustion from both stationary and mobile sources, and refrigerant gas leaks, are categorized as Scope 1 emissions. Scope 2 emissions are indirect, stemming primarily from the consumption of purchased electricity. Our calculated Scope 3 other indirect emissions include the emissions arising from paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments and business air travel by employees.

	For the year ended December 31,		
	2023	2024	2025
GHG Emissions			
Scope 1 (Direct emissions) (tCO ₂ e)	47.17	48.20	48.37
Scope 2 (Indirect emissions) (tCO ₂ e)	7,265.93	7,706.73	8,747.17
Total GHG emissions (Scopes 1 and 2) (tCO ₂ e)	7,313.10	7,754.93	8,795.54
Total GHG emissions intensity (Scope 1 and 2) (tCO ₂ e/million RMB revenue) . .	33.15	25.93	28.27
Scope 3 (Indirect emissions) (tCO ₂ e)	1,125.35	1,194.77	850.43
Total GHG emissions (Scopes 1, 2 and 3) (tCO ₂ e)	8,438.44	8,949.70	9,645.97
Total GHG emissions intensity (Scope 1, 2 and 3) (tCO ₂ e/million RMB revenue).	38.25	29.93	31.00
Resources Consumption			
Electricity consumption (MWh)	13,543.05	14,366.21	16,306.74

BUSINESS

	For the year ended December 31,		
	2023	2024	2025
Electricity intensity (MWh/million RMB revenue)	61.40	48.05	52.41
Water consumption (m ³)	34,526.00	52,150.00	101,303.00
Water consumption intensity (m ³ /million RMB revenue).	156.52	174.41	325.56
Gasoline (L)	2,991.50	3,417.40	3,488.88
Waste Generation			
Non-hazardous waste generation (kg)	28,943.24	23,739.40	29,437.00
Non-hazardous waste generation intensity (kg/million RMB revenue)	131.21	79.39	94.60
Hazardous waste generation (kg)	8,016.00	37,071.00 ⁽¹⁾	25,370.00
Hazardous waste generation intensity (kg per million RMB revenue)	36.34	123.98	81.53

Note:

- (1) The main reasons for the increase in the total amount and intensity of hazardous waste in 2024 are (a) the Shenzhen factory was not put into production in 2023 and was in the trial production stage in 2024. It has not yet reached the optimal production efficiency, which has increased the amount and intensity of hazardous waste; and (b) the Wuxi factory increased its production in 2024. At the same time, the activated carbon used in the production process was replaced on a periodic basis. It did not need to be replaced in 2023, but the generation of this type of waste in 2024 increased the amount and intensity of hazardous waste.

In the comparison of 2024 ESG performance and metrics with industry peers, our total GHG emissions intensity stands at 25.93 tCO₂e per million RMB of revenue, which is lower than the peer average of 59.11 tCO₂e per million RMB of revenue. The Group's intensity of electricity consumption and water consumption are 48.05 MWh per million RMB of revenue and 174.41 m³ per million RMB of revenue respectively, both of which are below the peer averages of 90.80 MWh per million RMB of revenue and 856.60 m³ per million RMB of revenue. The non-hazardous waste generation intensity of the Group is 79.39 kg per million RMB of revenue, which is lower than the peer average of 508.45 kg per million RMB of revenue.

Targets

We have established environmental targets aimed at reducing GHG emissions, electricity consumption, water consumption, and non-hazardous waste production. Our ESG targets focus on improving environmental performance across several key areas, beginning with a commitment to reduce total GHG emissions intensity by 2% in 2026, using 2024 as the base year. We also aim to enhance energy efficiency by lowering total electricity consumption intensity by 2% within the same timeframe and baseline. In terms of water efficiency, we plan to decrease total water consumption intensity by 2% in 2026, again referencing 2024 as the base year. For waste management, our targets include reducing non-hazardous waste generation intensity by 4% by 2026 compared with 2024 levels, and lowering hazardous waste generation intensity by 1.8% by 2028, with 2025 as the baseline.

Climate Change

The Board assumes full responsibility for overseeing climate-related management. Our risk management approach is closely tied to this climate-related assessment. Please refer to the "ESG Governance" section for details on our climate change management framework. We prioritise climate change management as we recognise that physical risks, such as those arising from shifting climate patterns and extreme weather events, and transition risks linked to policy changes and global shift to the green economy may impact our future operations. To address these challenges, we have systematically identified and evaluated climate-related risks across short-term (within 5 years), medium-term (5 to 15 years), and long-term (over 15 years) horizons. Based on the climate change assessment, we have developed targeted mitigation strategies.

Physical risks and response measures

We have identified several acute physical risks, particularly floods and cyclones, which are expected to occur in the short term and are assessed as low risk. Semiconductor manufacturing depends heavily on a stable electricity supply, and severe weather events may result in power outages that disrupt production operations. To address this, we plan to deploy on-site energy storage systems. Increasingly frequent extreme weather events are also anticipated to raise maintenance costs and elevate property damage risks at operational facilities. In response, contingency plans, such as the Emergency Plan Management Procedure, and tiered safety protocols will be implemented to maintain operational stability under varying levels of weather severity. Additionally, severe weather can impede logistics, potentially causing operational delays. To mitigate, we diversify the supplier base to reduce reliance on single sources.

For chronic physical risks, we have identified extreme temperature as a long-term issue with a low risk level. Higher temperatures may lead to higher energy consumption in cooling systems. To address this, we plan to adopt energy-efficient cooling systems. Extreme heat could also elevate the likelihood of power anomalies, fire hazards, and damage to fixed assets, potentially leading to property losses. In response, production facilities and worksites will be retrofitted to enhance resilience to high temperatures, while also improving the efficiency of temperature-control equipment to reduce energy consumption under equivalent operating conditions.

Transition risks and response measures

Among transition risks, policy and regulatory pressures are expected to materialize in the medium to long term and are assessed as low risk. The Stock Exchange is set to require climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This may lead to increased sustainability reporting obligations and higher compliance costs. As a response, we plan to closely monitor changes in external regulations, ranging from regional policies to stock exchange rules, to strengthen our climate-related disclosure practices and ensure full compliance with local legal requirements.

Technological transition risks are also considered medium to long-term with a low risk level. The introduction of low-carbon and energy-efficient technologies in the market could weaken our competitive advantage if technological innovation does not keep pace. To mitigate this, we intend to accelerate the development of more efficient products and technologies through continuous research and development efforts.

Reputational and market risks

We face reputational risks in the medium to long term, also assessed as low. As stakeholders increasingly focus on carbon-emission performance, failing to meet their expectations could harm the brand image, potentially impacting revenue. To counter this, we will regularly disclose our GHG reduction initiatives and enhance climate-related transparency. We also intend to reinforce internal culture by promoting the Energy Saving and Consumption Reduction and Office Environment 5S Management Regulations among employees, while monitoring electricity and water use in common areas.

Market risks, particularly those arising from shifting customer preferences, are likewise projected over the medium to long term and considered low. As clients become more attentive to climate-related risks and opportunities, their changing preferences may negatively impact revenue. To respond, we plan to integrate green and low-carbon development into our long-term growth strategy.

Compliant Recruitment

The Group strictly complies with labor-related laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) to ensure that no child labor or forced labor will be employed.

We carry out recruitment through formal channels, emphasizing the comprehensive abilities of the applicants. After passing all interviews and approvals by relevant leaders, we will review the candidates' identity information, academic certificates, and other important information. When the new employee is on board, we will sign the *Labor Contract* (《勞動合同》) and *Confidentiality Agreement* (《保密協議》) with him/her in accordance with the laws and regulations.

As of December 31, 2025, we had a total of 526 employees, comprising 357 males and 169 females. In terms of age distribution, 224 employees were under 30 years old, 296 were between 30 and 50, and 6 were above 50. Geographically, the majority of our workforce, 516 employees were based in Mainland China, while 1 employee was located in Hong Kong, Macau or Taiwan, and 9 employees were stationed in overseas regions.

Performance and Development

We actively carry out training activities in our daily work to empower our employees. We organize training courses according to annual and monthly training schedules, including but not limited to induction training, transfer training, external enhancement training and hiring internal and external training instructors.

The Group has established a *Performance Management System* (《績效管理制度》) to continuously improve the competitiveness of the organization and employees. We regularly review and evaluate the achievement results of the assessed organizations and individuals during the assessment cycle. The results of performance assessment are applied to matters such as performance bonuses, year-end bonuses, salary adjustments and job promotions, etc.

Remuneration and Benefits

We have built up a comprehensive salary system by taking into account the employee's position, job duties and the company's operation. In terms of holidays, in addition to statutory holidays, we also provide our employees with welfare holidays such as marriage leave, bereavement leave, maternity leave and birth leave to fully protect their right to rest.

Occupational Health and Safety

The Group is concerned about the health and safety of its employees and requires that product manufacturing activities be carried out in strict accordance with safety control procedures, while the Supply Chain Department and the Quality Department are required to ensure the safety of all processes. We strictly implement the *Environmental, Health and Safety Management Regulations* (《環境健康安全管理制度》), build an environmental, occupational health and safety management system and set relevant targets in accordance with ISO 14001:2015 and ISO 45001:2018 standards. We identify environmental risks and hazardous factors in a timely manner, make clear provisions for employees in different positions, control of operating procedures, and respond to emergency events. We carry out safety drills from time to time to comprehensively safeguard the health and safety of our employees.

Supply Chain Management

We have implemented internal policies, including the *Procurement Management Procedure* (《採購管理程序》), *External Supplier Management Procedure* (《外部供方管理程序》), *Guidelines for Material and Outsourced Testing Procurement* (《物料及委外測試採購作業指導書》) and *Supplier Audit Work Guidance* (《供應商審核作業指引》). These policies encompass supplier selection, classification, and management.

The Company's procurement criteria focus on production capacity, quality assurance, on-time delivery, and reliable after-sales service. For automotive material suppliers, we require suppliers to obtain third-party ISO 9001 or IATF 16949 certifications.

The qualified suppliers are required to sign the *Supplier Commitment Letter* (《供應商承諾書》). Suppliers must commit to not provide false products or engage in unfair practices, and any confidential information must be protected and not disclosed to third parties. They are also required to adhere to export control laws and anti-bribery regulations, with penalties applicable for any breaches.

Potential suppliers must provide samples for evaluation. Once approved, we issue a *Supplier Written Documentation Review Form* (《供方書面資料審核表》), allowing them to join the *Qualified Supplier List* (《合格供應商名錄》).

We verify whether suppliers meet supply and quality system requirements through on-site audits or document reviews. Each January, the Quality Department creates an *Annual Supplier Audit Plan* (《供應商審核年度計劃表》) for key suppliers. After the audit, we summarize the issues with the supplier, and the audit leader will send a non-conformance report via email within a week. The supplier must respond with an improvement plan within two weeks of receiving the report. For suppliers that fail the audit, we will suspend deliveries.

Anti-bribery and Anti-corruption

We have established the *Integrity and Self-Discipline Management System* (《廉潔自律管理制度》), prohibiting illegal and unethical behavior. It applies to all employees and activities within the Company and its subsidiaries, requiring them to follow ethical standards, protect company assets for legitimate purposes, and avoid commercial bribery.

Employees receive integrity training when they join, helping them understand the harm caused by kickbacks, embezzlement, and bribery, and they sign the *Commercial Secrets and Integrity Guidelines* (《商業秘密與廉潔自律應知應會》). Employees must adhere to the code of conduct and professional ethics in business activities, prohibiting all forms of commercial bribery, misuse of authority to misappropriate company assets, and actions that exchange Company interests for personal gain.

At the same time, employees are encouraged to report any misconduct via Company hotline or e-mail. We maintain the confidentiality of whistleblowers' personal information, classifying it as commercial secret protected by the Company. Should we receive any report, we will verify the reports we receive and issue an investigation report. For incidents that constitute conditions for punishment, we will report them to the Chairman for review and approval and then announce and implement.

We conduct an annual self-assessment in accordance with the *Integrity and Self-Discipline Management System* (《廉潔自律管理制度》). If any violations or anomalies in supervision are discovered during the self-assessment, the report must be promptly submitted to the Office of the Board of Directors for record-keeping, and the Office of the Board of Directors will carry out investigations and handling. During the Track Record Period and up to the Latest Practicable Date, we did not identify any violations of integrity regulations or any supervisory anomalies arising from integrity issues.

PATH TO PROFITABILITY

Since our inception in 2016, we have placed great emphasis on long-term sustainable growth driven by technological advancements and commercialization progress. We have made substantial strategic investments in the R&D of proprietary technologies, recruitment of industry experts, commercialization of products and systematic upgrade of production facilities, persistently exploring the most viable business model aligned with long-term value creation. Leveraging our strategic investments, we have built a comprehensive product portfolio for various sectors, such as NEVs, renewable energy systems, energy storage systems, industrial control, data and server centers and rail transportations.

As of January 1, 2022, our accumulated losses were primarily due to our products remaining in the R&D and market expansion stages, without achieving mass production or cost optimization. During the Track Record Period, we incurred gross losses mainly due to our market-centric pricing strategies, high raw material costs and significant initial depreciation from new production lines. See “Financial Information — Year-to-year Comparison of Results of Operations.” Similarly, our net current liabilities primarily resulted from strategic investments to capture market opportunities and production line construction, funded through well-thought debt arrangements, and the net outflow of operating cash reflected our ongoing high investment in R&D, branding and production capacity to capture market opportunities.

We believe our robust R&D pipeline, scalable production capabilities, comprehensive product portfolio as well as commercialization capabilities have laid a solid foundation for our business sustainability and long-term development. In particular, we expect that our profitability will be enhanced in the next few years, primarily attributable to (i) revenue growth acceleration; (ii) gross margin improvement; and (iii) operational efficiency enhancement. By aligning our capacity with the growth trajectory of the SiC power device industry to deliver competitive products with high performance and reliability, we are well-positioned to transform early-stage investments into sustainable profitability, capturing value as the market matures.

Revenue Growth Acceleration

Our revenue grew significantly from RMB220.6 million in 2023 to RMB299.0 million in 2024 and further to RMB311.2 million in 2025. We anticipate improvement in our profitability as we further increase our revenue with the growth of the global SiC power device industry, expand our global reach, convert design-wins into revenue as well as diversify our customer base and expand the applications of our products.

Rapid Growth with the Global SiC Power Device Industry

Driven by various sectors' recognition of SiC materials' significant advantages compared to conventional silicon materials and the continuous reduction in the costs of SiC materials, the SiC power devices are expected to capture a larger share of the power device market both globally and within China. In particular, domestic substitution has become a major trend for China's semiconductor market. According to Frost & Sullivan, the overall domestic penetration rate of China's semiconductor market increased from approximately 16% in 2020 to approximately 24% in 2024, and is expected to further increase to approximately 34% in 2029. The trend of domestic substitution is also expected to occur in China's SiC power device market due to the rise of domestic SiC power device suppliers.

We leverage our extensive repository of successful R&D experiences to engage in collaborative initiatives with our customers, optimizing our R&D investments while expediting the development process. Based on existing sales orders and drawing on our previous collaborative experiences, we are positioned to identify potential new demands for products from our existing customers and secure additional orders for new products from our current customer base. On the other hand, our established market reputation and diverse range of product offerings have led to an increase in requests for R&D collaboration and sample orders from new customers in emerging industries. We are committed to responding promptly and proactively to these emerging needs, as demonstrated by our recent secured orders or delivery of sample products, including power modules for solid-state relays designed for power batteries, robot motion control power modules for a technology company in the robotics industry, and electric drive modules for low-altitude aircraft for a company specializing in low-altitude smart transportation. These additional orders from both existing and new customers enable us to remain attuned to the latest market demands and foster a positive feedback loop that contributes to an increase in our market share.

In terms of product manufacturing, we employ a flexible IDM model that allows for dynamic utilization between in-house production and manufacturing outsourcing. We strike a balance between in-house production and overseas OEM partnerships, ensuring a reliable and cost-efficient supply chain and timely delivery. See “— Manufacturing” and “— Procurement and Supply Chain Management — Suppliers — Manufacturing Outsourcing.”

In terms of product quality, we adhere to rigorous quality control systems that minimize waste, rework and material scrapping costs. See “— Quality Control.” Our standardized quality control procedures enhance operational efficiency, fostering customer trust while strengthening our brand image and expanding our market share.

Expanding Our Global Reach

We are actively pursuing international business opportunities to broaden our global presence. As part of this initiative, we (i) collaborate with global leading research institutes on various R&D projects; (ii) frequently visit global industry leaders, such as well-known overseas automotive manufacturers, and have secured orders from them; and (iii) regularly participate in renowned international exhibitions and conferences. Through these international expansion efforts, we are positioning ourselves as a significant player in the global SiC power device industry, ready to meet the growing demand for our products across various international markets.

During the Track Record Period, we utilized the above measures and established business relationship with certain high-quality customers both domestically and globally. For example, as of December 31, 2025, our automotive-grade SiC power module products had been mass produced and delivered for seven premium automobile manufacturer customers both in the domestic market and overseas market. In addition to the mass-delivered orders, we cumulatively supplied our automotive-grade SiC power module products to a total of 18 vehicle models for validation process as of December 31, 2025. Through these initiatives, our automotive-grade SiC power module products have achieved significant brand recognition and market acceptance, driving rapid business growth.

Converting Design-wins into Revenue

As of December 31, 2025, we successfully secured design-wins for 30 vehicle models. Among these, nine models had been successfully converted into mass production, marking a significant milestone in our automotive market penetration. This achievement positions us for substantial growth as these models will transition into mass production in the coming years. Moving forward,

our focus is on optimizing the conversion rate from design-wins to mass production and actual sales through multidimensional enhancements in brand promotion, product competitiveness, comprehensive technical services and supply chain security. Specific initiatives include:

(i) having secured partnerships with Tier-1 suppliers, including joint development through jointly established laboratories and collaborative technical task forces that proactively address customer design needs, as illustrated by our ongoing collaboration on SiC module packaging R&D, while approaching design-wins with premium European OEMs. For example, a Europe-based Tier-1 supplier has collaborated closely with us on R&D. Between 2024 and 2025, we completed over 20 rounds of testing and enhancements. A China-based Tier-1 supplier has maintained a close strategic partnership with us since the second half of 2025. We have completed multiple phases of testing, including double-pulse testing, bench testing, whole vehicle testing and announcement vehicle testing. As of the Latest Practicable Date, we successfully delivered small batch products for these customers;

(ii) implementing a flexible supply chain and a digital production system to ensure reliable delivery and meet regional production and compliance requirements, including establishing new strategic domestic production facilities and utilizing a make to order plus safety stock model;

(iii) continually strengthening our technical team by establishing specialized service teams for specific projects. We assign dedicated personnel to collaborate closely with customers throughout the development, testing and quality inspection phases, ensuring that we respond to customer needs in real time and facilitate effective communication;

(iv) enhancing the speed of our product development to align with customers' optimization requirements. During the optimization phase, we provide timely updates on testing data, product use cases and relevant documentation. This helps our customers understand the progress of product optimization;

(v) improving our internal quality control measures to ensure high product standards. This includes strengthening quality control during manufacturing by establishing checkpoints at critical operations and adhering to standardized procedures. See “— Quality Control;”

(vi) closely monitoring the latest developments and technological innovation in raw materials within the market to address customers' optimization demand, while maintaining product reliability. We conduct periodic reviews of supplier qualifications and promptly adjust the bill of materials for our customers' products to ensure that suppliers meet our quality and delivery requirements. Moreover, we are actively advancing the domestic substitution of raw materials to optimize both product performance and pricing for our customers;

(vii) enhancing our level of automated production and improve the automation of inter-device communication within our production process. In 2025, we integrated automated optical inspection equipment into our automated control processes. This equipment utilizes optical imaging and machine vision for template comparison, enabling us to identify defective products during production. This capability prevents flawed items from progressing to subsequent processes, ultimately saving costs and improving yield rates. Additionally, we monitor production line status in real time, allowing our engineers to quickly identify and resolve process issues, thus meeting our customers' requirements for production stability.

According to Frost & Sullivan, for the SiC semiconductor power device, it normally takes one to two years and between RMB7 million to RMB10 million to convert design-wins into commencement of mass production. See “— Our Products — Primary Application Areas — NEVs.” Through the above measures, as of May 31, 2026, we had converted nine (out of 30 design-wins in total as of December 31, 2025 and 34 design-wins in total as of May 31, 2026) design-wins. These nine successfully converted design-wins hold an indicative order value of RMB97.6 million (the value of products we expect to deliver in 2026) and have already contributed to the cumulative sale of over 145,000 automotive-grade SiC power module products. Furthermore, our design-win projects that had begun the validation process in 2022 and 2023 achieved conversion rates of 100% and 60% as of December 31, 2025, respectively, while design-win projects that had begun the validation process in 2024 were still at the validation stage as of December 31, 2025, in line with the industry's validation cycle. As of December 31, 2023, 2024 and 2025, the backlog of our automotive-grade SiC power modules was 2,530, 6,715 and 732 pieces, with the decrease from December 31, 2024 to December 31, 2025 mainly due to orders being more concentrated towards the end of 2024 but earlier in 2025, resulting in a higher backlog at the end of 2024 and a lower backlog at the end of 2025.

In addition to these successfully converted design-wins, we are continuously enhancing the overall conversion rates utilizing our competitive products and comprehensive technical services. Leveraging high-quality products and a diversified global supply chain, we expect to gradually convert these design-wins into mass production that generates a stable revenue stream in the coming years, driving rapid business growth.

Market Diversification and Application Expansion

To ensure long-term, sustainable growth, we are committed to diversifying our customer base. Our business development efforts will focus on attracting new automotive and industrial customers who have not yet adopted SiC-based technologies. In addition, we endeavor to expand sales of our industrial-grade SiC power modules by acquiring new industrial customers and by expanding purchases from existing industrial customers that previously procured our SiC discrete device products. As the prices of SiC products continue to decline, their cost-effectiveness in industrial applications has improved significantly, enabling rapid penetration across various sectors of industrial applications. The industrial application is expected to become one of the major application areas for SiC power modules.

At the same time, we are prioritizing the development of innovative products for emerging sectors such as low altitude transportation, AI computing and robotics, which are rapidly developing sectors with significant growth potential. This strategy keeps our product offerings aligned with future market trends and leverages the competitive edge of our SiC power devices, including superior performance, improved thermal properties, optimized voltage and current ratings and advanced integration capabilities, to meet the evolving needs of these segments and drive wider adoption across industries.

During the Track Record Period and as of the Latest Practicable Date, we have expanded into a wider range of applications. Specifically, we expanded into diversified industrial applications, uncovering demand across more than 10 scenarios and successfully completing validation for multiple premium industrial customers with products of superior quality. In 2025, we delivered over 130,000 SiC power module products for industrial applications, marking our first mass production of industrial-grade SiC power modules. As of the date of this prospectus, we have cumulatively secured sales orders for more than 120,000 units of industrial-grade SiC power module products for industrial applications, applied in scenarios such as welding machines, induction heating and electroplating. These orders give us a strong first-mover advantage in the expanding global power module market targeting industrial applications.

Furthermore, in 2025, we also delivered over 13,000 units of intelligent power stacks, achieving mass production. This product integrates our gate driver products with power modules in a stack, making the overall solution more compact, stable and easy for further integrated development compared to standalone packaging, offering clear application advantages. We have established strategic partnerships with multiple customers in the power supply and energy storage sectors. Based on such established customer relationships and mass delivery orders, we anticipate rapid market adoption, which further improves our revenue stream as well as profitability.

Gross Margin Improvement

As our business and revenue grew during the Track Record Period, we benefited from economies of scale and experienced a significant improvement in the gross loss margins of our SiC products. With our technological advancements, reduced procurement prices, production cost reduction and supply chain management combined with these structural adjustments as detailed below, we anticipate further improvement in our gross margin that will underpin our long term sustainable profitability.

Technological Advancements

We are committed to enhancing our profitability through continuous technological advancements. In 2023, 2024 and 2025, our R&D expenses amounted to RMB75.8 million, RMB91.1 million and RMB109.7 million, respectively, representing 34.4%, 30.5% and 35.3% of our total revenue, respectively. Through such investments in R&D, we had been granted 170 registered patents and had filed 132 patent applications as of December 31, 2025, achieving strong product competitiveness. During the Track Record Period, we significantly reduced our material and production costs through technological innovation. See “— Our Technologies.” Moreover, our

improvements in packaging technologies have enabled us to achieve additional reductions in material and production costs of SiC power modules. These technological advancements not only strengthen our competitive edge in the power device market but also contribute to effective production cost control.

Production Costs Reduction

As we continue to expand our operations, we remain vigilant in our approach to cost management. Our strategy involves continuously monitoring, evaluating and controlling our production costs. We anticipate that as we scale up our production, we will benefit from greater economies of scale. This expansion is expected to lead to a decrease in our production costs, contributing significantly to our overall profitability. For example, with the rapid increase in the output of our automotive-grade SiC power module products, the unit depreciation and amortization cost of SiC power module products in 2025 decreased by 52.5% compared to 2023 achieving a significant reduction in depreciation and amortization costs. As orders for automotive-grade and industrial-grade products continue to grow and as our in-house production lines ramp up, we expect production line utilization to further improve, driving additional reductions in depreciation and expanding product profitability.

We have implemented a systematic approach to identify and eliminate production bottlenecks, significantly decreasing production cycle and enhancing equipment efficiency. This initiative involves deploying lean manufacturing principles alongside advanced automation and real-time monitoring systems. By streamlining workflows and minimizing non-value-added activities, we expect to achieve substantial cost savings while maintaining product quality. During the Track Record Period, we improved our production yield through technological upgrades, continually optimized the overall production process and invested in upgraded equipment to address capacity bottlenecks, thereby reducing labor hours per unit and further increasing output.

Supply Chain Management

The global SiC raw material manufacturers are gradually increasing production capacity. Combined with intensifying market competition, this has driven a continued downward trend in the material costs of our SiC products. For example, according to Frost & Sullivan, the average unit price of key raw materials — 6-inch and 8-inch SiC epitaxial wafers — is expected to decline by approximately 30% from 2025 to 2027, creating further room for cost reduction in our products.

By diversifying our supplier base across raw materials and contract manufacturers, we have fostered price competition while maintaining product quality. At the same time, as our sales scale and production output increase, our bargaining power with suppliers has increased, enabling more favorable procurement prices. As a result, for example, (i) from the start of epitaxial wafer procurement in 2023 to 2025, the purchase price of epitaxial wafers decreased by approximately 60%; (ii) during the Track Record Period, prices of key raw materials such as AMB and substrates decreased by 20% to 50%; and (iii) since collaborating with domestic wafer contract manufacturers in 2024, our partial localization of outsourced wafer production has reduced the outsourcing price of major wafer models by approximately 50%.

In addition, by partnering with core suppliers, signing long-term contracts, defining pricing mechanisms and securing supply volumes, we are able to more effectively mitigate cost fluctuations caused by supply-demand imbalances and ensure stable product supply for customers. During the Track Record Period, our procurement prices steadily declined, and we did not experience any cost fluctuations caused by supply chain disruptions for key materials or outsourced production.

As an outcome of the foregoing measures, the unit material cost of our SiC discrete device products decreased by 34.5% during the Track Record Period, while the unit material cost of our automotive SiC power module products cumulatively declined by 44.0% since the start of their mass production in 2023. We expect to continue optimizing raw material procurement costs through supply chain management, creating strong profitability potential for our products.

Moreover, we have effectively managed – and will continue to manage – the balance between outsourced and in-house production, utilizing external capacity to control capital expenditure and optimize production costs. See “— Procurement and Supply Chain Management — Suppliers — Manufacturing Outsourcing.”

Specific Gross Margin Improvement Measures for Major Products

We set out below specific measures and steps to improve the gross margins for our major products.

New Products That Are Expected To Improve Gross Profit Margin Rapidly

We are continually developing new high-margin products, with new offerings entering mass production in the fourth quarter of 2025, including industrial-grade SiC power modules and power stacks. Based on our current orders and the latest procurement cost arrangements, we anticipate these two types of products to show strong gross profit margin performance. The successful R&D of high-margin products will contribute to the overall improvement of our gross profit margin. Our offering of industrial-grade SiC power modules has significantly increased since the fourth quarter of 2025, is expected to continue increasing throughout 2026 and has become an integral, critical part of our SiC power module products going forward.

Automotive-Grade SiC Power Module, Which Accounts for an Important Share of Our Revenue Since 2023

Regarding sales, we will continue to expand our customer base and develop new projects, building upon existing customer relationships. Most of our new design-win projects were kicked off in 2024 and 2025, with an expected conversion into mass production and significant increase in sales volume in 2026. Additionally, since 2025, we have received sample demand orders for fully domestically sourced products from new overseas customers in Japan, Brazil and other regions.

Regarding costs, in 2025, supported by our technological advancements, we are focused on achieving gradual domestic substitution of raw materials. Successful implementation of this strategy has reduced costs by approximately 30%. As of the date of this prospectus, we are able to achieve 100% domestic production for our automotive-grade SiC power module products. Currently, we have notified our customers about our plans for domestic substitution of raw materials, and we anticipate reaching full domestic production for mass-produced automotive-grade SiC power module products between the second half of 2026 and the first half of 2027. This transition is expected to result in a significant reduction in costs.

Furthermore, as discussed above, as orders for automotive-grade and industrial-grade products continue to grow and as our in-house production lines ramp up, we expect production line utilization to further improve, driving additional reductions in depreciation and expanding product profitability.

SiC Discrete Device

We are implementing technological iterations to enhance the gross profit margin of our SiC MOSFET products. See “— Gross Margin Improvement — Technological Advancements.”

As our product range diversifies and our customer base becomes larger and more stable, we are strategically reducing the sales volume of products with relatively low technological barriers, specifically SiC Schottky diodes, which are currently generating a gross loss due to intense market competition. In 2025, sales of these products fell by approximately 51.3% compared to 2024, and we anticipate that total sales for 2026 will be lower than in 2025. This strategic optimization of product mix is a key factor in improving our overall gross profit margin.

Operational Efficiency Enhancement

As we continue to scale, optimize our R&D processes and leverage our resources effectively, we believe that we are well-positioned to drive sustainable growth and further solidify our market position. Our strategic focus on balancing investment in R&D and sales efforts with operational efficiency will enable us to respond adeptly to market demands and capitalize on emerging opportunities. We are also committed to enhancing our operational efficiency through more refined management of our expenses. Specifically, we are implementing targeted measures to optimize our R&D, selling and administrative expenses, which we believe will contribute to improving our overall profitability.

R&D Expenses Management

We remain committed to substantial investment in R&D, recognizing its crucial role in maintaining our competitive edge in the SiC power device market. In 2023, 2024 and 2025, our R&D expenses amounted to RMB75.8 million, RMB91.1 million and RMB109.7 million, respectively, accounting for 34.4%, 30.5% and 35.3% of our total revenue in 2023, 2024 and 2025, respectively. The increasing trend in our R&D expenses, which we anticipate will continue in the future, is in line with the expansion of our business and revenue, as we have been and will be making targeted R&D investments, establishing innovative R&D platforms and making additional R&D efforts to initiatives built upon these platforms. As our operations expand, we expect to benefit from the increasing economy of scale from R&D activities, and also expect our historical R&D expenses to continue to bear fruit. Moving forward, we expect our R&D expenses to predominantly consist of personnel, material and testing costs rather than significant capital investments in new research facilities or equipment. We plan to effectively capitalize the research facilities and equipment which we have already procured and installed. This shift allows us to focus our resources on targeted research initiatives that directly contribute to product innovation and market expansion, without necessitating proportional increases in R&D expenses as our revenue grows.

To further optimize our management of R&D expenses, we are implementing a comprehensive strategy that encompasses strategic portfolio management, platform-based development, R&D collaboration with customers, process and tool optimization and resource allocation. First, by instituting rigorous prioritization protocols for R&D projects, we ensure that our R&D efforts are aligned with quantifiable market opportunities and strategic customer roadmaps. In addition, our emphasis on platform-based development and standardized SiC power device architecture enables us to accelerate the creation of derivative products while minimizing redundant engineering efforts. Historically, our R&D cycles have often exceeded one year. By continuously increasing our R&D investment in the micro-pitch process platform, we are able to respond rapidly to the immediate needs of our customers, such as in the AI server sector. This approach allows us to launch products and capitalize on market opportunities. For example, in July 2025, we initiated a project to meet the power supply requirements for AI servers, and by October 2025, we successfully produced 650V SiC MOSFETs for high-voltage DC AI data center server power supplies utilizing our micro-pitch process platform. Furthermore, we have partnered with customers to develop SiC power modules for solid-state relays in power batteries. This collaboration not only enhances our R&D efficiency but also enables us to accurately meet customer requirements, shorten R&D cycles and minimize unnecessary resource waste. Additionally, the implementation of advanced Technology Computer-Aided Design (TCAD) simulation and application emulation tools is enhancing our design predictability and reducing development cycles.

Selling and Administrative Expenses Management

Our robust sales and distribution network and administrative support allow us to expand our customer base and increase sales volumes, transforming our enhanced R&D efficiency discussed above into commercialization opportunities. Our investments in sales and marketing enhance our ability to understand customer and market demands more effectively. This relevant demand information is communicated back to the R&D team, allowing us to make our research efforts more targeted and fostering a strong synergy between sales and R&D.

To further optimize our selling and distribution expenses, we are implementing a multi-faceted approach focusing on strategic customer engagement, channel optimization, advanced sales enablement tools and collaborative partnerships. This includes tailoring strategies to high-growth automotive manufacturers and industry leaders, expanding into international markets through distributor relationships and implementing advanced CRM systems and analytical tools. These initiatives, combined with our focus on developing joint technology roadmaps with strategic customers, will drive sales growth and market penetration while maintaining a lean operation.

Concurrently, we are implementing a comprehensive strategy to optimize our administrative expenses. This strategy includes introducing stringent budgeting protocols, conducting regular financial audits, fostering a cost-conscious culture, and mandating return on investment analyses for significant initiatives. We are also leveraging advanced technology, including integrated ERP, CRM and supply chain management systems, as well as artificial intelligence technologies for predictive analytics and process optimization.

PROPERTIES

We own and lease properties in China and Japan. As of the Latest Practicable Date, all of our production bases were located in China. Our corporate headquarters is located at Shenzhen, China.

As of December 31, 2025, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this prospectus is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

Owned Properties

As of the Latest Practicable Date, we owned two land parcels in China. One parcel is located in Shenzhen with a site area of approximately 8,447.59 sq.m., and the other parcel is located in Zhongshan with a site area of approximately 14,666.68 sq.m.

Our land parcel in Shenzhen (the “Land”), spanning 8,447.59 sq.m., is designated for our automotive-grade SiC power module production base. We acquired the land use rights through a judicial auction on September 23, 2022, and completed real estate registration on March 24, 2023.

The Land Use Rights Transfer Agreement executed on July 30, 2018, between the auctioneer and the Pingshan Administration Bureau of the Shenzhen Planning and Land Resource Committee (the “Pingshan Administration Bureau”, 深圳市規劃和國土資源委員會坪山管理局) stipulated that construction on the Land shall commence within one year from the date of execution according to the approved construction design drawings. Failure to do so will result in the land being subject to idle land disposal regulations. On March 26, 2024, we entered a supplementary agreement with the Pingshan Administration Bureau, stipulating that construction shall be completed by January 3, 2026. As of the Latest Practicable Date, the completion of construction for the Land has been delayed; we are in negotiations with the Pingshan Administration Bureau regarding the extension of the completion deadline. There are no anticipated obstacles to the execution of the supplementary agreement for the further extension. Also, based on the interview with the relevant person in charge of the Pingshan Administration Bureau, we will not be subject to liquidated damages, fines or the reclamation of land use rights without compensation due to the Land’s delayed completion of construction. According to the introduction on the official website of the Pingshan Administration Bureau and as confirmed with the interviewee, the scope of functions and powers of Pingshan Administration Bureau includes overseeing the development of industrial land used by enterprises within its jurisdiction, as well as inspecting and penalizing violations related to the commencement and completion of land development. In light of the above, our PRC Legal Advisers are of the view that Pingshan Administration Bureau is the competent authority governing matters relating to delayed completion of land construction.

Our land parcel in Zhongshan (the “Zhongshan Land”), spanning approximately 14,666.68 sq.m., is designated for our SiC power module packaging production line construction project. We obtained the land use rights and completed real estate registration through the issuance of the Real Property Ownership Certificate on July 10, 2025. On the same day, we also received the Construction Land Planning Permit. Subsequently, on July 28, 2025, we were granted the Construction Project Planning Permit. All permits were issued by the Zhongshan Natural Resources Bureau (中山市自然資源局).

Leased Properties

As of the Latest Practicable Date, we leased (i) eight properties in the PRC, which were primarily used for our offices, production and R&D facilities; and (ii) one property in Japan, which was primarily used for our office.

Absence of Valid Ownership Certificate

As of the Latest Practicable Date, the lessor of three of our leased properties failed to provide us with the real estate ownership certificates. These properties, covering approximately 2,450.21 sq.m., are primarily used for our offices. According to the lessor’s written confirmation dated December 15, 2021, it has not yet obtained the ownership certificates for the leased properties due to land planning and management. However, it has legally obtained the land use rights certificates and all necessary construction permits. The lessor is applying for the ownership certificates and expects no substantial obstacles to obtaining them.

BUSINESS

As advised by our PRC Legal Adviser, without valid real estate ownership certificates, our use of these leased properties may not be valid. In addition, if the lessor does not have the requisite rights to lease these properties, we may be required to vacate these leased properties and relocate. During the Track Record Period and up to the Latest Practicable Date, no parties have raised questions, disputes, or conflicts regarding the leases, nor have there been any administrative penalties by any relevant authorities, or any penal or investigation notices from the relevant authorities due to the aforementioned defects. The properties in question are leased for R&D. Even if we are required to move out of the defective leased properties, finding alternative properties would be relatively convenient. Based on the above, our PRC Legal Adviser is of the view that the possibility of our business operations being materially and adversely affected by the aforementioned defective leased property is relatively low.

Therefore, our Directors believe that the aforementioned defective leased property would not materially and adversely affect our business, financial condition or results of operations on the grounds that: (i) as advised by our PRC Legal Adviser, the possibility of our business operations being materially and adversely affected by the aforementioned defective leased property is relatively low; (ii) during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our leases with respect to these defective leased properties have never been challenged by any third parties; and (iii) the relevant defective leased properties accounts for a relatively small area of the total properties occupied.

Lack of Lease Agreement Registration

As of the Latest Practicable Date, the lease agreements for seven of our leased properties had not been registered with relevant authorities. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Adviser, the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register.

Our Directors are of the view that the lack of lease agreement registrations would not materially and adversely affect our business on the grounds that: (i) as of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities, and (ii) the amount of potential penalties accounts for a minimal portion of our total revenue during the Track Record Period.

LICENSES, APPROVALS AND PERMITS

Our products and R&D procedures passed various industry recognized certifications and tests for safety and reliability. The table below sets out the main certifications or requirements that we were compliant with as of the Latest Practicable Date:

Certifications and requirements	Definition of the certifications and requirements	Our compliance with the certifications and requirements
Pollutant Discharge Permit (排污許可證, 證書編號: 91440300MA5HCK8H1L001V) . .	A permit issued by the local ecological environment bureau, authorizing the lawful discharge of pollutants within prescribed limits and subject to ongoing monitoring and reporting. The permit is required for certain industries under PRC environmental protection laws.	We hold a valid Pollutant Discharge Permit for our Shenzhen facility, effective from 27 April 2023 to 26 April 2028. We strictly adhere to the discharge limits and reporting requirements set out in the permit.
Radiation Safety Permit (輻射安全許可證, 證書編號: 粵環輻證[B2138]) .	A permit issued by the provincial ecological environment authority in accordance with PRC laws and regulations, authorizing the use of specified radiation devices and requiring compliance with safety and protective measures.	We hold a valid Radiation Safety Permit for our Shenzhen facility, valid from 31 July 2023 to 30 July 2028. We comply with all relevant safety regulations for the use of radiation devices.

As advised by our PRC Legal Adviser, we have obtained all material requisite licences, approvals and permits from the relevant authorities in China that are material to our operation of its existing business and remained in full effect during the Track Record Period and up to the Latest Practicable Date, and there is no foreseeable legal impediment in renewing those soon-to-expire licences, approvals or permits in 2025.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our General Operations — We May be Involved in Legal Proceedings and Disputes, Which Could Materially and Adversely Affect Our Reputation, Business, Financial Condition and Results of Operations."

Recent Litigation with a Customer

Background

On November 21, 2025, one of our customers (the "**Plaintiff**") brought a contractual claim against Bronze Tech, one of our subsidiaries (the "**Defendant**"), to the Court. The Plaintiff sought various remedies against the Defendant from the Court, including requests that (i) the Defendant shall perform warranty obligations by replacing certain power semiconductor gate driver products alleged to be defective ("**Subject Products**") ("**Remedy 1**"); (ii) the Defendant shall compensate the customer for losses of RMB10.5 million allegedly caused by Subject Products ("**Remedy 2**"); and (iii) the Defendant shall pay liquidated damages of RMB3.8 million for the alleged delay in performing the warranty obligations with regards to the RF05 model of the Subject Products ("**Remedy 3**"). This litigation is hereinafter referred to as "the **Litigation**."

On November 24, 2025, the Court granted the Plaintiff's request for an injunction to freeze the assets of the Defendant for a value of RMB14.3 million, which equals the total monetary compensation sought in Plaintiff's Remedies. As a result, on November 28, 2025, RMB0.7 million in bank deposits of the Defendant was frozen. On the advice of the PRC Litigation Counsel, which was engaged to act on our behalf with respect to the Litigation, we have implemented measures to lift the injunction order on the Defendant's bank account or other assets. On December 12, 2025, the Court issued a ruling which lifted the injunction on the Defendant's asset and released the previously frozen bank account of the Defendant. See "– Lift of Injunction." On April 15, 2026, the initial hearing of the Litigation was held. During the hearing, the Court instructed the Plaintiff to further supplement evidence. A subsequent hearing were originally scheduled for May 26, 2026, as of which date the Plaintiff had not provided any supplemental evidence. The hearing was subsequently postponed until further notice, and as of the Latest Practicable Date, a new hearing date has yet to be determined.

PRC Litigation Counsel's View and Analysis

The PRC Litigation Counsel, based on the review of all currently available materials submitted by the Plaintiff as well as our records, is of the view that the likelihood of Remedies 1, 2 and 3 being supported by the Court is remote. Specifically:

The parties hold different views as to the causes of certain performance issues experienced during the Plaintiff's use of Subject Products. The Defendant believes that such issues arise from factors including the Plaintiff's system design, installation configuration, operating environment and parameters applied at the end product level, rather than the Defendant's product defects. Regarding Remedy 1, based on the evidence submitted by the Plaintiff, the PRC Litigation Counsel is of the view that the Plaintiff, in its request for the Defendant to replace Subject Products, failed to adduce clear evidence establishing that any Subject Product in such quantity was defective.

Regarding Remedy 2, the PRC Litigation Counsel is of the view that the Plaintiff, in its request for the Defendant to compensate for alleged direct economic losses in the amount of RMB10.5 million, adopted a manifestly flawed calculation methodology without proving the existence and extent of any causal relationship between the supplied components and the losses claimed.

Regarding Remedy 3, based on the evidence submitted by the Plaintiff, the PRC Litigation Counsel is of the view that the Plaintiff, in its request for liquidated damages in the amount of RMB3.8 million, lacked any clear legal or factual basis and was likewise unsupported by evidence, and failed to adduce clear evidence establishing Defendant's delayed warranty obligations or the calculation of its requested amount based on its business records.

With regard to the timeline, as advised by the PRC Litigation Counsel, if the Plaintiff's claims were ultimately upheld by the Court, the normal judicial process in the PRC generally requires first and second instance trials in order to reach a final judgment. According to the PRC Litigation Counsel's preliminary assessment and prevailing judicial practice, the entire litigation process, from filing through potential hearings, mediation, discovery, cross-examination, trial(s), and possible appeals (some of which may repeat), is expected to take more than 12 months to complete. The PRC Litigation Counsel believes that the Court will not issue a final and effective judgment earlier than 2027.

Director's View

Our Directors believe that:

(i) the Subject Products, namely the RF03 and RF05 models of power semiconductor gate driver board products customized for the Plaintiff, were sold only to this customer. The dispute does not affect our relationship with or sales to other customers. During the Track Record Period, only 3,762 units of the Subject Products were sold and a revenue of RMB1.6 million was generated therefrom, representing an insignificant proportion of our total sales volume of and revenue from our power semiconductor gate drivers during the same period. Based on the above, our Directors are of the view that even in the worst-case scenario discussed below, the Subject Products would not materially and adversely affect our Group's business, financial conditions or results of operations;

(ii) the Plaintiff was not a major customer during the Track Record Period and not a leading player in the wind power industry in China, as confirmed by Frost & Sullivan. The total revenue generated from sales to the Plaintiff during the Track Record Period, including the sales of the Subject Product and other products which are not subject to any quality dispute, amounted to RMB3.6 million, which was insignificant compared to our total revenue for the same period;

(iii) as of the Latest Practicable Date, our other power semiconductor gate drivers with similar functionalities and designed according to other customers' requirements have passed performance tests conducted by other customers and have started mass production. We have not received any systemic complaints or been subject to legal proceedings with other customers regarding the quality of our power semiconductor gate drivers or any other types of products. The majority of the alleged abnormalities reported by the Plaintiff were attributable to factors other than the Defendant's product defects, as discussed above. No systemic product quality issues have been identified; and

(iv) we have adopted effective internal control measures to ensure the quality of our products. We obtained the GB/T 19001-2016 and ISO 9001:2015 quality management system certifications in respect of our driver products in 2020. Our product quality control procedures include the product design stage, product aging tests and final testing prior to shipment for mass production. See "—Quality Control." As confirmed by our internal control consultant, our internal control measures for product quality management and monitoring have been fully and effectively implemented. Furthermore, the product quality management and monitoring procedures for the Subject Products were in compliance with our internal control procedures.

As of December 31, 2025, we had an aggregate of cash and cash equivalents of RMB98.7 million, and committed unutilized banking facilities (committed banking facilities are credit facilities extended to us by banks in the specified principal amounts pursuant to written agreements without any requirement for security deposits) of RMB179.0 million (including project-based loans of RMB57.0 million), totaling RMB277.7 million. The monetary compensation totaling RMB14.3 million sought in Plaintiff's Remedies accounts for only 5.1% of the readily-available financial

resources we held as of December 31, 2025. Combined with the improvement in our gross margin performance, our overall operating capital remains sufficient. Therefore, the RMB14.3 million sought in Plaintiff's Remedies has a minimal impact on our cash flow and daily operations.

In the worst case scenario, where we lose the Litigation and are required to pay the maximum claimed damages, our operations and financial condition may be impacted to a limited extent. In addition to the claimed damages, there may be litigation-related costs, diversion of managerial resources, damage to our reputation and negative impact on market acceptance of our other products. Save for the above, our Directors are of the view that there will be no other legal consequences or potential legal claims arising from the Litigation. In particular, an adverse judgment could lead to a decline in customer confidence in the quality of our other products, thereby resulting in reduced sales orders, and delay the development of subsequent new projects, which is not quantifiable in forecast. During the Track Record Period, the total revenue from various RF model driver boards, which were customized and developed for the Plaintiff and mainly sold to the Plaintiff, with only a very small portion sold to other customers of occasional and non-repetitive nature, was RMB4.4 million. Since these products were specifically developed and customized for the Plaintiff, given the low likelihood of any future customer demand for these products, the Defendant had ceased the development, production and sales of the above products by the end of 2025. In addition, such judgment may also lead to heightened regulatory scrutiny that could potentially delay mass production plans for new products, and heightened competition as rivals capitalize on our exposed vulnerabilities. Such outcomes could adversely affect overall business performance and growth prospects in the short term. See "Risk Factors — Risks Relating to Our General Operations — We May be Involved in Legal Proceedings and Disputes, Which Could Materially and Adversely Affect Our Reputation, Business, Financial Condition and Results of Operations."

Financially, according to the opinion of our PRC Litigation Counsel, the Litigation is expected to continue no earlier than 2027. The ongoing litigation may incur related costs, and require payment of RMB150,000 in litigation fees in the case of a full damages award. Meanwhile, the accounting treatment of the litigation compensation of RMB14.3 million and accrued interest, if any, is expected to result in a reduction in subsequent net profit and net assets. If such damages are paid, it will further pressure our cash flow. The Litigation may also reduce investors' recognition of our business, affecting our subsequent financing ability.

Based on the above, including the view and analysis of the PRC Litigation Counsel, our Directors are of the view that the Litigation would not materially and adversely affect our Group's business, financial conditions or results of operations.

Lift of Injunction

On November 24, 2025, the Court granted the Plaintiff's request for injunction to freeze the assets of the Defendant for a value of RMB14.3 million. As of the date of this prospectus, the injunction had been lifted, and a bank guarantee in connection with the Litigation that covers the litigation compensation of RMB14.3 million had been provided to the Court. The bank guarantee is secured by a pledge of RMB5.7 million in cash from our Company and is subject to counter-guarantee from both our Company and Dr. Wang. The counter-guarantee from Dr. Wang will be released upon the Listing. Save for the pledge of cash deposit and the above counter-guarantees, the provision of the bank guarantee is not subject to any other material conditions, other than the bank's standard first right of repayment from the pledged cash deposit and the payment of handling fees on a quarterly basis. Based on the above and our readily-available financial resources, the arrangement of the bank guarantee will not have any adverse impact on our financial independence, liquidity or working capital sufficiency.

As of the date of this prospectus, no asset of the Defendant was subject to freeze or seizure. As confirmed by the PRC Litigation Counsel, in light of the foregoing bank guarantee, the Court will not impose any further injunction order of asset preservation on Defendant's asset pursuant to the Plaintiff's request for injunction. According to PRC Litigation Counsel, Article 103(1) of the PRC Civil Procedure Law (《民事訴訟法》) provides that asset preservation is intended solely to safeguard the enforceability of the plaintiff's claims. Further, as reflected in Article 253(2) of the PRC Civil Procedure Law and Article 19 of the Provisions of the Supreme People's Court on the Sealing Up, Seizure and Freezing of Property in Civil Enforcement by the People's Courts (《最高人民法院關於人民法院民事執行中查封、扣押、凍結財產的規定》), the scope of any preservation measures may not exceed the amount of the claims asserted. Accordingly, the court's release of all

BUSINESS

preservation measures following its acceptance of a bank guarantee covering the full claimed amount indicates that the guarantee was deemed sufficient to achieve the purpose of preservation and that no further preservation measures are warranted.

Except as disclosed below and elsewhere in this prospectus, during the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a set of risk management measures and internal control policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continually improving these policies. Furthermore, we continually review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient.

Operational Risk Management

Our comprehensive approach to operational risk management includes a mechanism with detailed and decentralized responsibilities, as well as clear reward and punishment systems. The business operations, finance, information technology and human resources departments collectively ensure that our business operations comply with internal procedures. In the event of a major adverse incident, the issue will be escalated to senior management, and the Board of Directors may need to take appropriate measures.

Financial Reporting Risk Management

We have established a financial reporting management system. In accordance with the requirements for financial report submission, we have set the schedule and plan for report preparation, established key milestones for each step, and the finance department supervises and evaluates the progress of each department's work. We hold monthly financial analysis meetings attended by the management team, the general manager and the chairman to analyze the operational status of each company. The finance department regularly analyzes our asset-liability situation, income and cost structure and changes, and cash flow operations.

Human Resource Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. In alignment with our development strategy and considering the current status and future demand of human resources, we have established clear human resource development goals and formulated comprehensive systems. We have implemented training management procedures to provide tailored training for new employees as well as those in different positions and with varying skill requirements. Regular performance assessments ensure a fair compensation system and effective incentive mechanisms.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

Award/Recognition	Award year	Awarding Institution/Authority
Key “Little Giant” Enterprise (重點“小巨人”企業)	2025	Ministry of Industry and Information Technology
2023 Guangdong Engineering Technology Research Center (2023年度廣東省工程技術研究中心)	2024	Department of Science and Technology of Guangdong Province (廣東省科學技術廳)
2023 Automotive Electronics Science and Technology Award (2023年度汽車電子科學技術獎)	2024	Shenzhen Automotive Electronics Industry Association (深圳市汽車電子行業協會)
Top Enterprise Award for SiC Modules in China’s Electric Drive Industry (中國電驅動產業SiC模塊TOP企業獎)	2024	China Industry Technology Innovation Strategic Alliance for Electric Drive System of Electric Vehicle (電動汽車電驅動系統全產業鏈技術創新戰略聯盟)
Specialized and New “Little Giant” Enterprise (專精特新“小巨人”企業)	2023	Ministry of Industry and Information Technology
2023 Excellent Cooperation Award (2023年度優秀合作獎)	2023	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司)
2023 Best Cooperation Award (2023年度最佳合作獎)	2023	Shenzhen Hopewind Electric Co., Ltd. (深圳市禾望電氣股份有限公司)
Best Supplier Award (最佳供應商獎)	2023	Fox ESS Co., Ltd. (麥田能源股份有限公司)
Most Competitive Supplier Award (最佳競爭力供應商獎)	2023	Shenzhen SOFARSOLAR Co., Ltd (深圳市首航新能源股份有限公司)

CONTINUING CONNECTED TRANSACTION

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon Listing:

Name of our connected person	Connected relationship
Bronze Group	Bronze Group is our Controlling Shareholder, and therefore a connected person of our Company
Dr. Wang	Dr. Wang is the chairman of the Board and executive Director, and one of our Controlling Shareholders, and therefore a connected person of our Company

OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction	Counterparty	Applicable Listing Rules	Waiver sought	Historical transaction amount	Proposed annual cap
Fully-exempt continuing connected transactions					
Trademark Licensing Agreement	Bronze Group	14A.76(1)	N/A	N/A	N/A
Partially-exempt continuing connected transaction					
Product Sales Framework Agreement	Bronze Group	14A.35, 14A.49, 14A.71, 14A.76	Announcement requirement	2023: RMB2.1 million 2024: RMB4.5 million 2025: RMB2.7 million	2026: RMB4.0 million 2027: RMB4.0 million 2028: RMB4.0 million

FULLY-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Trademark Licensing Agreement

Background

We have been using the Licensed Trademarks (as defined below) on a royalty-free basis in the business of our Group since our establishment, and we intend to continue to use the Licensed Trademarks in such connection after the Listing. On February 10, 2025, our subsidiary Bronze Tech entered into a trademark licensing agreement (the “**Trademark Licensing Agreement**”) with Bronze Group, pursuant to which Bronze Group agreed to grant to Bronze Tech a non-transferable licence to use five trademarks registered in the PRC (the “**Licensed Trademarks**”) on a royalty-free basis exclusively for a period of three years from January 1, 2025 to December 31, 2027.

Listing Rules implications

As the license of trademarks are granted to us on a royalty-free basis, the transactions contemplated under the Trademark Licensing Agreement fall within the de minimis threshold under Rule 14A.76(1) of the Listing Rules, and the entering into of the Trademark Licensing Agreement will be fully exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

PARTIALLY-EXEMPT CONTINUING CONNECTED TRANSACTION

Product Sales Framework Agreement

Background

On June 22, 2026, Bronze Tech and Bronze Group entered into a product sales framework agreement (the “**Product Sales Framework Agreement**”) pursuant to which Bronze Tech agreed to supply to Bronze Group certain products including, but not limited to, driver boards, testing equipment, and SiC discrete devices for a term commencing on the Listing Date to December 31, 2028.

This arrangement was put in place because Bronze Group, prior to the establishment of our Company, had already commenced business relationships with certain customers and has been continuously supplying products to them over time. Requiring these customers to switch their supplier from Bronze Group to Bronze Tech could involve additional administrative procedures and create unnecessary disruption to existing commercial arrangements. As such, Bronze Tech will continue to supply products to Bronze Group under the Product Sales Framework Agreement to support the fulfillment of Bronze Group’s ongoing customer orders.

Pricing basis

The fees to be charged by Bronze Tech for products supplied to Bronze Group under the Product Sales Framework Agreement shall be determined through commercial negotiations between the parties, taking into account factors including, but not limited to, the type of products, transaction volume, and the prices offered by our Group to independent customers for sales of a similar nature and quantity.

Historical transaction amounts

The aggregate historical transaction amounts in each period during the Track Record Period paid by Bronze Group to us in connection with the sales of products were RMB2.1 million, RMB4.5 million and RMB2.7 million, respectively.

Proposed annual caps and basis of annual caps

The proposed annual caps for transaction amounts under the Product Sales Framework Agreement are RMB4.0 million, RMB4.0 million and RMB4.0 million in 2026, 2027 and 2028, respectively.

These annual caps are determined based on the following factors:

- (i) considering the historical transaction amounts between Bronze Tech and Bronze Group from 2023 to 2025, and considering current market conditions, the demand for the relevant products by Bronze Group’s customers is projected to remain stable during the period from 2026 to 2028;
- (ii) the annual caps reflect a prudent approach, taking into account the relatively stable business relationship between Bronze Tech and Bronze Group, and the absence of any confirmed large-scale orders from Bronze Group for the coming years; and
- (iii) sales to Bronze Group are expected to remain insignificant to our Group’s overall revenue, and are anticipated to account for less than 3% of our Group’s total revenue over the next three years, with reference to the revenue for 2025.

Listing Rules implications

Since one or more of the applicable percentage ratios under the Listing Rules in respect of the proposed annual caps for the transaction contemplated under the Product Sales Framework Agreement are expected to exceed 0.1% but less than 5%, the transactions contemplated under the Product Sales Framework Agreement constitute continuing connected transactions for our Company and will be subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

CONTINUING CONNECTED TRANSACTION

APPLICATION FOR WAIVER

The transactions contemplated under the Product Sales Framework Agreement described under “— Partially-exempt continuing connected transaction” are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange has granted, waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Listing Rules in respect of the continuing connected transactions contemplated under the Product Sales Framework Agreement, subject to the condition that the aggregate amounts of the continuing connected transaction for each financial year shall not exceed the proposed annual caps as stated above. Apart from the above waiver sought on the strict compliance of the announcement requirement, we will comply with the relevant requirements under Chapter 14A of the Listing Rules.

In the event of any future amendments to the Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transactions referred to above, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

DIRECTORS' CONFIRMATION

Our Directors (including independent non-executive Directors) are of the view that: (i) each of the continuing connected transactions set out above have been and will be entered into in our ordinary and usual course of business on normal commercial terms or better, on terms that are fair and reasonable, and in the interests of our Company and our Shareholders as a whole, and (ii) the proposed annual caps for these transactions are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

JOINT SPONSORS' VIEW

The Joint Sponsors are of the view that the above partially-exempt continuing connected transaction has been entered into in the ordinary and usual course of business of the Group on normal commercial terms or better which are fair and reasonable and in the interests of the Company and its Shareholders as a whole; and the proposed annual caps in respect of such partially-exempt continuing connected transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INTERNAL CONTROL MEASURES

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transactions:

- our Group has adopted a connected transaction management policy to ensure that connected transactions will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;
- we will regularly examine the pricing of the transactions under the continuing connected transactions to ensure that those transactions are conducted in accordance with the pricing terms in their respective framework agreements;
- if the value of any proposed connected transaction is expected to exceed their respective annual caps, the relevant staff must report the proposed transactions to the management in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Listing Rules;
- the internal control team of our Group shall periodically review the pricing of the transactions under the continuing connected transactions against the prices negotiated between our Group and Independent Third Parties for similar products, to ensure that the terms of the underlying agreements for the continuing connected transactions are not less favorable to our Group than terms between our Group and the Independent Third Parties; and

CONTINUING CONNECTED TRANSACTION

- our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. Our independent non-executive Directors and auditors will conduct annual review of the continuing connected transactions under the framework agreements and provide annual confirmations in accordance with Rules 14A.55 and 14A.56 of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Our Board consists of four executive Directors (including one employee representative Director) and three independent non-executive Directors. Our Directors are appointed for a term of three years and are eligible for re-election upon expiry of their term of office. Our Company will not establish a supervisory committee upon Listing.

The following table sets forth certain information regarding our Directors:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Major roles and duties	Relationship with Directors and other senior management
Dr. Wang Zhihan (汪之涵)	44	Founder, chairman of the Board and executive Director	June 2016	June 2016	Responsible for strategic planning and overall business development of our Group	N/A
Dr. He Weiwei (和巍巍)	41	Executive Director and chief executive officer	June 2016	June 2016	Responsible for overall business development and operation of our Group	N/A
Mr. Fu Junyin (傅俊寅)	44	Executive Director	July 2019	August 2020	Responsible for overall business development of our Group	N/A
Ms. Yan Rui (閆瑞)	40	Executive Director, employee representative Director and director of supply chain	July 2019	May 2025	Responsible for supply chain management and procurement matters of our Group	N/A
Mr. Li Juping (李居平)	70	Independent non-executive Director	May 2025	May 2025	Responsible for supervising and providing independent opinion and judgment to our Board	N/A
Mr. Ye Xiang (叶翔)	62	Independent non-executive Director	May 2025	May 2025	Responsible for supervising and providing independent opinion and judgment to our Board	N/A
Mr. Wang Susheng (王蘇生)	57	Independent non-executive Director	May 2025	May 2025	Responsible for supervising and providing independent opinion and judgment to our Board	N/A

Executive Directors

Dr. Wang Zhihan (汪之涵), whose former name was Wang Hao (汪昊), aged 44, is our founder, chairman of the Board and executive Director. He was appointed as a Director since June 2016, the chairman of the Board since July 2018, and as an executive Director on May 10, 2025.

DIRECTORS AND SENIOR MANAGEMENT

Dr. Wang is a member of the Remuneration and Appraisal Committee. Dr. Wang is primarily responsible for strategic planning and overall business development of our Group. He has also been a director of Bronze Tech since August 2019 and the chairman of the board of Bronze Group since March 2009.

Dr. Wang has over 17 years of research and management experience in the power device industry. From October 2007 to December 2008, he served as a postdoctoral researcher in the Department of Engineering at the University of Cambridge. Dr. Wang founded Bronze Group in March 2009 and has served as the chairman of the board of Bronze Group ever since. Dr. Wang has received numerous accolades, including the “China Patent Excellence Award*” (中國專利優秀獎) from the State Patent Office (國家專利局) in July 2020, the “Youth Award of Science and Technology Award*” (科學技術獎青年獎) of China Power Supply Society* (中國電源學會) in November 2015, and “Shenzhen Youth Science and Technology Award*” (深圳市青年科技獎) from Shenzhen Municipal People’s Government (深圳市人民政府) in August 2015. He also received “Guangdong Youth May Fourth Medal*” (廣東青年五四獎章) by the Guangdong Provincial Committee of the Communist Youth League (共青團廣東省委員會) and the Guangdong Youth Federation (廣東省青年聯合會) in May 2019. Dr. Wang is a deputy of the 14th Guangdong Provincial People’s Congress.

Dr. Wang obtained a bachelor’s degree in electrical engineering and automation from Tsinghua University (清華大學) in the PRC in July 2003, and a master of philosophy (M.Phil.) degree and a doctor of philosophy (Ph.D.), both in power electronics, from the University of Cambridge in England in July 2005 and July 2009, respectively.

Dr. He Weiwei (和巍巍), aged 41, is our executive Director and chief executive officer. He was appointed as a Director since June 2016 and an executive Director on May 10, 2025. Dr. He is responsible for the overall business development and operation of our Group.

Dr. He has over 17 years of research and management experience in the power device industry. Dr. He served as the deputy general manager from September 2009 to June 2016 and, since October 2012, a director of Bronze Group. Dr. He is a council member of the China Semiconductor Industry Association* (中國半導體行業協會), and the secretary-general of the Youth Committee of the China Power Supply Society* (中國電源學會). Dr. He received the “China Patent Excellence Award*” (中國專利優秀獎) from the State Patent Office (國家專利局) in July 2020, and “Shenzhen Youth Science and Technology Award*” (深圳市青年科技獎) from Shenzhen Municipal People’s Government (深圳市人民政府) in October 2023.

Dr. He obtained a bachelor’s degree in electrical engineering and automation from Tsinghua University (清華大學) in the PRC in July 2007 and a doctor of philosophy (Ph.D.) in power electronics from the University of Cambridge in England in November 2014. Dr. He is currently pursuing an executive master of business administration (EMBA) degree at PBC School of Finance, Tsinghua University (清華大學五道口金融學院) in the PRC.

Mr. Fu Junyin (傅俊寅), aged 44, is our executive Director. He was appointed as a Director since August 2020 and an executive Director on May 10, 2025. He is responsible for overall business development of our Group. Mr. Fu has also been the general manager of Bronze Tech since August 2019.

From July 2010 to June 2019, Mr. Fu served as the deputy general manager, and since October 2012, also as director, of Bronze Group. Prior to that, Mr. Fu successively served as a chief project engineer of Sieyuan Qingneng Electric & Electronics Ltd.* (思源清能電氣電子有限公司), a company principally engaging in the research and development, manufacturing, and sales of high-power power electronic equipment, a senior hardware engineer of Beijing Sifang Qingneng Electric & Electronics Ltd.* (北京四方清能電氣電子有限公司) (now known as Beijing Sieyuan Qingneng Electric & Electronics Ltd.* (北京思源清能電氣電子有限公司)), a company principally engaging in production of high-voltage frequency conversion equipment, reactive power compensation equipment and power quality equipment, and a hardware engineer at Flexible AC Transmission and Distribution Systems Research Institute, Department of Electrical Engineering, Tsinghua University (清華大學電機系柔性輸配電研究所).

Mr. Fu obtained a bachelor’s degree in electrical engineering and automation from Tsinghua University (清華大學) in the PRC in July 2003. Mr. Fu is currently pursuing the Innovation Leadership Engineering Doctorate Program at Tsinghua University (清華大學) in the PRC.

Ms. Yan Rui (閔瑞), aged 40, is our executive Director, employee representative Director and director of supply chain. She joined our Group in July 2019, and was appointed as our executive Director on May 10, 2025. Ms. Yan is a member of the Nomination Committee. She is responsible for supply chain management and procurement matters of our Group.

DIRECTORS AND SENIOR MANAGEMENT

From April 2009 to July 2019, Ms. Yan served as the procurement manager of Bronze Group. From July 2007 to December 2008, Ms. Yan served at Nanjing Allwin Technology Co. Ltd.* (南京傲文科技有限公司), a company principally engaging in the research and development and production of microwave products.

Ms. Yan obtained a bachelor's degree in electronic information engineering from Xidian University (西安電子科技大學) in the PRC in July 2007.

Independent Non-executive Directors

Mr. Li Juping (李居平), aged 70, is our independent non-executive Director and was appointed on May 10, 2025. He is responsible for supervising and providing independent opinion and judgment to the Board. Mr. Li is the chairperson of Remuneration and Appraisal Committee, a member of the Audit Committee, and a member of the Nomination Committee.

Mr. Li has served as an independent director of Yangtze Optical Electronic Co., Ltd.* (武漢長盈通光電技術股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688143.SH) since August 2020. He served as an independent director of BYD Semiconductor Co., Ltd.* (比亞迪半導體股份有限公司) from December 2020 to November 2025. He served as the chairman of Zhongguancun National Science and Technology Aerospace Industry Innovation Alliance* (中關村國科航天產業技術創新聯盟) from April 2017 to October 2025. Mr. Li served as chief engineer at China Academy of Space Electronics Technology* (中國航天電子技術研究院) and China Aerospace Times Electronics Corporation* (中國航天時代電子公司), and the director at 771 Research Institute of the Ninth Research Institute of China Aerospace Science and Technology Corporation* (中國航天科技集團公司第九研究院第七七一研究所). He also served as a non-executive director of ZTE Corporation* (中興通訊股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 00763.HK) and the Shenzhen Stock Exchange (stock code: 000063.SZ) from April 1999 to March 2010.

Mr. Li obtained a bachelor's degree in semiconductor physics and devices from Northwest Institute of Telecommunications Engineering (西北電訊工程學院) (now known as Xidian University (西安電子科技大學)) in the PRC in April 1982.

Mr. Ye Xiang (叶翔), aged 62, is our independent non-executive Director and was appointed on May 10, 2025. He is responsible for supervising and providing independent opinion and judgment to the Board. Mr. Ye is a member of the Audit Committee.

Mr. Ye has served as the managing director of Vision Gain Capital Limited (匯信資本有限公司) since January 2008. From August 2001 to November 2007, Mr. Ye served at the SFC.

Mr. Ye served as an independent non-executive director of each of Datang Environment Industry Group Co., Ltd.* (大唐環境產業集團股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 01272.HK) from June 2015 to August 2024, and Jinshang Bank Co., Ltd.* (晉商銀行股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 2558.HK) from August 2019 to June 2023.

Mr. Ye has also served as an independent non-executive director of each of Wuling Motors Holdings Limited, a company whose shares are listed on the Stock Exchange (stock code: 00305.HK) since October 2008, and Vala Inc. (formerly known as 51 Credit Card Inc.), a company whose shares are listed on the Stock Exchange (stock code: 02051.HK) since February 2018.

Mr. Ye obtained a bachelor's degree in engineering in July 1983 and a master's degree in economics in January 1991, both from Zhejiang University (浙江大學) in the PRC. Mr. Ye obtained his doctoral degree in economics at the Financial Research Institute of the People's Bank of China (中國人民銀行總行金融研究所) in April 1995. He was accredited as a Chartered Financial Analyst by the CFA Institute in September 2004.

Mr. Wang Susheng (王蘇生), aged 57, is our independent non-executive Director and was appointed on May 10, 2025. He is responsible for supervising and providing independent opinion and judgment to the Board. He is the chairperson of the Audit Committee and a member of the Remuneration and Appraisal Committee.

Mr. Wang Susheng has extensive experience in investment, financial and corporate management. Since April 2017, he has been a professor and doctoral supervisor in the Department of Finance of Southern University of Science and Technology (南方科技大學).

DIRECTORS AND SENIOR MANAGEMENT

From April 2017 to August 2023, Mr. Wang Susheng served as an independent director of Shahe Industrial Co., Ltd.* (沙河實業股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000014.SZ). From December 2016 to July 2022, he served as an independent director of Tianma Microelectronics Co., Ltd.* (天馬微電子股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000050.SZ). From January 2016 to February 2022, he served as an independent director of Wedge Industrial Co., Ltd.* (萬澤實業股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000534.SZ). From July 2003 to April 2017, he worked at the Economics and Management School of Harbin Institute of Technology Shenzhen Graduate School (哈爾濱工業大學深圳研究生院) as a professor.

Mr. Wang Susheng has served as an independent non-executive director of DO WELL SERVICE GROUP CO. LIMITED* (東原仁知城市運營服務集團股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 02352.HK), since December 2020, an independent director of Changyuan Technology Group Co., Ltd.* (長園科技集團股份有限公司), a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600525.SH), since August 2021, an independent non-executive director of CALB Group Co., Ltd.* (中創新航科技集團股份有限公司), a company whose shares are listed on the Stock Exchange (stock code: 03931.HK), since December 2021, and an independent director of Fiyta Precision Technology Co., Ltd.* (飛亞達精密科技股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000026.SZ) since September 2024.

Mr. Wang Susheng obtained a bachelor's degree in science majoring in geography from Changsha University of Water Resources, Electric Power and Teacher Education (長沙水利電力師範大學) (now known as Changsha University of Science and Technology (長沙理工大學)) in the PRC in July 1991, a master's degree in economics from Renmin University of China (中國人民大學) in the PRC in July 1994. He received his doctoral degree in law majoring in international law from Peking University (北京大學) in the PRC in July 2000 and a postdoctoral degree majoring in management at the School of Economics and Management, Tsinghua University (清華大學) in the PRC in July 2002. He also earned a master's degree in business administration from the University of Chicago in the United States in March 2004. He is also a non-practicing member of the Chinese Institute of Certified Public Accountants.

Mr. Wang Susheng previously served as the legal representative of Shenzhen Jingshi Yongdao Investment Co., Ltd.* (深圳市經世永道投資有限公司) and the director of Shenzhen Xingtou Investment Management Co., Ltd.* (深圳市星投投資管理有限公司), both of which were revoked or ordered for closure due to failure to complete annual inspections. He confirmed that (i) the above companies were solvent immediately prior to their deregistration or revocation; (ii) there was no wrongful act on his part leading to the deregistration or revocation of the above companies and he was not aware of any actual or potential claim that had been or would be made against him as a result of such deregistration or revocation; and (iii) no misconduct or misfeasance had been involved in the deregistration or revocation of the above companies.

OTHER INFORMATION IN RELATION TO OUR DIRECTORS

Each of our Directors has confirmed with respect to himself/herself that (i) save as disclosed in “Appendix V — Statutory and General Information — C. Further Information about our Directors and Substantial Shareholders — 3. Disclosure of interests — (a) Disclosure of interests of Directors and chief executive of our Company”, he/she did not hold other long positions or short positions in the shares, underlying shares or debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) as of the Latest Practicable Date; (ii) save as disclosed herein, he/she had no other relationship with any Directors, senior management, substantial Shareholders or the Controlling Shareholders Group of our Company as of the Latest Practicable Date; (iii) save as disclosed herein, he/she did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; (iv) he/she completed his/her respective education programs by way of attendance of long distance learning or online courses; and (v) there are no other matters concerning our Directors' appointments that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets forth certain information regarding our senior management:

Name	Age	Position(s) in our Group	Date of joining our Group	Major roles and duties	Relationship with Directors and other senior management
Dr. He Weiwei (和巍巍) . . .	41	Executive Director and chief executive officer	June 2016	Responsible for overall business development and management of our Group	N/A
Mr. Zhang Yongkun (張永坤) . . .	41	Director of finance	August 2021	Responsible for overall financial management and financial matters of our Group	N/A
Mr. Zhang Yu (張煜)	37	Secretary of the Board and joint company secretary	May 2018	Responsible for handling day-to-day affairs of our Board and handling investor relations of our Group	N/A

Dr. He Weiwei (和巍巍), see “Board of Directors — Executive Directors” for details.

Mr. Zhang Yongkun (張永坤), aged 41, is our director of finance. He is responsible for overall financial management and financial matters of our Group. Mr. Zhang joined our Group in August 2021.

Prior to joining our Group, Mr. Zhang successively served as an auditor, a manager and a senior manager of the Shenzhen branch of Ernst & Young Huaming Certified Public Accountants (Special General Partnership)* (安永華明會計師事務所(特殊普通合夥)) from September 2008 to August 2021.

Mr. Zhang obtained a bachelor’s degree in accounting from Guangdong University of Technology (廣東工業大學) in the PRC in June 2006 and a master’s degree in business management from South China University of Technology (華南理工大學) in the PRC in June 2008. He is also a non-practicing member of the Chinese Institute of Certified Public Accountants.

Mr. Zhang Yu (張煜), aged 37, is the Secretary of the Board and a joint company secretary of our Company. He is responsible for handling day-to-day affairs of our Board and handling investor relations of our Group. Mr. Zhang joined our Group in May 2018 as an assistant to the general manager, and was appointed as the Secretary of the Board in September 2024 and a joint company secretary on May 10, 2025.

Mr. Zhang served at Shenzhen Qianhai Chuangshi Capital Management Co., Ltd.* (深圳前海創時資本管理有限公司) and its subsidiary, from November 2015 to April 2018. From September 2013 to November 2015, he served at ON Semiconductor (Shenzhen) Co., Ltd.* (安森美半導體(深圳)有限公司), which is a subsidiary of ON Semiconductor Corporation. From July 2011 to September 2013, Mr. Zhang served at Shenzhen STS Microelectronics Co., Ltd.* (深圳賽意法微電子有限公司), a semiconductor company.

Mr. Zhang obtained a bachelor’s degree in optical information science and technology from Wuhan University (武漢大學) in the PRC in June 2011 and a master’s degree in business administration from Sun Yat-sen University (中山大學) in the PRC in December 2017.

JOINT COMPANY SECRETARIES

Mr. Zhang Yu (張煜), aged 37, was appointed as a joint company secretary on May 10, 2025. See “— Senior Management” above for Mr. Zhang’s biography.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Jian Xuegen (簡雪艮), aged 40, was appointed as a joint company secretary on May 10, 2025. Ms. Jian is an assistant vice president of SWCS Corporate Services Group (Hong Kong) Limited. Ms. Jian obtained her bachelor's degree of accounting from South China University of Technology (華南理工大學) in the PRC in July 2008. She is a member of the Hong Kong Institute of Certified Public Accountants. She is also a non-practicing member of the Chinese Institute of Certified Public Accountants.

CONFIRMATION FROM OUR DIRECTORS

Rule 3.09D of the Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in May 2025; and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Rule 3.13 of the Listing Rules

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

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

As of the Latest Practicable Date, none of our Directors had interests in any business, which competes directly or indirectly with our business for the purpose of Rule 8.10(2) of the Listing Rules.

BOARD COMMITTEES

Our Company has established three board committees, namely, the Audit Committee, the Remuneration and Appraisal Committee, and the Nomination Committee in accordance with the relevant PRC laws and regulations and corporate governance practices under the Listing Rules.

Audit Committee

Our Audit Committee consists of three Directors, including Mr. Wang Susheng, Mr. Li Juping and Mr. Ye Xiang. Mr. Wang Susheng is the chairperson of Audit Committee and holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules. The primary duties of the Audit Committee are to review the financial controls and the internal control and risk management systems of our Group, monitor the integrity of the Company's financial statements, review and monitor the external auditor's independence and objectivity and effectiveness of the audit process and perform other duties and responsibilities as assigned by our Board.

Remuneration and Appraisal Committee

Our Remuneration and Appraisal Committee consists of three Directors, including Mr. Li Juping, Mr. Wang Susheng and Dr. Wang. Mr. Li Juping is the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee are to establish and review the policy and structure of the remuneration for our Directors and senior management and make recommendations on remuneration packages of individual executive Directors and senior management.

Nomination Committee

Our Nomination Committee consists of three directors, including Mr. Ye Xiang, Mr. Li Juping and Ms. Yan Rui. Mr. Ye Xiang is the chairperson of the Nomination Committee. The primary duties of the Nomination Committee are to review the Board structure, size and composition, make recommendations to our Board on the appointment or re-appointment of Directors and review the Company's board diversity policy (the "**Board Diversity Policy**").

DIRECTORS AND SENIOR MANAGEMENT

CORPORATE GOVERNANCE

We recognize the importance of incorporating elements of good corporate governance in our management structure and internal control procedures so as to achieve effective accountability and foster a compliance culture throughout our organization. The Board plays a central role in the formulation, approval, and oversight of governance policies and measures, ensuring that they are effectively implemented and aligned with applicable laws, regulations, and best practices.

We will comply with the Corporate Governance Code as set out in Appendix C1 to the Listing Rules after Listing. Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code on an annual basis.

To ensure proper supervision and execution of compliance-related matters, we have designated specific staff members who are responsible for overseeing the implementation of internal control systems, conducting regular internal compliance checks, and escalating any material risks or non-compliance issues to the Board as necessary.

The Board has also established a three-tier environmental, social and governance (ESG) governance structure, comprising the Board, an ESG working group, and an implementation level. The Board holds ultimate responsibility for ESG strategy formulation and reporting. For further details, see “Business — Environmental, Social and Governance — ESG Governance.”

We also take into consideration the ability of our Directors to devote sufficient time and attention to our affairs, particularly in light of their existing commitments to other companies or organizations. Each Director has confirmed that he or she is able to fulfill their duties to the Company and has not exceeded the number of directorships or equivalent roles that would impair their effectiveness. The Nomination Committee will evaluate the time commitment of Directors on an ongoing basis and as part of the annual performance assessment.

BOARD DIVERSITY POLICY

We have adopted the Board Diversity Policy, which sets out the approach to achieve and maintain diversity on our Board in compliance with the Listing Rules, pursuant to which our Company seeks to achieve Board diversity through consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge, length of service and any other factors that the Board may consider relevant and applicable from time to time. We will select potential Board candidates based on merit and his/her potential contribution to our Board while taking into consideration our own business model and specific needs from time to time.

Our Board has a balanced mix of knowledge and skills, including overall management and strategic development, accounting and financial management and corporate governance in addition to industry experience relevant to our Group’s operations and business. We have three independent non-executive Directors from different industry backgrounds, representing more than one third of the members of our Board. With regards to gender diversity on the Board, we recognize the particular importance of gender diversity. Our Board currently comprises one female Director and six male Directors. We have taken and will continue to take steps to promote and enhance gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels.

We will continue to implement measures and steps to promote our Board Diversity Policy. The Nomination Committee will review the Board composition at least once annually taking into account the benefits of all relevant diversity aspects, and adhering to the Board Diversity Policy when making recommendation to the Board on appointment of new Directors. The Nomination Committee will also review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness. We will disclose the implementation of the Board Diversity Policy in our corporate governance report on an annual basis. We will continue to appoint Directors to our Board based on recommendations from the Nomination Committee, who will consider the Directors’ merits with reference to our Board Diversity Policy as a whole.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION

The compensation and remuneration of our Directors are determined by our Shareholders' general meetings and the compensation and remuneration of members of the senior management are determined by the Board. We also reimburse them for expenses which are necessary and reasonably incurred in providing services to us or discharging their duties in relation to our operations. When reviewing and determining the specific remuneration packages for our Directors and members of the senior management, our Shareholders' general meetings and the Board take into consideration factors such as salaries paid by comparable companies, time commitment, level of responsibilities and desirability of performance-based remuneration.

Our Company offers our executive Directors and senior management members, who are also our employees, compensation in the form of salaries, social insurance, housing provident fund, discretionary bonus, equity-settled share-based payments, and other benefits in kind. Our independent non-executive Directors receive fixed compensation.

The aggregate amounts of remuneration paid by us to our Directors in 2023, 2024 and 2025 were RMB14.3 million, RMB14.3 million and RMB21.2 million, respectively.

The five highest paid individuals of our Group included three, five and three Directors, in 2023, 2024 and 2025, respectively. The aggregate amounts of remuneration paid by us to the remaining two highest paid individuals in 2023 was RMB2.1 million, and to the remaining two highest paid individuals in 2025 was RMB5.4 million.

It is estimated that remuneration (excluding equity-settled share-based payments) equivalent to approximately RMB5.4 million in aggregate will be paid to the Directors by our Company for the year ending December 31, 2026 based on the arrangements in force as of the date of this prospectus.

No remuneration was paid by us to our Directors or the five highest paid individuals as inducement to join or upon joining us or as a compensation for loss of office during the Track Record Period. Furthermore, none of our Directors had waived or agreed to waive any remuneration during the same periods.

Save as disclosed above, no other payments have been paid or are payable, in 2023, 2024 and 2025, respectively, by us to our Directors.

Employee Shareholding Platforms

See "History, Development and Corporate Structure — Employee Shareholding Platforms" and "Appendix V — Statutory and General Information — D. Employee Shareholding Platforms".

COMPLIANCE ADVISOR

Our Company has appointed Rainbow Capital (HK) Limited as our compliance advisor pursuant to Rules 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we shall consult the compliance advisor timely under the following circumstances and, if necessary, seek its advice:

- (a) before the publication of any regulatory announcement, circular or financial report;
- (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (c) where our Company proposes to use the proceeds of the Global Offering in a manner that is different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecasts, estimates or other information in this prospectus; and
- (d) where the Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of our H Shares or any other matters in accordance with Rule 13.10 of the Listing Rules.

The term of appointment of the compliance advisor will commence on the Listing Date and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS GROUP

As of the Latest Practicable Date, Dr. Wang controlled 45.98% of the voting power at the general meetings of our Company, comprising (i) 19.56% beneficially owned by Bronze Group, which is owned as to (a) 40.85% by Dr. Wang directly, (b) 27.35% by Bronze Holding LP, which is controlled by Dr. Wang as its general partner, (c) 19.57% by InteBridge Tech, which is owned as to 13.00% by Dr. Wang and as to 25.00% by Ms. Wang Yongmiao (王永苗), Dr. Wang's mother, and Dr. Wang and InteBridge Tech agreed to act in concert with respect to their shareholder rights in Bronze Group, including voting and proposing resolutions, with Dr. Wang's decision prevailing in case of disagreement, pursuant to the concert party agreement between them, and (d) 12.23% by Ms. Wang Yongmiao; (ii) 6.65% beneficially owned by BASiC Principle LP, which is controlled by Dr. Wang as its general partner holding a partnership interest of 1.875% and Ms. Chen holding a partnership interest of 35.6% (see "History, Development and Corporate Structure — Pre-IPO Investments — Information regarding our Pre-IPO Investors — Other Pre-IPO Investors — BASiC Principle LP" for details); (iii) 6.38% beneficially owned by BASiC Createnjoy LP, which is controlled by Dr. Wang as its general partner; (iv) 4.33% by BASiC Innotech LP, which is controlled by Dr. Wang as its general partner; (v) 4.15% beneficially owned by BASiC Creation LP, which is controlled by Dr. Wang as its general partner; (vi) 3.52% beneficially owned by BASiC Entrepreneur LP, which is controlled by Dr. Wang as its general partner; and (vii) 1.39% beneficially owned by BASiC Original LP, which is controlled by Dr. Wang as its general partner, and Dr. Wang directly holds 2.18% and indirectly hold 17.58%, through his control interest in Bronze Group, of the partnership interest, with no other limited partners holding 30% or more of the partnership interest.

In respect of the employee shareholding platforms, namely BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP, save that (i) our executive Directors, including Dr. He Weiwei, Mr. Fu Junyin and Ms. Yan Rui; (ii) Mr. Zhang Yu and Mr. Chen Hengxing, being supervisors of our subsidiaries; and (iii) Mr. Yu Shuangbai, being a chief executive of a subsidiary of our Company, are limited partners in the aforesaid platforms, the other limited partners are Independent Third Parties. See "Appendix V — Statutory and General Information — D. Employee Shareholding Platforms".

Save for Bronze Group, all other limited partners of BASiC Original LP are Independent Third Parties. BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP are employee shareholding platforms of our Company. In BASiC Createnjoy LP, Dr. Wang holds 0.38% of the partnership interest, Shenzhen BASiC Createnjoy No. 2 Holding Partnership (Limited Partnership) (深圳基本創享二號控股合夥企業(有限合夥)) ("**BASiC Createnjoy No. 2**") holds 33.33% of the partnership interest, and no other limited partner holds 30% or more of the partnership interest. BASiC Createnjoy No. 2 is an employee shareholding platform of which Dr. Wang is the general partner holding 1% of the partnership interest, and none of its limited partners holds 30% or more of the partnership interest therein. In BASiC Innotech LP, Dr. Wang and Dr. He Weiwei hold 36.93% and 40.63% of the partnership interest, respectively, and there are no other limited partners holding 30% or more of the partnership interest. In BASiC Entrepreneur LP, Dr. Wang holds 68.94% of the partnership interest, and there are no other limited partners holding 30% or more of the partnership interest. In BASiC Creation LP, Dr. Wang holds 19.00% of the partnership interest, and there are no limited partners holding 30% or more of the partnership interest.

Therefore, Dr. Wang, Ms. Wang Yongmiao, Bronze Holding LP, InteBridge Tech, Bronze Group, BASiC Principle LP, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, BASiC Entrepreneur LP and BASiC Original LP were a group of Controlling Shareholders ("**Controlling Shareholders Group**") as of the Latest Practicable Date. Immediately after completion of the Global Offering, the Controlling Shareholders Group will, directly and indirectly continue to control in aggregate approximate 41.84% of total issued share capital of our Company (assuming the Over-allotment Option is not exercised).

OUR RELATIONSHIP WITH BRONZE GROUP

Dr. Wang established Bronze Group, which initially focused on silicon-based IGBT driver chips, in 2009. In response to the growing demand for high-efficiency and high-performance SiC power devices and modules, our Company was founded in 2016 to capture emerging growth opportunities in this specialized sector. Since its establishment, our Company has operated as an

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

independent group, primarily dedicated to the development and commercialization of SiC discrete devices, power modules, and power semiconductor gate drivers, which are products that involve high technical barriers and require long research and development cycles.

Following the establishment of our Company, Bronze Group has continued to operate on a limited scale. It previously engaged in some research and development activities relating to power systems, but such functions have since been significantly scaled down and are no longer a substantive part of its operations. At present, Bronze Group is primarily engaged in the resale of dynamic devices and related accessories, and property leasing operations. These dynamic device products are mostly designed, developed, and assembled by our Company, and are not among our Company's primary product offerings. Bronze Group also sourced some products from other independent suppliers, depending on the specific orders and requirements of Bronze Group's customers.

Bronze Group does not engage in the research, development, or production of SiC discrete devices, power modules, or power semiconductor gate drivers, and does not possess the necessary technical personnel or infrastructure to do so. It has only retained a small sales team to fulfill orders from a limited number of historical customers who, due to supplier qualification requirements, are restricted from switching their cooperative partner to our Company. Apart from fulfilling these orders and retaining its property leasing operations, Bronze Group does not have any substantive business operations.

Our Directors are of the view that there is no material competition between our Group and Bronze Group given that Bronze Group operates on a limited scale, with a narrow product offering and diminishing revenue from product sales during the Track Record Period, reflecting its shrinking business activity. It does not possess independent research and development or production capabilities, and its products are not positioned to compete meaningfully in the SiC semiconductor segment in which our Company specializes. These differences in operating scale, technological capabilities, and business focus, together with the fact that our Group has established itself as a focused and independent player in the SiC power device industry, set our Group apart from Bronze Group. In addition, Bronze Group has undertaken it will not acquire or solicit new customers, and if it identifies or encounters any potential new customers, it will refer such customers to our Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders Group and their close associates after the Listing.

Management independence

Our daily operational and management decisions are made by our Board and our senior management. Our Board consists of seven Directors, namely four executive Directors and three independent non-executive Directors. See "Directors and Senior Management". Save as three of our executive Directors, namely, Dr. Wang, Dr. He Weiwei, and Mr. Fu Junyin, none of our Directors or senior management will hold any position in Bronze Group.

Our Directors consider that we are capable of maintaining management independence for the following reasons:

- (a) four out of our seven Directors are entirely independent from, and not having any role, in Bronze Group. While Dr. Wang, Dr. He Weiwei and Mr. Fu Junyin serve as directors of Bronze Group, they are not involved in the day-to-day management of Bronze Group due to its limited operating scale;
- (b) all of our executive Directors, together with our senior management members, all of whom have substantial experience in the industry in which our Group is engaged, are able to dedicate their time and focus to the management of our Group independently and make business decisions that are in the best interests of our Company. See "Directors and Senior Management" for biographies of our executive Directors and senior management members;

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

- (c) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and a Director and/or his/her associate, he/she shall fully disclose such matters to our Board and abstain from voting at the relevant meeting in respect of such transactions and shall not be counted towards the quorum for the voting. Hence, no Director will be able to influence our Board in making decisions on matters in which he or she is, or may be interested;
- (e) we have three independent non-executive Directors, who are not associated with our Controlling Shareholders Group or any of their associate and, individually or collectively, possess the requisite knowledge and experience as independent directors of listed companies and will be able to provide professional and experienced advice to our Company and protect the interests of our Company and our Shareholders as a whole; and
- (f) we have established corporate governance measures and adopted sufficient and effective control mechanisms to manage potential conflicts of interest, if any, between our Group and our Controlling Shareholders Group, which would support our independent management. See “— Corporate Governance Measures”.

Operational independence

We do not rely on our Controlling Shareholders Group and their close associates for our business development, production, procurement, sales and market, human resources, administration, finance, information technology, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from our Controlling Shareholders Group and their close associates. In addition, we have our own headcount of employees for our operations and management for human resources.

We have independent access to suppliers and customers and an independent management team to handle our day-to-day operations. We are also in possession of all relevant licenses, certificates, facilities and intellectual property rights necessary to carry on and operate our principal businesses and we have sufficient operational capacity in terms of capital and employees to operate independently.

Except for five trademarks for which we were granted exclusive licence by Bronze Group, our Controlling Shareholder, we are registered owner of all other trademarks which we believe are material to our Group’s operations. Pursuant to the Trademark Licensing Agreement dated February 10, 2025, we are authorized to use the five licensed trademarks on a royalty-free basis exclusively for a period of three years from January 1, 2025 to December 31, 2027. See “Continuing Connected Transactions — Fully-Exempt Continuing Connected Transactions — Trademark Licensing Agreement”.

Our Company and Bronze Tech leased premises in Shenzhen from Bronze Group for a three-year period from January 1, 2025 to December 31, 2027 for office, manufacturing, and research and development use. Given that (i) the terms of the leases have been determined on an arm’s length basis and on normal commercial terms or better, (ii) the risk of Bronze Group terminating the leases is remote as the termination would not be in the commercial interest for both parties, and (iii) it is not difficult for us to find suitable alternative premises in Shenzhen if relocation is required, our Directors believe that such leasing arrangements would not cast doubts on our operational independence. Pursuant to IFRS 16, the Group, as the lessee, shall recognize a lease as a right-of-use asset in the consolidated statement of financial position of the Group. As such, the aforesaid leases constitute acquisition of capital asset and one-off connected transactions under Chapter 14A of the Listing Rules.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders Group and their close associates.

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

Financial independence

We have an independent financial system and make financial decisions according to our Group's own business needs. We have internal control and accounting systems and an independent finance department in charge of our treasury function.

Bronze Group and/or Dr. Wang (and his spouse) have provided guarantees and/or asset pledges (the “**CS Guarantees and Pledges**”) in favor of our Group in respect of certain financing arrangements, which include loan facilities and finance leases (the “**CS Guaranteed Loans**”). As of April 30, 2026, the total outstanding principal of the Guaranteed Loans was RMB265.8 million. As for asset pledges, one facility was supported by a pledge over Dr. Wang's personal property, in respect of which the lender has agreed that such security arrangement will be fully discharged upon Listing. We have received binding consent letters from the relevant lenders agreeing to release the CS Guarantees and Pledges and, where required, to be replaced by guarantees or securities to be provided by our Group upon Listing for all of the CS Guaranteed Loans which remain outstanding.

In addition, as of April 30, 2026, we had committed unutilized loan facilities totaling RMB366.6 million, including facilities of RMB205.0 million that do not require CS Guarantees and Pledges and facilities of RMB161.6 million which are subject to the CS Guarantees and Pledges (the “**Guaranteed Facilities**”). We have obtained consents from the relevant facility providers to release the CS Guarantees and Pledges and, where required, to be replaced by guarantees or securities to be provided by our Group upon Listing, for all of the aforesaid Guaranteed Facilities.

To the best knowledge and belief of our Directors, the CS Guarantees and Pledges were initially required as a common credit enhancement practice by PRC financial institutions for unlisted companies. Financial institutions commonly request such guarantees from controlling shareholders of unlisted companies to strengthen credit confidence and ensure management stability. Our Directors consider that the relevant lenders agree to release the CS Guarantees and Pledges upon Listing for the following reasons: (i) our financing and repayment capabilities are expected to improve after Listing, as listed status enhances both debt and equity financing capacity and reduces default risk; (ii) most loans are relatively small in amount, while loans of larger amounts are already secured by asset pledges such as production facilities, equipment, and land, making the overall credit risk manageable; and (iii) equity financing, including proceeds from our Series D investment and the capital injection into our subsidiaries, has further strengthened lender confidence and provided additional credit enhancement.

As advised by the PRC Legal Advisers, and based on the Directors' confirmation that no revocation notice has been received or notified by the relevant lenders in respect of the consent to release the CS Guarantees and Pledges for the relevant Guaranteed Loans and Guaranteed Facilities, and that such release does not contravene any applicable PRC laws, the consent to release constitutes a binding arrangement between the relevant parties. As confirmed by the Directors, the consent to release is only conditional upon the successful listing of our Shares on the Stock Exchange, and is not subject to any refinancing arrangements, approvals from other syndicate members or any other conditions. Based on the foregoing, the Directors are not aware of any conditions that would reasonably be expected to have a material adverse impact on our financial position.

Our unutilized committed banking facilities increased from RMB179.0 million as of December 31, 2025 to RMB366.6 million, including RMB51.6 million project-based facilities for the construction of production base. All unutilized committed banking facilities as of April 30, 2026, were not subject to any security deposit requirement. This increase in banking facilities was mainly due to (i) established relationships with banks, with some credit limits increased; (ii) the submission of our listing application, which enhanced transparency and encouraged banks to expand credit limits in anticipation of future collaboration; and (iii) external funding from our Series D investment and capital injection into our subsidiaries, which strengthened lender confidence.

Following the Listing, we intend to pursue further fundraising in both onshore and offshore markets as deemed necessary by our Directors, subject to market conditions, business needs, financial position, and regulatory compliance. Given our track record in securing financing independently and established relationships with banks, we had obtained and we believe we can continue to obtain financing on terms comparable to existing loans without requiring guarantees

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

from our Controlling Shareholders Group or their close associates. Based on the above, our Directors believe we are financially independent and do not place undue reliance on our Controlling Shareholders Group or their close associates.

INTERESTS OF OUR CONTROLLING SHAREHOLDERS GROUP IN OTHER BUSINESSES

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

CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. Our Directors recognize the importance of good corporate governance in protection of our Shareholders' interests. Our Board comprises a balanced mix of executive Directors and independent non-executive Directors, who collectively possess the necessary competence, experience, and expertise in corporate governance matters to ensure effective oversight and decision-making. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflict of interests:

- (a) where a Shareholders' meeting is held for considering proposed transactions in which our Controlling Shareholders Group have a material interest, our Controlling Shareholders Group shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (b) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted in the quorum for the voting;
- (c) in the event that our independent non-executive Directors are requested to review any conflict of interest between our Group and our Controlling Shareholders Group, our Controlling Shareholders Group will provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its annual reports or by way of announcements;
- (d) our Directors (including the independent non-executive Directors) will seek independent and professional opinions from external advisers at our Company's cost as and when appropriate in accordance with the Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules;
- (e) any transactions between our Company and its connected persons shall be in compliance with the relevant requirements of Chapter 14A of the Listing Rules, including the announcement, annual reporting and independent shareholders' approval requirements (if applicable) under the Listing Rules; and
- (f) we have appointed Rainbow Capital (HK) Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that the above corporate governance measures are sufficient to manage the potential conflicts of interest between our Group and our Controlling Shareholders Group and/or other Directors to protect minority Shareholders' rights after the Listing.

SUBSTANTIAL SHAREHOLDERS

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering and assuming the Over-allotment Option is not exercised, the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	As of the date of this prospectus		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	
		Number of Domestic Unlisted Shares ⁽¹⁾	Shareholding percentage (Approximate %)	Number of Shares ⁽¹⁾	Shareholding percentage (Approximate %)
Dr. Wang ⁽²⁾	Interest in controlled corporations	127,320,916	45.98%	123,034,655 H Shares 4,286,261 Domestic Unlisted Shares	40.43 1.41
Bronze Group ⁽²⁾⁽³⁾⁽⁴⁾	Beneficial owner	54,154,890	19.56%	54,154,890 H Shares	41.84 17.80
BASiC Principle LP ⁽²⁾	Beneficial owner	18,404,300	6.65%	18,404,300 H Shares	6.05
BASiC Createnjoy LP ⁽²⁾	Beneficial owner	17,673,665	6.38%	17,372,476 H Shares 301,189 Domestic Unlisted Shares	5.71 0.10
BASiC Innotech LP ⁽²⁾	Beneficial owner	12,000,000	4.33%	12,000,000 H Shares	3.94
BASiC Creation LP ⁽²⁾	Beneficial owner	11,491,475	4.15%	11,352,989 H Shares 138,486 Domestic Unlisted Shares	3.73 0.05
BASiC Entrepreneur LP ⁽²⁾	Beneficial owner	9,750,000	3.52%	9,750,000 H Shares	3.20
BASiC Original LP ⁽²⁾	Beneficial owner	3,846,586	1.39%	3,846,586 Domestic Unlisted Shares	1.26

Notes:

- (1) All the interests stated are long positions.
- (2) Dr. Wang is deemed to be interested in all the interests of Bronze Group, taking into account his direct interests, the interests held by Bronze Holding LP (in which he serves as the general manager), his concert party arrangement with InteBridge Tech, and the interests of his mother, Ms. Wang Yongmiao (王永苗). See note (4) below for details. Moreover, Dr. Wang acted as the general partner of BASiC Principle LP, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, BASiC Entrepreneur LP and BASiC Original LP. Accordingly, under the SFO, Dr. Wang is deemed to be interested in the entire Shares held by Bronze Group, BASiC Principle LP, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, BASiC Entrepreneur LP and BASiC Original LP.
- (3) As of the Latest Practicable Date, 4,006,400 shares in Bronze Group were subject to the Bronze Group Pledge (as defined below). For details, see “— Pledge of Shares in Bronze Group” below.
- (4) Bronze Group is owned as to (a) 40.85% by Dr. Wang directly, (b) 27.35% by Bronze Holding LP, (c) 19.57% by InteBridge Tech, and (d) 12.23% by Ms. Wang Yongmiao (王永苗) (“**Ms. Wang**”), Dr. Wang’s mother. Pursuant to the concert party agreement between Dr. Wang and InteBridge Tech, they agreed to act in concert with respect to their shareholder rights in Bronze Group, including voting and proposing resolutions, with Dr. Wang’s decision prevailing in case of disagreement. Bronze Holding LP is controlled by Dr. Wang as its general partner holding a 90% interest, with Mr. Fu Junyin holding the remaining 10%. InteBridge Tech is owned as to 13%, 25%, 15%, 25%, 3% and 19% by Dr. Wang, Ms. Wang, Dr. He Weiwei, Mr. Fu Junyin, Ms. Yan Rui, and five employees of the Company or Bronze Group, respectively, and none of such employees holds more than 5% of the equity interest in InteBridge Tech.

SUBSTANTIAL SHAREHOLDERS

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering (assuming the Over-allotment Option is not exercised), have interests and/or short positions in Shares or underlying shares which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or, who is, directly or indirectly, interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company or any other member of our Group.

PLEDGE OF SHARES IN BRONZE GROUP

In order to meet its financing needs, the shareholders of Bronze Group pledged the shares they own in Bronze Group to Shenzhen Rural Commercial Bank Co., Ltd. Guangming Branch* (深圳農村商業銀行股份有限公司光明支行) (“**Shenzhen Rural Commercial Bank**”) as collateral for a credit facility of RMB160 million (the “**Bronze Group Credit Facility**”). The Bronze Group Credit Facility has a term of 120 months starting from July 14, 2021. As of the Latest Practicable Date, 4,006,400 shares, representing 49% of the total issued share capital, in Bronze Group (the “**Bronze Group Pledge**”) were pledged, comprising (i) 1,561,670 shares pledged by Dr. Wang, representing 19.10% of the total issued share capital of Bronze Group, (ii) 844,730 shares pledged by Bronze Holding LP, representing 10.33% of the total issued share capital of Bronze Group, and (iii) 1,600,000 shares pledged by InteBridge Tech, representing 19.57% of the total issued share capital of Bronze Group. The Bronze Group Pledge will continue to subsist after the Listing.

If an event of default, such as non-payment, occurs under the Bronze Group Credit Facility, Shenzhen Rural Commercial Bank may enforce its rights against the pledgor, including enforcing its rights over all or part of the shares of Bronze Group under the Bronze Group Pledge. If Shenzhen Rural Commercial Bank enforces its rights over all of the shares of Bronze Group under the Bronze Group Pledge, Bronze Group will be (i) controlled as to 51% by Dr. Wang, his voting power comprises (a) 21.75% interests directly held by Dr. Wang, (b) 17.02% interests held by Bronze Holding LP, which is controlled by Dr. Wang, and (c) 12.23% interests held by Ms. Wang Yongmiao, Dr. Wang’s mother; and (ii) owned as to 49% by Shenzhen Rural Commercial Bank. The enforcement of its rights under the Bronze Group Pledge by Shenzhen Rural Commercial Bank would not impact the shareholding structure of our Group as Bronze Group would still be controlled by Dr. Wang. The enforcement of the Bronze Group Pledge would not affect the business operations and financial positions of our Group as the Bronze Group Credit Facility was entered into by Bronze Group to meet its financing needs and any operational or financial impact would only take place at our shareholder level. To the best knowledge of our Directors having made all reasonable enquiries, there have been no adverse credit records against Bronze Group under the Bronze Group Credit Facility, nor has there been any notice from Shenzhen Rural Commercial Bank regarding the enforcement of the Bronze Group Pledge.

SHARE CAPITAL

IMMEDIATELY BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, our registered capital and issued share capital was RMB55,380,705, divided into 276,903,525 Domestic Unlisted Shares with a nominal value of RMB0.20 each.

UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately upon the completion of the Global Offering, assuming that the Over-allotment Option is not exercised, our share capital is as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital (%)
Domestic Unlisted Shares	16,755,283	5.51
H Shares to be converted from Domestic Unlisted Shares	260,148,242	85.49
H Shares to be issued under the Global Offering . . .	27,386,200	9.00
Total	304,289,725	100.00

Immediately following completion of the Global Offering and assuming that the Over-allotment Option is exercised in full, our share capital is as follows:

Description of Shares	Number of Shares	Approximate percentage of issued share capital (%)
Domestic Unlisted Shares	16,755,283	5.43
H Shares to be converted from Domestic Unlisted Shares	260,148,242	84.36
H Shares to be issued under the Global Offering . . .	31,494,000	10.21
Total	308,397,525	100.00

The above tables assume the Global Offering becomes unconditional and is completed.

SHARE CLASSES

Upon completion of the Global Offering, the Shares will consist of Domestic Unlisted Shares and H Shares. The H Shares in issue following the completion of the Global Offering and the Domestic Unlisted Shares are ordinary Shares in the share capital of our Company. However, apart from certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai-Hong Kong stock exchanges connectivity mechanism (Shanghai-Hong Kong Stock Connect) and the Shenzhen-Hong Kong stock exchanges connectivity mechanism (Shenzhen-Hong Kong Stock Connect) and other persons entitled to hold our Company's H Shares pursuant to the relevant PRC laws and regulations or upon approval by any competent authorities, H Shares generally may not be subscribed for by, or traded between, legal or natural persons of the PRC. H Shares may only be subscribed for and traded in Hong Kong dollars. Domestic Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and will rank *pari passu* with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. Dividends in respect of our Shares may be paid by us in Hong Kong dollars or Renminbi, as the case may be. In addition to cash, dividends may be distributed in the form of Shares.

SHARE CAPITAL

CONVERSION OF DOMESTIC UNLISTED SHARES INTO H SHARES

According to the regulations by the securities regulatory authorities of the State Council and our Articles of Association, the Domestic Unlisted Shares may be converted into overseas listed foreign shares (H Shares), and such converted Shares may be listed and traded on an overseas stock exchange provided that the conversion, listing and trading of such converted Shares have been approved by the securities regulatory authorities of the State Council. In addition, such conversion, trading and listing shall complete any requisite internal approval process and comply with the regulations prescribed by the securities regulatory authorities of the State Council and the regulations, requirements and procedures prescribed by the relevant overseas stock exchange.

If any of the Domestic Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, such conversion, listing and trading will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange. We may apply for the listing of all or any portion of the Domestic Shares on the Stock Exchange as H Shares to ensure that the conversion process can be completed promptly upon notice to the Stock Exchange and delivery of Shares for entry on the H Share register. As any listing of additional Shares after our Listing on the Stock Exchange is ordinarily considered by the Stock Exchange to be a purely administrative matter, it does not require such prior application for listing at the time of our Listing in Hong Kong. No Shareholder voting is required for the conversion of such Shares or the Listing and trading of such converted Shares on an overseas stock exchange. Any application for listing of the converted shares on the Stock Exchange after the Listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

TRANSFER OF SHARES ISSUED PRIOR TO THE GLOBAL OFFERING

Pursuant to the PRC Company Law, the Shares issued prior to the Global Offering shall not be transferred within 12 months from the Listing Date.

Shares transferred by our Directors and members of the senior management each year during their term of office shall not exceed 25% of their total respective shareholdings in our Company unless otherwise permitted by applicable laws and regulations. The Shares that the aforementioned persons hold in our Company cannot be transferred within half a year after they leave their positions as Directors and members of the senior management in our Company.

For details of the lock-up undertaking given by the Controlling Shareholders Group pursuant to Rule 10.07 and 18C.13 of the Listing Rules, see “Underwriting — Undertakings to the Stock Exchange Pursuant to the Listing Rules — (B) By Our Controlling Shareholders.”

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

For details of circumstances under which our Shareholders’ general meeting and class Shareholders’ meeting are required, see “Appendix IV — Summary of Articles of Association”.

FINANCIAL INFORMATION

You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants' Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this prospectus, including the sections headed "Risk Factors" and "Business," and elsewhere in this prospectus. For further details, see "Forward-Looking Statements."

OVERVIEW

We are an enterprise in China's third-generation semiconductor power device industry, specializing in the research, development, manufacturing and sales of SiC power devices. As an innovator in this sector, we are the only company in China with integrated capabilities in SiC chip design, wafer fabrication, module packaging, and gate driver design and testing, as confirmed by Frost & Sullivan. SiC, a leading third-generation semiconductor material, delivers superior performance, positioning it as a critical material for the future of the power device industry. China's SiC power device market is highly competitive. Our solutions serve a wide range of industries, including NEVs, renewable energy systems, energy storage systems, industrial control, data and server centers and rail transportations.

BASIS OF PRESENTATION

For ordinary shares issued to the pre-IPO investors, pursuant to the supplemental agreements entered into between our Company and the pre-IPO Investors in relation to the termination of certain of special rights granted by our Company, including redemption rights, liquidation preferences and anti-dilution rights (collectively the "Special Rights"), which have been irrecoverably terminated and shall be deemed void prior to the Track Record Period, as described in Note 30 to the Accountants' Report of Appendix I to this prospectus, having taken into account the legal and regulatory framework of our Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-IPO Investments as equity throughout the Track Record Period. See Note 29 to the Accountants' Report of Appendix I to this prospectus.

Our consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group for each of the years ended December 31, 2023, 2024 and 2025, and the consolidated statements of financial position of our Group and the statements of financial position of our Company as of December 31, 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**") have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by us in the preparation of the Historical Financial Information throughout the Track Record Period. The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each year in the Track Record Period. See Note 2 to the Accountants' Report of Appendix I to this prospectus.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 3 to the Accountants' Report of Appendix I to this prospectus.

FINANCIAL INFORMATION

Issued but not yet Effective IFRS Accounting Standards

We have not applied the following revised IFRS Accounting Standards, which have been issued but are not yet effective, in the Historical Financial Information. See Note 2.2 to the Accountants' Report of Appendix I to this prospectus.

MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business, financial condition, results of operations and prospects have been, and are expected to continue to be, materially affected by a number of key factors, including the following:

Our Ability to Expand and Continue to Successfully Commercialize Our Product Offerings

Our revenue growth in the past was primarily driven by the expansion and continual successful commercialization of our product offerings. In 2023, 2024 and 2025, our revenue was RMB220.6 million, RMB299.0 million and RMB311.2 million, respectively. The power semiconductor gate drivers were launched in 2011 and mass-produced in 2012; we incorporated the gate driver business into our Group in 2020. See “Business — Commercialization.” Thereafter, we have successively launched and commercialized our SiC discrete devices and SiC power modules, all of which have generated significant revenue streams for our sustained business growth. As we expand the sales of our various products and enhance our brand recognition, we are able to develop and offer products with stronger performance and further customization for various application scenarios.

We believe that our expanding and diverse product portfolio enables us to quickly respond to evolving market conditions and customer preferences. Conversely, if we fail to commercialize our pipeline products, which may lead to wasteful initial investment, and our existing offerings cannot satisfy the evolving market demand any longer, we may face the risks of reduced or canceled orders or even loss of our customers, thereby materially and adversely affecting our results of operation and financial conditions.

Our Ability to Control Costs and Improve Operational Efficiency

While we value and encourage spending on innovation, our future profitability depends in part on our ability to control costs and improve operational efficiency. In 2023, 2024 and 2025, our cost of sales amounted to RMB352.2 million, RMB328.0 million and RMB345.0 million, respectively, representing 159.6%, 109.7% and 110.9% of our total revenue in the same years, respectively. Our cost of sales primarily consists of material costs, outsourced processing costs, employee benefits expense, depreciation and amortization and inventory write-down/(reversal). We are committed to deepening our collaborations with suppliers to further enhance the stability and affordability of our supply. We expect to explore various methods to enhance our manufacturing capabilities by partnering with contract manufacturers, which enables us to meet mass production needs while effectively managing capital expenditure. Our ability to effectively control our cost of sales as we scale up has affected and will continue to affect our results of operation and financial conditions.

In addition, as a result of our early efforts to develop and commercialize our products, we incurred substantial costs in R&D, sales activities and internal management. Our operating expenses, which consist of administrative expenses, selling and distribution expenses, and R&D costs, amounted to RMB196.9 million, RMB213.0 million and RMB282.7 million in 2023, 2024 and 2025, respectively, representing 89.3%, 71.2% and 90.9% of our total revenue in the same years, respectively. We have been constantly improving our operating efficiency in various aspects. For instance, we are committed to continually streamlining our R&D process to enhance R&D efficiency and shorten the time-to-market of products. Our hybrid model of distribution and direct sales allows us to bring our products to a broad customer base, which has significantly enhanced our brand reputation and market penetration and, through word-of-mouth, has improved the efficiency of our selling activities. Moreover, as our business expands, we remain vigilant in continuously evaluating and monitoring our administrative efficiency to control our administrative expenses. We believe that as we continue to ramp up the production and sales of products, we will achieve better economies of scale such that our costs and operating expenses as a percentage of our total revenue will decrease.

FINANCIAL INFORMATION

Our Ability to Manage and Expand Our Production Capacity Efficiently

Stable and scalable production capacity is a cornerstone of our success. During the Track Record Period, our steady expansion of production capacity, coupled with our continuous refinement of production processes, has been instrumental in driving our rapid growth.

As of the Latest Practicable Date, we operated three production bases. As we progress with the commercialization of our products and anticipate increasing customer demand, we expect the utilization rate of our production facilities to rise. We plan to expand our production capacity prudently and efficiently. Establishing our own production facilities requires substantial capital investment and results in significant ongoing costs. As a result, our ability to achieve profitability depends in part on our ability to effectively manage production utilization as we expand our production activities. During the Track Record Period, as our production activities expanded and production volume increased, we saw an increasing trend in capital expenditure on property, plant and equipment as well as depreciation of property, plant and equipment. In the future, the property, plant and equipment as well as depreciation of property, plant and equipment may continue to increase as we may further expand our production capacity. See “Business — Manufacturing — Production Bases in Operation,” “Business — Manufacturing — Planned Production Base” and “Future Plans and Use of Proceeds.”

Meanwhile, we have equipped our production bases with advanced production facilities to ensure the quality, cost advantages and production efficiency of our products. We also continually improve our production processes and the management thereof to ensure we provide high-quality products to our customers. The successful upgrade and expansion of our production capabilities significantly depend on our ability to formulate and execute our upgrade and expansion plans, expand and construct new facilities, as well as maintain and purchase production equipment in cost-effective and efficient manners.

Our Ability to Attract New Customers and Deepen Relationships with Existing Customers

During the Track Record Period, we primarily relied on our in-house sales team to directly sell SiC power modules and power semiconductor gate drivers and adopted a distribution model to sell our SiC discrete devices and power semiconductor gate drivers. Revenue from direct sales amounted to RMB151.9 million, RMB223.3 million and RMB199.0 million in 2023, 2024 and 2025, respectively, representing 68.9%, 74.7% and 64.0% of our total revenue in the same years, respectively.

On the one hand, as most of our direct sales customers are renowned companies in our downstream application areas including NEV and PV power station manufacturers, maintaining direct connections with these customers allows us to accurately grasp and address their needs. Through such direct connections, we are able to better understand the evolving market demands and trends, laying the foundation to acquire new customers. On the other hand, distributors directly purchase products from us and therefore are deemed as our customers as well, on-selling our products to companies operating in renewable energy and industrial application sectors. Building on our enhanced market reputation and significant industry influence, we will deepen our relationships with existing direct sales customers and distributors while expanding our sales channels to attract new customers in targeted industries, thereby further driving our business growth.

Our Continual Investment in Research and Development

Our ability to develop new technologies, design new products and update existing products is critical to our business growth. It is essential for us to consistently identify and address the swiftly changing customer requirements, while developing and launching innovative products and enhancing our existing offerings and features so as to stimulate market demand for our products. To that end, we must continue to make substantial R&D investments to keep us at the forefront of the technological trends, which enhances the competitiveness of our products. Our R&D costs increased from RMB75.8 million in 2023 to RMB91.1 million in 2024 and further to RMB109.7 million in 2025, representing 34.4%, 30.5% and 35.3% of our total revenue in the same years, respectively. During the Track Record Period, our R&D initiatives have achieved substantial progress, with several major products reaching full commercialization. See “Business — Commercialization.” We are confident that these advancements and their successful market entry will greatly enhance our long-term competitive edge over our competitors, which not only highlights our dedication to innovation but also solidifies our standing as an industry leader.

FINANCIAL INFORMATION

Additionally, we believe that the ability to attract and retain a strong R&D team with relevant expertise and commercial acumen is fundamental to our long-term competitiveness. Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products which help maintain our technological advantages and market competitiveness. Each of our core R&D team members has more than 16 years of experience in the power device industry. Our long-term success depends, to a significant extent, on our ability to continually enhance our R&D capabilities, successfully carry out our R&D initiatives and commercialize the development results in an efficient manner.

General Factors

Our business, financial condition, results of operations and prospects are affected by general factors affecting the SiC power device industry, which include: (i) overall economic growth and conditions; (ii) development and prosperity of the global semiconductor industry, particularly the SiC power device industry; (iii) fluctuations in market demand for SiC power semiconductors; (iv) technological advancement and competitive landscape in the semiconductor industry; and (v) relevant laws and regulations, government policies and initiatives.

Unfavorable changes in any of these factors could negatively affect the demand for our products and materially and adversely affect our results of operations.

IMPACT OF COVID-19 PANDEMIC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the “**COVID-19**”) outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022, including where we have business operations and where our customers, suppliers and business partners are located. We conducted our activities in strict compliance with national epidemic prevention measures and implemented comprehensive prevention and control protocols. For example, to contain the virus spread within our office premises and production facilities and protect the well-being of our employees, we adopted various mitigation measures, such as remote working, social distancing and mask wearing. There had been no material delay in our R&D process, production or product delivery schedule during the Track Record Period as a result of the COVID-19. Nevertheless, the implementation of and our compliance with local lock-down measures led to minimal non-lasting impact on our business operations and financial condition. In addition, the limited impact did not have any lasting or material adverse effect on our supply chain, business operations and financial conditions during the Track Record Period. As the COVID-19 has since subsided, we do not anticipate further adverse impact by the pandemic on our business and financial performance.

PRE-IPO INVESTORS

To fund our strategic development and broaden our shareholder base, we have conducted several rounds of Pre-IPO Investments since the establishment of our Company. See “Summary — Pre-IPO Investments”, “History, Development and Corporate Structure — Pre-IPO Investments.” Our Company issued ordinary Shares (representing the number of shares after conversion into a joint stock company) to certain Pre-IPO investors for a total net cash proceeds of approximately RMB1,032 million.

The Pre-IPO Investors were granted special rights including, among others, veto right, director/supervisor nomination or appointment right, right to prior consent for certain corporate actions, pre-emptive right, anti-dilution right, liquidation preferences, most favorable treatment, information rights and redemption rights (collectively the “**Special Rights**”) pursuant to the shareholders’ agreements and share subscription agreements. On 31 July 2023, the Company and the relevant Pre-IPO Investors entered into supplemental agreements (collectively, the “**2023 Agreements**”), agreeing that certain Special Rights granted by the Company to the relevant Pre-IPO Investors, including redemption rights undertaken by the Company (i.e. rights requiring the Company repurchase shares and to pay the repurchase price), liquidation preferences and anti-dilution rights, have been irrevocably terminated and shall be deemed void prior to the commencement of the Track Record Period. Taking into account the PRC legal and regulatory framework, which is the jurisdiction of our Company, and the PRC law, which governs the 2023 Agreements, and based on the PRC Legal Adviser’s view that the retrospective termination of the

FINANCIAL INFORMATION

relevant rights granted to the Pre-IPO Investors pursuant to the 2023 Agreements does not violate any applicable PRC laws, and that such rights could be validly terminated on a retrospective basis under the 2023 Agreements, our Directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Track Record Period.

Had the Special Rights granted by our Company to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the finance costs associated with the redemption financial liabilities, the net loss for the year, basic and dilutive loss per share would have been:

	Year ended December 31, 2023
	<i>RMB'000</i>
Financial costs associated with the redemption financial liabilities	48,626
Total net loss	(390,821)
Basic and dilutive loss per share	(1.49)

See Note 29 to the Accountants' Report of Appendix I to this prospectus.

MATERIAL ACCOUNTING POLICY INFORMATION AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

For material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, see Notes 2 and 3 to the Accountants' Report of Appendix I to this prospectus.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth selected consolidated statements of profit or loss in absolute amount and as a percentage of our total revenue for the years indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants' Report of Appendix I to this prospectus. The results of operations during the Track Record Period are not necessarily indicative of the results of operations that may be expected for any future period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	<i>(RMB in thousands, except for percentage)</i>					
Revenue	220,586	100.0	299,015	100.0	311,165	100.0
Cost of sales.	(352,150)	(159.6)	(327,996)	(109.7)	(345,025)	(110.9)
Gross loss	(131,564)	(59.6)	(28,981)	(9.7)	(33,860)	(10.9)
Other income and gains . .	4,884	2.2	26,704	8.9	13,074	4.2
Selling and distribution expenses	(38,700)	(17.5)	(35,524)	(11.9)	(43,658)	(14.0)
Administrative expenses . .	(82,365)	(37.3)	(86,352)	(28.9)	(129,333)	(41.6)
Research and development costs	(75,827)	(34.4)	(91,087)	(30.5)	(109,734)	(35.3)

FINANCIAL INFORMATION

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
<i>(RMB in thousands, except for percentage)</i>						
Impairment losses on						
financial assets, net. . . .	(3,279)	(1.5)	(2,209)	(0.7)	(6,644)	(2.1)
Other expenses	(924)	(0.4)	(924)	(0.3)	(611)	(0.2)
Finance costs	(14,419)	(6.5)	(18,729)	(6.3)	(23,918)	(7.7)
Loss before tax	(342,194)	(155.1)	(237,102)	(79.3)	(334,684)	(107.6)
Income tax expense	(1)	(0.0)	–	–	(533)	(0.2)
Loss for the year	(342,195)	(155.1)	(237,102)	(79.3)	(335,217)	(107.7)

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-IPO investments, see Note 29 to the Accountants' Report set out in Appendix I to this prospectus.

NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net loss for the year (non-IFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, IFRS. We believe this non-IFRS measure facilitates comparisons of operating performance from year to year, period to period, and company to company by eliminating potential impacts of certain items. We believe this measure provides useful information to investors and others in understanding and evaluating our combined results of operations in the same manner as it helps our management. However, such non-IFRS financial measure we present may not be directly comparable to similar measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results of operations or financial condition as reported under IFRS.

We define adjusted net loss for the year (non-IFRS measure) as net loss for the year adjusted by adding back (i) share-based payment expenses and (ii) listing expense. The following table reconciles our adjusted net loss for the year (non-IFRS measure) in accordance with IFRS, which is net loss for the year:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Loss for the year	(342,195)	(237,102)	(335,217)
Add:			
– Share-based payment expenses ⁽¹⁾	28,697	32,000	72,457
– Listing expense ⁽²⁾	–	2,166	22,434
Adjusted net loss for the year			
(non-IFRS measure)	(313,498)	(202,936)	(240,326)

Notes:

- (1) Share-based payment expenses were related to the non-cash employee benefit expenses incurred in connection with our award to management and key employees.
- (2) Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering and the Listing.

FINANCIAL INFORMATION

DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we derived revenue primarily from the sales of SiC power modules, SiC discrete devices and power semiconductor gate drivers. During the Track Record Period, we generated substantially all of our revenue from the PRC. The table below sets forth our revenue breakdown by product type in absolute amount and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
SiC power modules	77,033	34.9	145,567	48.7	122,373	39.3
SiC discrete devices	52,630	23.9	51,982	17.4	58,389	18.8
Power semiconductor gate drivers	66,832	30.3	80,092	26.8	102,607	33.0
Others ⁽¹⁾	24,091	10.9	21,374	7.1	27,796	8.9
Total	220,586	100.0	299,015	100.0	311,165	100.0

Note:

(1) Others primarily include sales of power stack, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.

During the Track Record Period, we primarily relied on our in-house sales team to directly sell SiC power modules and gate drivers to our customers and adopted a distribution model to sell SiC discrete devices and power semiconductor gate drivers which are more standardized. See “Business — Sales and Marketing — Sales Channel.”

Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of material costs, outsourced processing costs, employee benefits expense, depreciation and amortization and inventory write-down/(reversal). The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Material costs	288,436	81.9	280,492	85.5	229,780	66.6
Outsourced processing costs	31,608	9.0	24,286	7.4	40,876	11.9
Employee benefits expenses	6,988	2.0	15,143	4.6	19,971	5.8
Depreciation and amortization	12,236	3.5	15,690	4.8	22,348	6.5
Others	3,898	1.1	10,462	3.2	22,393	6.4
Inventory write-down/(reversal) ⁽¹⁾	8,984	2.6	(18,076)	(5.5)	9,657	2.8
Total	352,150	100.0	327,996	100.0	345,025	100.0

Note:

(1) Inventory write-down/(reversal) primarily represents the provision or reversal made for inventory write-down. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

FINANCIAL INFORMATION

The following table sets forth a breakdown of our cost of sales by product type in absolute amount and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
SiC power modules	127,853	36.3	186,172	56.8	151,626	44.0
SiC discrete devices	149,499	42.5	102,142	31.1	96,589	28.0
Power semiconductor gate drivers	36,402	10.3	42,941	13.1	67,787	19.6
Others ⁽¹⁾	29,411	8.4	14,818	4.5	19,366	5.6
Subtotal	343,166	97.4	346,073	105.5	335,368	97.2
Inventory write-down/(reversal) ⁽²⁾	8,984	2.6	(18,076)	(5.5)	9,657	2.8
Total	352,150	100.0	327,996	100.0	345,025	100.0

Notes:

- (1) Others primarily include sales of power stacks, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.
- (2) Inventory write-down/(reversal) primarily represents the provision or reversal made for inventory write-down. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

Gross Profit/Loss and Gross Profit/Loss Margin

The following table sets forth a breakdown of our gross loss and gross loss margin by product type for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Gross profit/loss	Gross profit/loss margin (%)	Gross profit/loss	Gross profit/loss margin (%)	Gross profit/loss	Gross profit/loss margin (%)
<i>(RMB in thousands, except for percentage)</i>						
SiC power modules	(50,820)	(66.0)	(40,605)	(27.9)	(29,253)	(23.9)
SiC discrete devices	(96,870)	(184.1)	(50,159)	(96.5)	(38,200)	(65.4)
Power semiconductor gate drivers	30,430	45.5	37,151	46.4	34,820	33.9
Others ⁽¹⁾	(5,320)	(22.1)	6,556	30.7	8,430	30.3
Subtotal	(122,580)	(55.6)	(47,057)	(15.7)	(24,203)	(7.8)
Less: Inventory write-down/(reversal) ⁽²⁾	8,984		(18,076)		9,657	
Total	(131,564)	(59.6)	(28,981)	(9.7)	(33,860)	(10.9)

Notes:

- (1) Others primarily include sales of power stacks, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.
- (2) Inventory write-down/(reversal) primarily represents the provision or reversal made for inventory write-down. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

FINANCIAL INFORMATION

Other Income and Gains

During the Track Record Period, our other income primarily consisted of (i) government grants, (ii) income tax handling fee and subsidy, (iii) interest income, and (iv) investment income from financial assets at fair value through profit or loss (FVTPL). Our other gains primarily consisted of (i) gains on disposal of right-of-use assets, (ii) fair value gains on financial assets at FVTPL, and (iii) foreign exchange gains. The following table sets forth a breakdown of our other income and gains in absolute amount and as a percentage of our total other income and gains for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Other Income						
Government grants	2,371	48.5	24,027	90.0	11,538	88.3
Individual income tax						
handling fee refund	1,058	21.7	2,031	7.6	542	4.1
Interest income	531	10.9	360	1.3	538	4.1
Investment income from						
financial assets at						
FVTPL	159	3.3	96	0.4	118	0.9
Others	13	0.3	8	0.0	6	0.0
Total other income:	<u>4,132</u>	<u>84.6</u>	<u>26,522</u>	<u>99.3</u>	<u>12,742</u>	<u>97.5</u>
Other Gains						
Gains on disposal						
of right-of-use assets	319	6.5	149	0.6	17	0.1
Gain on disposal of items						
of property, plant and						
equipment	–	–	–	–	5	0.0
Foreign exchange gains	236	4.8	–	–	310	2.4
Others	197	4.0	33	0.1	–	–
Total other gains	<u>752</u>	<u>15.4</u>	<u>182</u>	<u>0.7</u>	<u>332</u>	<u>2.5</u>
Total	<u>4,884</u>	<u>100.0</u>	<u>26,704</u>	<u>100.0</u>	<u>13,074</u>	<u>100.0</u>

The government grants received by our Group primarily comprise subsidies awarded to support our R&D activities on the industrialization and technological advancement of SiC semiconductor devices and their related applications such as the development of high-performance medium- and low-voltage SiC MOSFETs, and the establishment of advanced pilot bases for the packaging and testing of third-generation semiconductors, among others.

These grants are subject to specific project acceptance criteria. Such criteria typically include obtaining automotive-grade certification, achieving specified sales revenue, reaching designated production capacity, meeting product performance parameters or technical indicators, completing facility construction or commissioning, and obtaining or applying for a prescribed number of patents. During the Track Record Period, we fulfilled the relevant acceptance conditions for the majority of government grant projects, which were accepted by the competent government authorities.

Projects that had not yet been accepted as of December 31, 2025, have not yet undergone the relevant acceptance tests. Each of these projects relates to a specific focus as discussed above and each is subject to its own acceptance criteria. The relevant government grants are generally one-off in nature and are recognized as deferred income until the relevant acceptance conditions are met. Deferred income relating to accepted projects is amortized over the useful life of the associated assets. We expect these projects to be accepted and completed between 2026 and the end of 2027, at which point the relevant deferred income will be recognized as other income accordingly.

FINANCIAL INFORMATION

Pursuant to the terms of the relevant grant agreements, if we fail to satisfy the project acceptance tests, we are generally required to undertake remedial measures within a stipulated period, typically six months, and reapply for acceptance tests. For example, we may be required to return all or part of the government grants received for the relevant project. In addition, failure to meet the acceptance criteria may limit our ability to apply for similar government grants for a certain period. During the Track Record Period, we have not failed any acceptance tests or identified any substantive obstacles that may lead to failure of future acceptance tests or been required to repay any received government grants.

Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) employee benefit expenses, (ii) office and traveling expenses, (iii) share-based payment expenses, (iv) depreciation and amortization, and (v) marketing and promotion expenses. The following table sets forth a breakdown of our selling and distribution expenses in absolute amount and as a percentage of our total selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Employee benefit expenses	22,504	58.1	21,059	59.3	20,378	46.7
Office and traveling expenses	6,319	16.3	5,911	16.6	6,017	13.8
Share-based payment expenses	5,648	14.6	5,131	14.4	14,890	34.1
Depreciation and amortization	1,714	4.4	1,689	4.8	1,280	2.9
Marketing and promotion expenses	1,495	4.0	922	2.6	626	1.4
Others	1,020	2.6	812	2.3	467	1.1
	<u>38,700</u>	<u>100.0</u>	<u>35,524</u>	<u>100.0</u>	<u>43,658</u>	<u>100.0</u>

Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefit expenses, (ii) share-based payment expenses, (iii) depreciation and amortization, (iv) office and traveling expenses, and (v) others, primarily including listing expenses incurred in connection with the Global Offering and the Listing. The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Employee benefit expenses	35,024	42.5	35,229	40.8	36,705	28.4
Share-based payment expenses	17,728	21.5	18,828	21.8	38,449	29.7
Depreciation and amortization	15,801	19.2	13,657	15.8	14,895	11.5
Office and traveling expenses	7,942	9.6	8,271	9.6	8,244	6.4
Others	5,870	7.2	10,367	12.0	31,040	24.0
Total	<u>82,365</u>	<u>100.0</u>	<u>86,352</u>	<u>100.0</u>	<u>129,333</u>	<u>100.0</u>

FINANCIAL INFORMATION

Research and Development Costs

During the Track Record Period, our R&D costs primarily consisted of (i) employee benefit expenses, (ii) R&D material costs, (iii) depreciation and amortization, (iv) share-based payment expenses, (v) testing expenses, and (vi) outsourced development expenses, which primarily represented fees for outsourced viability analysis, failure analysis and verification tests during R&D, as well as the dicing and packaging of sample wafers used in R&D. These outsourced services were performed by independent third parties and accounted for only an immaterial portion of our overall R&D activities. During the Track Record Period, we did not capitalize R&D expenses nor allocate them by product. The following table sets forth a breakdown of our R&D costs in absolute amount and as a percentage of our total R&D costs for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
<i>(RMB in thousands, except for percentage)</i>						
Employee benefit expenses	34,364	45.3	45,617	50.1	44,512	40.6
R&D materials costs	18,108	23.9	18,166	19.9	20,506	18.7
Depreciation and amortization	9,095	12.0	12,223	13.4	12,667	11.5
Share-based payment expenses	5,321	7.0	8,041	8.8	17,779	16.2
Testing expenses	2,179	2.9	3,631	4.0	7,555	6.9
Outsourced development expenses	5,338	7.0	1,763	1.9	5,264	4.8
Others	1,422	1.9	1,646	1.8	1,451	1.3
Total	<u>75,827</u>	<u>100.0</u>	<u>91,087</u>	<u>100.0</u>	<u>109,734</u>	<u>100.0</u>

Impairment Losses on Financial Assets, Net

During the Track Record Period, our net impairment losses on financial assets primarily represented the provision for or reversal of our trade receivables and other receivables under the expected credit loss model. Our net impairment losses on financial assets amounted to RMB3.3 million, RMB2.2 million and RMB6.6 million in 2023, 2024 and 2025, respectively.

Other Expenses

During the Track Record Period, our other expenses primarily consisted of fair value losses of financial assets at FVTPL and foreign exchange losses. Our other expenses amounted to RMB0.9 thousand, RMB0.9 million and RMB0.6 million in 2023, 2024 and 2025, respectively.

Finance Costs

During the Track Record Period, our finance costs primarily consisted of (i) interest on bank and other borrowings, (ii) interest on loans from related parties, (iii) interest on redemption liabilities to non-controlling shareholders, and (iv) interest on lease liabilities. Our finance costs amounted to RMB14.4 million, RMB18.7 million and RMB23.9 million in 2023, 2024 and 2025, respectively.

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year ended December 31, 2025 Compared with Year ended December 31, 2024

Revenue

Our revenue slightly increased from RMB299.0 million in 2024 to RMB311.2 million in 2025, primarily attributable to an increase in revenue from power semiconductor gate drivers and SiC discrete devices.

FINANCIAL INFORMATION

Sales of SiC Power Modules. Our revenue from sales of SiC power modules decreased by 15.9% from RMB145.6 million in 2024 to RMB122.4 million in 2025, primarily due to a decrease in revenue from automotive-grade SiC power modules, mainly as a result of (i) lower-than-expected sales of relevant vehicle models by one of our major customers due to intense market competition; and (ii) our strategic decision to reduce sales prices of our automotive-grade products in the second half of 2025 in order to maintain a long-term collaborative relationship with our customers. The decrease was partially offset by an increase in revenue from industrial-grade SiC power modules, mainly due to the commencement of mass delivery in the second half of 2025. According to Frost & Sullivan, in 2025, China's SiC power module market experienced a deceleration in revenue growth, primarily driven by a significant reduction in the unit price of SiC power modules, coupled with a moderate increase in sales volume.

Sales of SiC Discrete Devices. Our revenue from sales of SiC discrete devices increased by 12.3% from RMB52.0 million in 2024 to RMB58.4 million in 2025. This was primarily due to our increased sales of SiC MOSFETs. In 2025, we started to mass deliver our third-generation MOSFET products to certain customers, echoing our strategy to optimize our product portfolio by selectively reducing sales of certain SiC Schottky diode variants and reallocating resources toward SiC MOSFET products, which have higher technical barriers and ASP.

Sales of Power Semiconductor Gate Drivers. Our revenue from sales of power semiconductor gate drivers increased by 28.1% from RMB80.1 million in 2024 to RMB102.6 million in 2025, primarily due to the increased sales volume resulting from our (i) enhanced sales efforts to acquire new, high-quality customers; (ii) our newly developed power semiconductor gate driver products applicable for more application scenarios, which attracted new customers; and (iii) the increasing market demands for power semiconductor gate driver products.

Others. Our revenue from others increased by 29.9% from RMB21.4 million in 2024 to RMB27.8 million in 2025, primarily due to because our power stack products were well-accepted by the market and mass delivered to customers.

Cost of Sales

Our cost of sales increased by 5.2% from RMB328.0 million in 2024 to RMB345.0 million in 2025, primarily representing the change from reversal of inventory write-down in 2024 to inventory write-down in 2025 as well as the increase in cost of sales for power semiconductor gate drivers. These increases were partially offset by a decrease in cost of sales for SiC power modules.

Gross Profit/Loss and Gross Profit/Loss Margin

As a result of the foregoing, our overall gross loss increased by 16.9% from RMB29.0 million in 2024 to RMB33.9 million in 2025. Our overall gross loss margin increased from 9.7% in 2024 to 10.9% in 2025.

Sales of SiC Power Modules. Our gross loss for sales of SiC power modules (before write-down of inventories) decreased by 27.8% from RMB40.6 million in 2024 to RMB29.3 million in 2025. Our gross loss margin for sales of SiC power modules (before write-down of inventories) decreased from 27.9% in 2024 to 23.9% in 2025. The improvement in our gross loss and gross loss margin was primarily due to an increase in revenue from industrial-grade SiC power modules, which generally had better gross margin.

Sales of SiC Discrete Devices. Our gross loss for sales of SiC discrete devices (before write-down of inventories) decreased by 23.9% from RMB50.2 million in 2024 to RMB38.2 million in 2025. Our gross loss margin for sales of SiC discrete devices (before write-down of inventories) decreased from 96.5% in 2024 to 65.4% in 2025. The improvement in our gross loss and gross loss margin was primarily due to our increased sales of SiC MOSFETs. In 2025, we started to mass deliver our third-generation MOSFET products to certain customers, echoing our strategy to optimize our product portfolio by selectively reducing sales of certain SiC Schottky diode variants and reallocating resources toward SiC MOSFET products, which have higher technical barriers, ASP and better gross margin.

FINANCIAL INFORMATION

Sales of Power Semiconductor Gate Drivers. Our gross profit for sales of power semiconductor gate drivers (before write-down of inventories) remained relatively stable at RMB37.2 million in 2024 and RMB34.8 million in 2025. Our gross profit margin for sales of power semiconductor gate drivers (before write-down of inventories) decreased from 46.4% in 2024 to 33.9% in 2025, primarily due to changes in product mix within our gate driver board products and our customer mix, with a higher proportion of sales at lower margins in order to achieve higher sales volume to certain leading customers in the renewable energy sector and enlarge our market shares.

Others. We recorded gross profit for others (before write-down of inventories) of RMB6.6 million and RMB8.4 million in 2024 and 2025, respectively. Our gross profit margin for others (before write-down of inventories) remained relatively stable at 30.7% in 2024 and 30.3% in 2025.

Other Income and gains

Our other income and gains decreased by 50.9% from RMB26.7 million in 2024 to RMB13.1 million in 2025, primarily because (i) a greater portion of government grants was recognized as other income and gains, as more projects associated with these grants were completed in 2024 compared to 2025, allowing for the transfer of a larger amount from deferred income; and (ii) we received a smaller amount of government grants that could be directly recognized as other income and gains in 2025.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 23.1% from RMB35.5 million in 2024 to RMB43.7 million in 2025, primarily because we incurred more share-based payment expenses, consistent with our continued commitment to selling efforts.

Administrative Expenses

Our administrative expenses increased by 49.8% from RMB86.4 million in 2024 to RMB129.3 million in 2025, primarily because (i) we incurred more share-based payment expenses to support our business expansion; and (ii) we incurred more listing expenses.

R&D Costs

Our R&D costs increased by 20.5% from RMB91.1 million in 2024 to RMB109.7 million in 2025, primarily because (i) we incurred more share-based payment expenses, consistent with our continued commitment to R&D efforts; and (ii) we incurred more testing expenses and outsourced development expense for developing new products.

Impairment Losses on Financial Assets, Net

Our impairment loss, net, on financial assets significantly increased from RMB2.2 million in 2024 and RMB6.6 million in 2025, mainly because the provision for our trade receivables and other receivables under the expected credit loss model increased (i) in line with our revenue growth; and (ii) as we made provision for trade receivables for certain customers in anticipation of their financial difficulties.

Finance Costs

Our finance costs increased by 27.7% from RMB18.7 million in 2024 to RMB23.9 million in 2025, primarily due to (i) an increase in interest on bank and other borrowings to support our operations and business activities. See “— Indebtedness — Interest-bearing Bank and Other Borrowings;” and (ii) an increase in interest on redemption liabilities to non-controlling shareholders.

Loss for the Period

As a result of the foregoing, our loss for the period increased by 41.4% from RMB237.1 million in 2024 to RMB335.2 million in 2025.

FINANCIAL INFORMATION

The increase in net loss in 2025 was mainly attributable to (i) an increase in operating expenses, primarily due to an increase in listing expenses, share-based payment expenses and R&D costs; and (ii) a decrease in other income and gains, primarily due to decreased government grants. See “— Description of Major Components of our Results of Operations — Administrative Expenses” and “— Description of Major Components of our Results of Operations — Other Income and Gains.”

Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

Revenue

Our revenue increased by 35.6% from RMB220.6 million in 2023 to RMB299.0 million in 2024, primarily attributable to the increase in revenue from sales of SiC power modules and power semiconductor gate drivers.

Sales of SiC Power Modules. Our revenue from sales of SiC power modules increased by 89.0% from RMB77.0 million in 2023 to RMB145.6 million in 2024, attributable to the increased sales volume of our SiC power modules. This was primarily due to the increasing adoption of SiC power modules by a global leading NEV manufacturer in several newly launched vehicle models as well as its existing vehicle models, which gained increasing sales volume.

Sales of SiC Discrete Devices. Our revenue from sales of SiC discrete devices remained relatively stable at RMB52.6 million and RMB52.0 million in 2023 and 2024, respectively. This was primarily due to the optimization of our product mix as we reduced the offerings of certain products with relatively low technological barriers that have been selling at a relatively large volume and a low ASP, and increased the sales of products with relatively high technological barriers that sold at a relatively high ASP for a wide range of application scenarios such as welding machines and PV inverters. See “Business — Key Operational Data.”

Sales of Power Semiconductor Gate Drivers. Our revenue from sales of power semiconductor gate drivers increased by 19.8% from RMB66.8 million in 2023 to RMB80.1 million in 2024, primarily due to the increased sales volume of our power semiconductor gate drivers used in renewable energy. With our successful mass delivery of products used in renewable energy and our ability to offer high-performance and reliable solutions tailored to the specific needs of customers, we secured new orders for power semiconductor gate drivers.

Others. Our revenue from others decreased by 11.3% from RMB24.1 million in 2023 to RMB21.4 million in 2024, primarily because we strategically accelerated the sales of silicon discrete device inventories in 2023 to better allocate our resources towards SiC products in the future.

Cost of Sales

Our cost of sales decreased by 6.9% from RMB352.2 million in 2023 to RMB328.0 million in 2024, primarily representing the decrease in cost of sales for SiC discrete devices and others as well as the change from inventory write-down in 2023 to reversal of inventory write-down in 2024, partially offset by the increase in the cost of sales for SiC power modules. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

Gross Profit/Loss and Gross Profit/Loss Margin

As a result of the foregoing, our overall gross loss decreased by 78.0% from RMB131.6 million in 2023 to RMB29.0 million in 2024. Our overall gross loss margin improved from 59.6% in 2023 to 9.7% in 2024.

Sales of SiC Power Modules. Our gross loss for sales of SiC power modules (before write-down of inventories) decreased by 20.1% from RMB50.8 million in 2023 to RMB40.6 million in 2024. Our gross loss margin for sales of SiC power modules (before write-down of inventories) decreased from 66.0% in 2023 to 27.9% in 2024. The decreases in our gross loss and gross loss margin were primarily due to (i) the significant increase in our production volume, which benefited us with advantages in supply chain management and therefore lowered material costs; (ii) a reduction in the apportioned fixed cost per product as a result of enlarged economies of scale; and (iii) improved production processes resulting in higher yields.

FINANCIAL INFORMATION

Sales of SiC Discrete Devices. Our gross loss for sales of SiC discrete devices (before write-down of inventories) decreased by 48.2% from RMB96.9 million in 2023 to RMB50.2 million in 2024. Our gross loss margin for sales of SiC discrete devices (before write-down of inventories) decreased from 184.1% in 2023 to 96.5% in 2024. The decreases in our gross loss and gross loss margin were primarily because we improved our product design and production processes. This benefited us with higher yields and enhanced adaptability to more effectively utilize domestic equipment and materials which have relatively lower costs, while enabling us to ensure product quality.

Sales of Power Semiconductor Gate Drivers. Our gross profit for sales of power semiconductor gate drivers (before write-down of inventories) increased by 22.4% from RMB30.4 million in 2023 to RMB37.2 million in 2024, primarily in line with our revenue growth. Our gross profit margin for sales of power semiconductor gate drivers (before write-down of inventories) remained relatively stable at 45.5% and 46.4% in 2023 and 2024, respectively.

Others. We recorded gross profit for others (before write-down of inventories) of RMB6.6 million in 2024 as compared to gross loss of RMB5.3 million in 2023. We recorded gross profit margin for others (before write-down of inventories) of 30.7% in 2024 as compared to gross loss margin of 22.1% in 2023. These changes were primarily because we minimized the sales of the traditional silicon discrete device inventories with low technological barriers in 2024 compared to 2023 to better allocate our resources towards SiC products in the future.

Other Income and Gains

Our other income and gains increased by 446.8% from RMB4.9 million in 2023 to RMB26.7 million in 2024, primarily due to the significant increase in government grants because (i) a significant amount of government grants became qualified to be transferred from deferred income to other income and gains, as our projects with government grants were completed in 2024; and (ii) we received a larger amount of government grants that could be directly recognized as other income and gains in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses remained relatively stable at RMB38.7 million and RMB35.5 million in 2023 and 2024, respectively.

Administrative Expenses

Our administrative expenses remained relatively stable at RMB82.4 million and RMB86.4 million in 2023 and 2024, respectively.

R&D Costs

Our R&D costs increased by 20.1% from RMB75.8 million in 2023 to RMB91.1 million in 2024, primarily due to the increase in employee benefit expenses as we expanded our R&D team, increased the average salaries of R&D personnel and incurred more share-based payment expenses, consistent with our continued commitment to R&D efforts.

Impairment Losses on Financial Assets, Net

Our net impairment losses on financial assets remained relatively stable at RMB3.3 million and RMB2.2 million in 2023 and 2024, respectively.

Finance Costs

Our finance costs increased by 29.9% from RMB14.4 million in 2023 to RMB18.7 million in 2024, primarily due to the increase in interest on bank and other borrowings in line with our increased interest-bearing bank and other borrowings. See “— Indebtedness — Interest-bearing Bank and Other Borrowings.”

Loss for the Year

As a result of the foregoing, our loss for the year decreased by 30.7% from RMB342.2 million in 2023 to RMB237.1 million in 2024.

FINANCIAL INFORMATION

More specifically, in 2024, compared with 2023, our adjusted net loss for the year (non-IFRS measure) narrowed by RMB110.6 million, of which a reduction in gross loss of RMB102.6 million was the primary driver, reflecting the initial effects of our cost optimization and product mix strategies. Specifically, gross loss from SiC discrete devices (before write-down of inventories) decreased by RMB46.7 million, mainly benefiting from our sales mix adjustment for SiC discrete device products, where the scale of low-margin SiC Schottky diode sales was controlled and the share of SiC MOSFET sales with relatively stronger gross margin increased rapidly. Scale effects of our SiC power modules began to emerge and cost optimization measures took effect, improving gross loss margin of SiC power modules (before write-down of inventories) from 66.0% to 27.9% and reducing gross loss from SiC power modules (before write-down of inventories) by RMB10.2 million while maintaining high revenue growth. At the same time, the favorable market performance of our products resulted in an inventory reversal of RMB18.1 million, which further narrowed the gross loss.

DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Non-Current Assets and Liabilities

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Non-current assets			
Property, plant and equipment	401,366	418,628	436,672
Right-of-use assets	129,722	109,385	107,275
Intangible assets	1,845	1,390	5,602
Financial assets at FVTPL	2,400	2,150	1,900
Prepayments, other receivables and other assets	67,292	66,650	41,146
Total non-current assets	602,625	598,203	592,595
Non-current liabilities			
Interest-bearing bank and other borrowings	5,775	20,332	10,310
Lease liabilities	62,367	48,487	36,362
Redemption liabilities to non-controlling shareholders	38,466	–	168,467
Deferred income	65,371	87,735	80,444
Provision	4,226	4,522	4,319
Total non-current liabilities	176,205	161,076	299,902

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-IPO investments, see Note 29 to the Accountants' Report set out in Appendix I to this prospectus.

Property, Plant and Equipment

Our property, plant and equipment primarily consisted of machinery equipment, office and other equipment, motor vehicles, tools and appliances, long-term prepaid expenses, construction in progress and others. Our property, plant and equipment increased by 4.3% from RMB401.4 million as of December 31, 2023 to RMB418.6 million as of December 31, 2024, and further increased by 4.3% to RMB436.7 million as of December 31, 2025 primarily due to (i) our procurement of new machinery and equipment for production, R&D and office purposes, and (ii) the upgrade and renovation of our production facilities.

FINANCIAL INFORMATION

Right-of-use Assets

Our right-of-use assets primarily consisted of our leases for buildings and equipment as well as leasehold land. Our right-of-use assets decreased by 15.7% from RMB129.7 million as of December 31, 2023 to RMB109.4 million as of December 31, 2024, primarily due to regular depreciation. Our right-of-use assets remained relatively stable at RMB109.4 million as of December 31, 2024 and RMB107.3 million as of December 31, 2025.

Prepayments, Other Receivables and Other Assets (Non-current)

Our prepayments, other receivables and other assets (non-current) primarily included prepayment for property, plant and equipment, mainly representing prepayments made for certain plant renovation and equipment procurement, and value-added tax recoverable in relation to our procurement. Our prepayments, other receivables and other assets (non-current) remained relatively stable at RMB67.3 million as of December 31, 2023 and RMB66.7 million as of December 31, 2024. Our prepayments, other receivables and other assets (non-current) decreased by 38.4% from RMB66.7 million as of December 31, 2024 to RMB41.1 million as of December 31, 2025, primarily due to a decrease in value-added tax recoverable, mainly as we received some VAT refunds from the tax authority in 2025. Such a decrease was partially offset by an increase in prepayment for property, plant and equipment, which primarily consisted of advance payments for equipment procurement and construction projects. See Note 17 in the Accountants' Report of Appendix I to this prospectus.

Deferred Income

Our deferred income represented our deferred government grants which had not been recorded as “other income — government grants” in our profit or loss in accordance with the conditions of the relevant grants as of the end dates in each year during the Track Record Period. Our deferred income increased by 34.1% from RMB65.4 million as of December 31, 2023 to RMB87.7 million as of December 31, 2024, primarily due to the increase of government grants we received related to our business operation, production and R&D activities. Our deferred income remained relatively stable at RMB87.7 million as of December 31, 2024 and RMB80.4 million as of December 31, 2025.

Net Current Liabilities

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

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
				(Unaudited)
Current assets				
Inventories	80,851	78,942	82,957	91,862
Trade and bills receivables	121,666	163,582	175,054	162,843
Prepayments, other receivables and other assets	60,100	55,352	65,242	77,703
Financial assets at FVTPL	7	7	—	—
Financial assets at fair value through other comprehensive income	1,579	390	159	263
Pledged deposits	—	1	—	5,742
Cash and cash equivalents	34,790	45,371	98,676	124,462
Total current assets	298,993	343,645	422,088	462,875
Current liabilities				
Trade payables	76,016	156,250	188,376	179,443
Contract liabilities	4,344	1,433	2,297	10,492
Other payables and accruals	112,157	181,301	134,578	139,463
Interest-bearing bank and other borrowings	179,149	233,589	313,987	345,871
Lease liabilities	14,666	19,022	13,395	12,337

FINANCIAL INFORMATION

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
Redemption liabilities to non-controlling shareholders	–	41,976	45,795	46,598
Provision	317	3,959	2,562	2,562
Total current liabilities	386,649	637,530	700,990	736,766
Net current liabilities	(87,656)	(293,885)	(278,902)	(273,891)

Our net current liabilities increased by 235.1% from RMB87.7 million as of December 31, 2023 to RMB293.9 million as of December 31, 2024, primarily due to (i) an increase of RMB80.2 million in trade payables, (ii) an increase of RMB69.1 million in other payables and accruals, (iii) an increase of RMB54.4 million in interest-bearing bank and other borrowings, and (iv) an increase of RMB42.0 million in redemption liabilities to non-controlling shareholders, partially offset by an increase of RMB41.9 million in trade and bills receivables.

Our net current liabilities remained relatively stable at RMB293.9 million as of December 31, 2024 and RMB278.9 million as of December 31, 2025.

Our net current liabilities decreased by 1.8% from RMB278.9 million as of December 31, 2025 to RMB273.9 million as of April 30, 2026, primarily due to an increase of RMB25.8 million in cash and cash equivalents.

During the Track Record Period, we implemented multiple measures to improve profitability, which is the key to ultimately and continuously enhance net current liabilities. See “Business — Path to Profitability — Gross Margin Improvement.” We also implemented the following as of December 31, 2025 to improve the net current liabilities:

- (i) control capital expenditure and prioritize long-term loans to meet subsequent construction needs. During the Track Record Period, we continued construction of Guangming and Pingshan testing bases and the Wuxi production lines. These investments were primarily funded with our own cash and short-term loans, which led to a rapid increase in our net current liabilities. We have completed the main production line investments and the lines can fully satisfy our mid- to short-term capacity needs. Absent fundraising or other new investments, we will focus on going-concern operations and will continue to control new fixed asset investments. At the same time, we have been actively negotiating long term project-based loan arrangements with multiple banks for new line construction, reached agreement on cooperation plans and expect to obtain long term loans to further alleviate the reduction in liquid assets that may result from fixed asset investment;
- (ii) flexibly apply financial instruments to increase the liquidity of existing fixed assets. During the Track Record Period, we entered into cooperation with several financial firms, sold and leased back certain production equipment, thereby optimizing our asset structure. For example, we sold certain unutilized production equipment in Wuxi during the Track Record Period, which generated cash inflow and increased our current assets, and leased back such production equipment for use; and
- (iii) engage new strategic investors. We are actively engaging new strategic investors who can make strategic equity investments in our subsidiaries without affecting our control. We expect to flexibly arrange the next round of strategic investments in subsidiaries in line with our listing progress to increase our current assets.

FINANCIAL INFORMATION

Inventories

Our inventories primarily consisted of raw materials, work in progress, finished goods, goods in transit and consigned processing materials. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials	52,338	52,557	43,635
Work in progress	15,657	12,600	16,965
Finish goods	9,116	10,797	21,362
Goods in transit	2,430	1,621	10
Consigned processing materials	1,310	1,367	985
Total	80,851	78,942	82,957

Our inventories remained relatively stable at RMB80.9 million as of December 31, 2023, RMB78.9 million as of December 31, 2024 and RMB83.0 million as of December 31, 2025.

Our inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days. Our inventory turnover days decreased from 100.2 days in 2023 to 88.9 days in 2024, primarily due to the continued improvement in our inventory management discussed above. Our inventory turnover days remained relatively stable at 88.9 days in 2024 and 85.6 days in 2025.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	129,000	97,722	98,740
One year to two years	7,643	14,648	17,533
Two years to three years	451	3,374	10,933
Over three years	1,882	2,028	4,232
Less: Inventory write-down	(58,125)	(38,830)	(48,481)
Total	80,851	78,942	82,957

Our management monitors our inventories carefully and keeps the long-aged inventory at a relatively low level. The proportion of inventories with an age of more than two years was less than 9% during the Track Record Period, which generally aligns with our management's expectations. See "Significant Accounting Judgments and Estimates — Estimation Uncertainty — Provision Against Obsolete and Slow-moving Inventories" in Note 2.3 in the Accountants' Report of Appendix I to this prospectus.

Based on the above considerations, in 2023, 2024 and 2025, we made inventory write-down of RMB9.0 million, a reversal of inventory write-down RMB18.1 million and an inventory write-down of RMB9.7 million, respectively. Our inventory write-down in 2023 and 2025 was primarily related to raw materials and finished goods due to the aging of inventories and the change in market demand of relevant products, primarily including our SiC discrete devices and SiC power modules. In 2024, we had net reversal of inventory write-down. This was primarily because we made improved gross margins on them as we lowered our production costs benefiting from improved product design and production techniques, decreased market prices of certain raw materials as well as greater economies of scale. Because of these sales and improved gross margins, we reversed some of the earlier write-downs to increase the value of those products, reflecting their better performance in the market. The balance of allowance for write-down of inventories as of December 31, 2023, 2024 and 2025 was RMB58.1 million, RMB38.8 million and RMB48.5 million, respectively. Our management believes that sufficient provision has been made at the end of each of the reporting periods. Going forward, to minimize the risk of building up inventory, we will continue to review our inventory levels on a regular basis. We believe that maintaining appropriate levels of inventories helps us deliver our products to meet the market demands in a timely manner without straining our liquidity.

FINANCIAL INFORMATION

As of April 30, 2026, RMB29.4 million, or 35.5%, of inventories as of December 31, 2025, had been used, consumed or sold. We believe there is no recoverability issue for inventories, in light of the facts that (i) we made sufficient provisions for our inventories during the Track Record Period and regularly conducted thorough assessments and made sufficient provisions; (ii) we controlled the level of aging inventories, and the proportion of inventories with an age of more than two years was less than 9% during the Track Record Period, which generally aligns with our management's expectations; and (iii) as a result of our continuous inventory management, our inventory turnover has been improving during the Track Record Period. We will continue to actively monitor and manage our inventory level to prevent potential recoverability issues.

Trade and Bills Receivables

Our trade and bills receivables primarily consisted of (i) trade receivables, primarily representing amounts due from our customers, and (ii) bill receivables, primarily representing bank acceptance notes, typically with a 90-day term. The following table sets forth a breakdown of our trade and bills as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables	113,104	168,304	166,108
Bills receivable	15,547	4,713	24,532
Less: Impairment of trade receivables . . .	(6,985)	(9,435)	(15,586)
Total	121,666	163,582	175,054

The following table sets forth an aging analysis of our trade receivables, net of impairment, based on the revenue recognition date and net of loss allowance as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	101,469	154,157	143,044
One year to two years	4,015	4,533	5,582
Two years to three years	493	139	1,896
Three to four years	142	40	—
Total	106,119	158,869	150,522

We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Overdue balances are reviewed regularly by our management. We normally provide our customers with a credit term of 30 to 90 days upon receipt of invoice or after monthly clearance subject to the creditworthiness of the relevant customers according to our customer credit management system.

Our trade and bills receivables increased by 34.5% from RMB121.7 million as of December 31, 2023 to RMB163.6 million as of December 31, 2024, primarily due to our growing sales during the Track Record Period. Our trade and bills receivables remained relatively stable at RMB163.6 million as of December 31, 2024 and RMB175.1 million as of December 31, 2025.

Our trade and bills receivables turnover days are calculated using the average of opening balance and closing balance of trade and bills receivables for a year divided by revenue for the relevant year and multiplied by 365 days. Our trade and bills receivables turnover days increased from 149.8 days in 2023 to 174.1 days in 2024, primarily due to our increased revenue in the fourth quarter of 2024, resulting in increased ending balance of trade and bills receivables in 2024. Our trade and bills receivables turnover days increased from 174.1 days in 2024 to 198.6 days in 2025, primarily because we allowed some customers to pay at a slightly longer cycle based on our long-term, stable relationship with them. The increased turnover days were also in line with the increase in our revenue.

FINANCIAL INFORMATION

As of April 30, 2026, RMB70.5 million, or 37.0%, of our trade and bills receivables as of December 31, 2025, had been settled. We believe that there is no recoverability issue for trade receivables, because we made a full provision for bad debts for trade receivable from customers experiencing financial difficulties where recovery is not expected. At the same time, our management regularly performs an impairment analysis on trade receivables and uses a provision matrix to measure expected credit losses. We believe that the current level of provision for trade receivables is adequate.

Prepayments, Other Receivables and Other Assets (Current)

Our prepayments, other receivables and other assets (current) primarily included (i) prepayments we made to suppliers; (ii) value-added tax recoverable; and (iii) other receivables and deposits. Our prepayments, other receivables and other assets (current) decreased from RMB60.1 million as of December 31, 2023 to RMB55.4 million as of December 31, 2024, primarily because of a decrease in value-added tax recoverable, mainly as we received some VAT refunds from the tax authority in the first half of 2024. Our prepayments, other receivables and other assets (current) increased from RMB55.4 million as of December 31, 2024 to RMB65.2 million as of December 31, 2025, primarily because of (i) an increase in prepayments, which primarily consisted of advance payments for raw materials; and (ii) an increase in other receivables and deposits, mainly as a result of deposits we paid for certain sold and leased-back equipment, as partially offset by a decrease in value-added tax recoverable, mainly as we received some VAT refunds from the tax authority in 2025.

Trade Payables

Our trade payables primarily represent the amounts due to our suppliers. Our trade payables increased by 105.5% from RMB76.0 million as of December 31, 2023 to RMB156.3 million as of December 31, 2024, and further increased by 20.6% to RMB188.4 million as of December 31, 2025, primarily due to a significant increase in our procurement of raw materials to support our capacity expansion and meet growing customer demand.

Our trade payables are non-interest-bearing and normally settled within three months upon monthly clearance. The following table sets forth an aging analysis of our trade payable based on the revenue recognition date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year	72,547	148,776	139,444
Over one year	3,469	7,474	48,932
Total	<u>76,016</u>	<u>156,250</u>	<u>188,376</u>

Our trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days. Our trade payables turnover days increased from 57.7 days in 2023 to 129.2 days in 2024 and further increased to 182.3 in 2025, primarily because certain suppliers allowed longer payment cycles for us due to our long-term, stable relationships with them. As of April 30, 2026, RMB48.0 million, or 25.5%, of our trade payables as of December 31, 2025 had been settled.

FINANCIAL INFORMATION

Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payable for purchase of property plant, and equipment, (ii) other payables and deposits, and (iii) payroll and welfare payable. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Payable for purchase of property plant, and equipment	40,310	48,365	40,027
Output value added tax to be transferred	969	8,828	14,861
Amounts due to the related parties	39,269	57,527	980
Listing expenses payable	–	2,571	19,418
Other payables and deposits	10,254	30,995	31,900
Payroll and welfare payable	20,250	31,189	25,616
Other tax payable	1,105	1,826	1,776
Total	112,157	181,301	134,578

Our other payables and accruals increased by 61.6% from RMB112.2 million as of December 31, 2023 to RMB181.3 million as of December 31, 2024, primarily due to (i) an increase in other payables and deposits resulting from security deposits payable to a newly acquired customer; (ii) an increase in payroll and welfare payable due to an increase in the number of employees; and (iii) an increase in amounts due to the related parties of the same background discussed above. Our other payables and accruals decreased by 25.8% from RMB181.3 million as of December 31, 2024 to RMB134.6 million as of December 31, 2025, primarily due to a decrease in amounts due to the related parties as a result of our repaying part of the amounts in 2025, as partially offset by an increase in other payables and deposits as a result of an increase in payables related to listing expenses. As of April 30, 2026, RMB32.1 million, or 23.9%, of our other payables and accruals as of December 31, 2025 had been settled.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash from operating cashflow, bank loans and capital contribution from shareholders. After the Global Offering, we intend to finance our future capital requirements through cash generated from our business operations and the net proceeds from the Global Offering. We do not anticipate any changes to the availability of financing to fund our operations in the future.

Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Net cash used in operating activities	(119,682)	(24,068)	(111,506)
Net cash used in investing activities	(141,197)	(36,513)	(110,214)
Net cash generated from financing activities	191,350	71,429	275,223
Cash and cash equivalents at beginning of year	103,966	34,790	45,371
Effect of foreign exchange rate changes, net	353	(267)	(198)
Cash and cash equivalents at end of year . .	34,790	45,371	98,676

FINANCIAL INFORMATION

Net Cash Flows Used in Operating Activities

Net cash used in operating activities primarily comprises our loss before tax for the year adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital. We had negative cash flows from our operating activities during the Track Record Period.

In 2025, we had net cash used in operating activities of RMB111.5 million, which represents our loss before tax of RMB334.7 million, as adjusted by (i) the add-back of non-cash and non-operating items, primarily comprising (a) equity-settled share-based payments of RMB72.5 million, (b) depreciation of property, plant and equipment of RMB54.4 million, (c) finance costs of RMB23.9 million, and (d) depreciation of right-of-use assets of RMB18.4 million; and (ii) changes in working capital, primarily comprising (a) an increase in trade payables of RMB32.1 million, (b) a decrease in prepayments, other receivables and other assets of RMB33.4 million, and (c) an increase in other payables and accruals of RMB18.8 million, partially offset by (a) an increase in trade and bills receivables of RMB25.0 million, and (b) an increase in inventories of RMB13.7 million.

In 2024, we had net cash used in operating activities of RMB24.1 million, which represents our loss before tax of RMB237.1 million, as adjusted by (i) the add-back of non-cash and non-operating items, primarily comprising (a) equity-settled share-based payments of RMB32.0 million, (b) depreciation of property, plant and equipment of RMB29.5 million, (c) depreciation of right-of-use assets of RMB20.0 million, and (d) finance costs of RMB18.7 million, partially offset by reversal of inventories to net realizable value of RMB18.1 million; and (ii) changes in working capital, primarily comprising (a) an increase in trade payables of RMB80.2 million, (b) an increase in other payables and accruals of RMB42.5 million, (c) an increase in deferred income of RMB22.4 million, and (d) a decrease in inventories of RMB20.0 million, partially offset by an increase in trade and bills receivables of RMB44.4 million.

In 2023, we had net cash used in operating activities of RMB119.7 million, which represents our loss before tax of RMB342.2 million, as adjusted by (i) the add-back of non-cash and non-operating items, primarily comprising (a) equity-settled share-based payments of RMB28.7 million, (b) depreciation of property, plant and equipment of RMB22.6 million, (c) depreciation of right-of-use assets of RMB15.6 million, and (d) finance costs of RMB14.4 million; and (ii) changes in working capital, primarily comprising (a) a decrease in pledged deposits of RMB68.6 million, (b) an increase in trade payables of RMB40.8 million, (c) a decrease in prepayments, other receivables and other assets of RMB38.2 million, and (d) a decrease in inventories of RMB22.6 million, partially offset by an increase in trade and bills receivables of RMB65.5 million.

In 2023, 2024 and 2025, our net operating cash outflows amounted to RMB119.7 million, RMB24.1 million and RMB111.5 million, respectively. Although net operating cash outflows persisted during the Track Record Period, the total cash and cash equivalents increased during the same period. The primary reasons for the operating cash outflows during the Track Record Period are as follows: (i) to respond to the intensifying SiC market competition, we adopted a forward-looking pricing strategy, causing certain gross losses in our core business during the Track Record Period. See “Business — Commentary on Fluctuations — SiC Power Module — Rationale and Effectiveness of Pricing Strategies;” and (ii) to ensure smooth market development, new products R&D and production process optimization, we maintained a relatively significant level of expenses to support not only current operations but also long-term competitiveness.

During the Track Record Period, we implemented multiple measures to improve profitability, which is the key to ultimately continuously enhance operating cash flow. See “Business — Path to Profitability — Gross Margin Improvement.” We also implemented the following as of December 31, 2025 to improve our operating cash flow: (i) optimize production management systems and promptly reduce inventory to free up cash. During the Track Record Period, we shortened production cycles by establishing in-house production facilities and continuously refining outsourced manufacturing processes, facilitating a transition to a sales-driven production model. This reduced capital tied up in advance production and mitigated inventory impairment risks; and (ii) enhance management of trade receivable and trade payable and optimize collection and payment arrangements. We have implemented customer tiering management and a key-account strategy, prioritizing cooperation with industry-leading customers to ensure timely collections and minimize the risk of bad debts. Going forward, we will accelerate the turnover of trade receivables by negotiating with customers and utilizing financial instruments. At the same time, our rapid business expansion and enhanced supplier management have improved our credit profile and bargaining

FINANCIAL INFORMATION

power. We have adopted targeted supply-chain optimization measures, including a phased, multi-tier supplier framework for raw materials and outsourced production. While maintaining quality standards, these initiatives have fostered constructive price competition, enabling us to secure favorable pricing, extended payment terms, and more flexible payment arrangements, thereby stabilizing operating cash outflows.

Net Cash Flows Used in Investing Activities

In 2025, our net cash flows used in investing activities was RMB110.2 million, which was primarily attributable to (i) purchase of financial asset at FVTPL of RMB194.7 million, (ii) purchase of items of property, plant and equipment of RMB93.5 million and (iii) purchase for leasehold land of RMB15.9 million, partially offset by proceeds from redemption of financial assets at FVTPL of RMB194.8 million.

In 2024, our net cash flows used in investing activities was RMB36.5 million, which was primarily attributable to (i) purchase of financial asset at FVTPL of RMB78.1 million, and (ii) purchase of items of property, plant and equipment of RMB36.6 million, partially offset by proceeds from redemption of financial assets at FVTPL of RMB78.2 million.

In 2023, our net cash flows used in investing activities was RMB141.2 million, which was primarily attributable to (i) purchase of items of property, plant and equipment of RMB146.0 million, and (ii) purchase of financial asset at FVTPL of RMB111.7 million, partially offset by proceeds from redemption of financial assets at FVTPL of RMB115.2 million.

Net Cash Flows Generated from Financing Activities

In 2025, our net cash flows generated from financing activities were RMB275.2 million, primarily attributable to (i) new bank and other borrowings of RMB444.7 million, (ii) loans from related parties of RMB215.5 million, (iii) proceeds from issue of shares of RMB150.0 million and (iv) capital contributions from non-controlling shareholders of RMB150.0 million, partially offset by (i) repayment of bank and other borrowings of RMB377.3 million, and (ii) repayment of related party loans of RMB272.0 million.

In 2024, our net cash flows generated from financing activities were RMB71.4 million, primarily attributable to (i) new bank and other borrowings of RMB259.1 million, and (ii) loans from related parties of RMB109.0 million, partially offset by (i) repayment of bank and other borrowings of RMB191.2 million, and (ii) repayment of related party loans of RMB91.9 million.

In 2023, our net cash flows generated from financing activities were RMB191.4 million, primarily attributable to (i) new bank and other borrowings of RMB173.6 million, and (ii) proceeds from issue of shares of RMB95.8 million, partially offset by repayment of bank and other borrowings of RMB96.4 million.

CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
Workforce employment ⁽¹⁾	93,911	106,109	126,848
Research and development ⁽²⁾	27,047	25,206	34,776
Direct production costs, including materials ⁽³⁾	211,802	216,820	288,195
Product marketing ⁽⁴⁾	8,834	7,645	7,110
Non-income taxes and other charges	2,565	1,787	3,317
Total	344,159	357,567	460,246

Notes:

- (1) Calculated by adding our employee benefits expenses under our cost of sales, selling and distribution expenses, administrative expenses, as well as R&D costs, adjusted by changes in working capital relating to payroll and welfare as of previous and current year end.

FINANCIAL INFORMATION

- (2) Calculated by our R&D costs less (i) employee benefits expenses under our R&D costs, and (ii) non-cash items, including depreciation and amortization as well as share-based payment expenses under R&D costs.
- (3) Calculated by our cost of sales less (i) employee benefits expenses under our cost of sales, and (ii) non-cash items, including depreciation and amortization under our cost of sales and inventory write-down, adjusted by changes in working capital relating to prepayments, trade payables and inventory as of previous and current year end.
- (4) Calculated by our selling and distribution expenses less (i) employee benefits expenses under our selling and distribution expenses, and (ii) non-cash items, including depreciation and amortization as well as share-based payment expenses under selling and distribution expenses.

INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and April 30, 2026, our indebtedness included (i) interest-bearing bank and other borrowings; (ii) lease liabilities, (iii) redemption liabilities to non-controlling shareholders, and (iv) amounts due to related parties (non-trade). Except as otherwise disclosed in this prospectus, we currently do not have material external financing plans. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of
	2023	2024	2025	April 30,
	(RMB in thousands)			2026
				(Unaudited)
Current				
Interest-bearing bank and other borrowings	179,149	233,589	313,987	345,871
Lease liabilities	14,666	19,022	13,395	12,337
Redemption liabilities to non-controlling shareholders	—	41,976	45,795	46,598
Amounts due to related parties (non-trade).	38,330	56,139	—	—
Non-current				
Interest-bearing bank and other borrowings.	5,775	20,332	10,310	15,356
Lease liabilities	62,367	48,487	36,362	35,600
Redemption liabilities to non-controlling shareholders	38,466	—	168,467	221,792
Total	338,753	419,545	588,316	677,554

Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings primarily represent secured and unsecured bank loans and other financing we secured to supplement our working capital. As of December 31, 2023, 2024, 2025 and April 30, 2026, our total interest-bearing bank and other borrowings (including current and non-current portions) amounted to RMB184.9 million, RMB253.9 million, RMB324.3 million and RMB361.2 million, respectively. Our borrowings are all denominated in Renminbi. The effective interest rate on our bank loans ranged from 2.67% to 8.00% during the Track Record Period.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and April 30, 2026, our total lease liabilities (including current and non-current portions) amounted to RMB77.0 million, RMB67.5 million, RMB49.8 million and RMB47.9 million, respectively. Our total lease liabilities decreased by 12.3% from RMB77.0 million as of December 31, 2023 to RMB67.5 million as of December 31, 2024, and decreased by 26.2% to RMB49.8 million as of December 31, 2025, primarily because of the regular passage of lease terms. Our total lease liabilities remained relatively stable at RMB47.9 million as of April 30, 2026.

Redemption Liabilities to Non-controlling Shareholders

Our redemption liabilities to non-controlling shareholders represented the value of our repurchase obligation to the investors of our subsidiaries, Nanjing BASiC and SZ Packaging, measured at amortized cost using the effective interest rate method over the period from the closing date to the maturity date, taking into account the terms and conditions upon which the repurchase

FINANCIAL INFORMATION

obligation was granted. As of December 31, 2023, 2024, 2025, and April 30, 2026, our total redemption liabilities to non-controlling shareholders (including current and non-current portions) amounted to RMB38.5 million, RMB42.0 million, RMB214.3 million and RMB268.4 million, respectively. The increase in the ending balance of our total redemption liabilities to non-controlling shareholders from December 31, 2023 to December 31, 2025 was due to the relevant accretion of interest recognized throughout the same period. Our Directors anticipate repurchasing all the shares from the non-controlling shareholders in Nanjing BASiC with an expected consideration of approximately RMB47.0 million by July 2026, with the relevant auditing starting from the end of 2025. The increase in non-current redemption liabilities to non-controlling shareholders from nil as of December 31, 2024 to RMB168.5 million as of December 31, 2025 was due to the investors' right granted in the Capital Increase Agreement in respect of SZ Packaging entered on May 23, 2025. See "History, Development and Corporate Structure — Capital Increase in SZ Packaging" and Note 28 in the Accountants' Report of Appendix I to this prospectus. The investors' repurchase rights in respect of SZ Packaging are not expected to be triggered upon the Listing. Consequently, the redemption liabilities in respect of SZ Packaging are not expected to be extinguished or converted into equity upon Listing.

Amounts Due to Related Parties (Non-trade)

Our amounts due to related parties (non-trade) represented amounts of loans to be repaid to our related party. Our amounts due to related parties (non-trade) amounted to RMB38.3 million as of December 31, 2023, RMB56.1 million as of December 31, 2024, nil as of December 31, 2025 and nil as of April 30, 2026. Our amounts due to related parties (non-trade) are unsecured, non-trade in nature. The majority of our amounts due to related parties (non-trade) bear an interest rate of 4.35% p.a. We had settled these amounts as of December 31, 2025. See Note 37(d) in the Accountants' Report of Appendix I to this prospectus.

As of April 30, 2026, we had committed unutilized banking facilities of approximately RMB366.6 million.

Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, as of April 30, 2026, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities.

KEY FINANCIAL RATIOS

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

	As of/For the Year ended December 31,		
	2023	2024	2025
Gross loss margin (%) ⁽¹⁾	(59.6)	(9.7)	(10.9)
Net loss margin (%) ⁽²⁾	(155.1)	(79.3)	(107.6)
Adjusted net loss margin (non-IFRS measure) (%) ⁽³⁾	(142.1)	(67.9)	(77.2)
Current ratio ⁽⁴⁾	0.8	0.5	0.6
Revenue growth (%) ⁽⁵⁾	N/A	35.6	4.1

Notes:

- (1) Gross loss margin equals gross loss for the year divided by revenue for the same year, multiplied by 100%.
(2) Net loss margin equals net loss for the year divided by revenue for the same year, multiplied by 100%.

FINANCIAL INFORMATION

- (3) Adjusted net loss margin (non-IFRS measure) equals adjusted net loss for the year (non-IFRS measure) divided by revenue for the same year, multiplied by 100%.
- (4) Current ratio equals total current assets as of the end of the year divided by total current liabilities as of the same date.
- (5) Revenue growth is calculated by subtracting the previous year's revenue from the current year's revenue, dividing the result by the previous year's revenue, multiplied by 100%.

R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure primarily consisted of R&D costs adjusted by adding back intangible assets acquired from third parties and capitalized in connection with R&D software and deducting amortization expense of capitalized intangible assets included in R&D expenditure. Our total R&D expenditure is wholly attributable to the R&D of specialized technologies in the Specialist Technology Industry. The table below sets forth our annual and total R&D expenditure for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
R&D costs	75,827	91,087	109,734
Adjustments:			
Add: Intangible assets acquired from third parties and capitalized	222	—	4,273
Less: Amortization expense of capitalized intangible assets included in R&D expenditure	(394)	(394)	(937)
R&D expenditure for the years	<u>75,655</u>	<u>90,693</u>	<u>113,070</u>
Total R&D expenditure⁽¹⁾			<u>279,418</u>

The table below sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	(RMB in thousands)		
R&D costs	75,827	91,087	109,734
Selling and distribution expenses	38,700	35,524	43,658
Administrative expenses	82,365	86,352	129,333
Adjustments:			
Add: Intangible assets acquired from third parties and capitalized	222	—	4,273
Less: Amortization expense of capitalized intangible assets included in R&D expenditure	(394)	(394)	(937)
Total operating expenditure for the years	<u>196,720</u>	<u>212,569</u>	<u>286,061</u>
Total operating expenditure⁽¹⁾			<u>695,350</u>

Note:

- (1) Representing the total indicated expenditure for the year of 2023, 2024 and 2025.

The table below sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the years indicated:

	Year ended December 31,		
	2023	2024	2025
R&D expenditure ratio for the years (%) ⁽¹⁾	38.5	42.8	39.5
Total R&D expenditure ratio (%) ⁽²⁾			40.2

FINANCIAL INFORMATION

Notes:

- (1) Calculated by dividing R&D expenditure for the years by total operating expenditure for the same years.
(2) Calculated by dividing total R&D expenditure by total operating expenditure.

CAPITAL EXPENDITURES

In 2023, 2024 and 2025, our capital expenditures were RMB146.0 million, RMB36.6 million and RMB112.5 million, respectively, representing purchase of items of property, plant and equipment, purchase of items of intangible assets and payment for leasehold land. We funded these expenditures mainly with cash from operating cashflow, bank loans and capital contribution from shareholders. The table below sets forth our capital expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Purchase of items of property, plant and equipment	(145,974)	(36,609)	(93,520)
Purchase of items of intangible assets . . .	—	—	(3,088)
Payment for leasehold land	—	—	(15,863)
Total	145,974	36,609	112,471

Following the Global Offering, we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings and the net proceeds received from the Global Offering. See “Future Plans and Use of Proceeds.” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we recorded capital commitments of RMB39.8 million, RMB24.4 million and RMB39.7 million, respectively, which were related to property, plant and equipment. See Note 36 to the Accountants’ Report of Appendix I to this prospectus.

In addition, we recorded short-term lease commitments of RMB0.1 million, RMB0.2 million and RMB0.2 million as of December 31, 2023, 2024 and 2025, respectively.

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 37 to the Accountants’ Report of Appendix I to this prospectus. Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

FINANCIAL RISKS DISCLOSURE

Our principal financial instruments mainly include cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from our operations. The main risks arising from our financial instruments are interest rate risk, credit risk, and liquidity risk. We do not hold or issue derivative financial instruments either for hedging or for trading purposes. The policies on how to mitigate these risks are set out below. See Note 41 to the Accountants’ Report of Appendix I to this prospectus for a detailed description of our financial risk management.

FINANCIAL INFORMATION

DIVIDENDS AND DIVIDEND POLICY

No dividends have been paid or declared by our Company during the Track Record Period. We do not have any formal dividend policy nor pre-determined dividend payout ratio. Subject to legal, regulatory, corporate governance and other contractual restrictions, any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, and other factors which our Directors consider relevant. As advised by our PRC Legal Adviser, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to us, including but not limited to our future operating cash flows, cash and cash equivalents on hand, bank facilities available, and the estimated net proceeds from the Global Offering, we have sufficient working capital to meet our present requirements for the next 12 months from the date of this prospectus.

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) payments for property, plant and equipment, (iii) payments of lease liabilities, and (iv) interest paid on bank and other borrowings. Our historical cash burn rate was RMB23.8 million, RMB6.9 million and RMB19.7 million in 2023, 2024 and 2025, respectively. Our relatively high burn rate in 2023 and 2025 was primarily due to significant cash expenditure on purchasing property, plant and equipment for the construction of Guangming production base and upgrading of our existing production bases. We had an aggregate of cash and cash equivalents of RMB124.5 million and committed unutilized banking facilities of RMB366.6 million (including project-based loans of RMB51.6 million), totalling RMB491.1 million, as of April 30, 2026. We estimate that we will receive net proceeds of approximately HK\$658.7 million after deducting the underwriting fees and expenses payable by us in the Global Offering, assuming no Over-allotment Option is exercised and assuming an Offer Price of HK\$27.49 per Offer Share, being the low-point of the indicative Offer Price range in this prospectus.

Assuming that the average cash burn rate going forward will be RMB9.2 million, calculated based on our projected cash requirements for business operations and expansion going forward, based on the underlying assumptions that (i) the number of our employees will not increase significantly; (ii) we expect to focus on existing operations before securing new financing, control the scale of loss-making businesses, and refrain from making large capital expenditure in the short to medium term. This is because our existing production bases are fully built and have sufficient capacity. Current spending is only for long-term infrastructure, which can be deferred. Furthermore, our flexible production model allows increased demand to be met without immediate new investment; (iii) we do not expect significant acquisitions or investment; (iv) our committed unutilized banking facilities (excluding project-based loans) amounted to RMB315.0 million as of April 30, 2026 will be renewed upon termination of its current term; and (v) the total monetary compensation of RMB14.3 million sought in Plaintiff's Remedies were deducted in the worst case scenario, we estimate that our cash and cash equivalents, pledged deposits and committed unutilized banking facilities as of April 30, 2026, will be able to maintain our financial viability for 46.4 months starting May 2026 or, if we take into account 10% of the estimated net proceeds from the Global Offering or HK\$65.9 million (namely, the portion allocated for our working capital and other general corporate purposes), 52.6 months starting May 2026 or, if we also take into account the estimated net proceeds from the Global Offering, or HK\$658.7 million, 108.8 months. We will continue to monitor our cash flows from operations closely. We do not expect to have next round of financing before the Global Offering. In addition, we have been continually negotiating with banks and obtaining new banking facilities. We expect to obtain additional bank financing while maintaining our financial independence, including short-term loans and credit facilities for ongoing operational needs, as well as project-based borrowing for our construction of product bases in Pingshan and Zhongshan, Guangdong Province and financial leasing for certain production and R&D equipment.

FINANCIAL INFORMATION

DISTRIBUTABLE RESERVES

As of December 31, 2025, we did not have any distributable reserves.

LISTING EXPENSES

The listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering and the Listing. We estimate that our listing expenses, will be approximately HK\$97.0 million (including (i) underwriting commission of approximately HK\$48.7 million, and (ii) non-underwriting related expenses of approximately HK\$48.3 million, which consist of fees and expenses of legal advisors and Reporting Accountant approximately HK\$35.1 million and other fees and expenses of approximately HK\$13.2 million), representing approximately 12.0% of the gross proceeds from the Global Offering, (assuming an Offer Price of HK\$29.56 per Offer Share (being the mid-point of the indicative Offer Price range) and no exercise of the Over-allotment Option). Among the total listing expenses, approximately HK\$46.9 million is directly attributable to the issue of our Offer Shares and will be deducted from equity upon the completion of the Global Offering, approximately RMB24.6 million has been expensed during the Track Record Period, and the remaining amount of approximately HK\$21.8 million is expected to be expensed upon the Listing.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

See “Appendix II — Unaudited Pro Forma Financial Information.”

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this prospectus there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in the Accountants’ Report to Appendix I to this prospectus, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report of Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

See “Business — Our Strategies” for a detailed description of our future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK\$29.56 per Share (being the mid-point of the indicative Offer Price range of HK\$27.49 and HK\$31.62), we estimate that we will receive net proceeds of approximately HK\$712.5 million from the Global Offering. We intend to use the proceeds from the Global Offering for the purposes and in the amounts set forth below:

- Approximately 60.0% of the net proceeds, or HK\$427.5 million, will be used to expand our production capacity of wafers and modules over the next four years as well as purchase and upgrade equipment and machinery for production. During the Track Record Period, the sales volume and revenue of our SiC power modules and power semiconductor gate drivers experienced substantial growth. See “Business — Key Operational Data” and “Financial Information — Description of Major Components of our Results of Operations — Revenue.” We expect that such trend will continue as we have achieved economies of scale and demonstrated our technological capabilities. In the meantime, driven by the increasing penetration of SiC power semiconductors, the SiC power device market is projected to grow exponentially from RMB28.3 billion in 2025 to RMB110.6 billion in 2029, at a CAGR of 40.5%. In response to the growing demand in the end markets that adopt our products, we plan to further expand our production capacity prudently and efficiently. In particular:
 - i. Approximately 50.0% of the net proceeds, or HK\$356.3 million, will be used to purchase and upgrade equipment and machinery for the expansion of production lines at our production bases. We intend to adopt a sophisticated suite of advanced equipment and machinery in wafer fabrication and module packaging, such as high-temperature ion implanters for doping semiconductor materials at elevated temperatures, high-temperature oxidation furnaces for high-temperature oxidation of SiC wafers to form gate oxide layers, high-temperature activation furnaces for high-temperature activation of ions implanted in SiC wafers, stepper lithography machines for projecting circuit patterns onto the photoresist on the wafer surface through photolithography, as well as the relevant equipment for photoresist coating and developing, to ensure quality output, high production efficiency and manufacturing safety standards within our production operations;

The table below sets forth details of our proposed allocation of net proceeds for purchasing and upgrading equipment and machinery to expand the production lines at our production bases:

	Intended allocation of net proceeds from the Global Offering	Specific plans for the net proceeds
	(HK\$ in millions)	
Guangming production base . .	139.6	Expand the wafer production lines of our Guangming production base
Other production bases	216.7	Expand the module production lines of our Wuxi production base, Zhongshan production base and Pingshan production base
Total	356.3	

FUTURE PLANS AND USE OF PROCEEDS

- ii. approximately 10.0% of the net proceeds, or approximately HK\$71.3 million, will be used for constructing buildings and installing supporting facilities of the Guangming, Zhongshan and Pingshan production bases. This primarily involves material costs and utility expenses to be incurred during the design, construction and/or exterior and interior fitting-out of relevant buildings and installing supporting facilities such as the ventilation and power systems. We plan to source the remaining funding required for the construction of these production bases from new bank and other borrowings.

The table below sets forth details of our proposed allocation of net proceeds for constructing buildings and installing supporting facilities at each of our production bases:

	Intended allocation of net proceeds from the Global Offering	Specific plans for the net proceeds
	<i>(HK\$ in millions)</i>	
Guangming production base . .	2.4	Install supporting facilities
Zhongshan production base . .	14.6	Construct buildings
Pingshan production base	54.3	Construct buildings
Total	71.3	

The Guangming production base has production capacity of 8,625 pieces in 2025, and is expected to increase to 18,000 pieces in 2030. The Wuxi production base has production capacity of 120,000 units in 2025, and is expected to increase by two thirds to 200,000 units in 2030. The Pingshan testing/production base has testing capacity of 750,000 units in 2025. We expect to begin production at this base by 2028, and the production capacity is expected to be 300,000 units in 2030. The Zhongshan production base is expected to start production by 2027, and the production capacity is expected to be 200,000 units in 2030.

We are committed to diligently completing the requisite filing processes and securing the necessary approvals within the appropriate time frames, which encompass, among others, construction land use planing permit, construction planning permit, construction planning permit, investment project filing, environmental impact assessment approval and work safety acceptance report. As advised by our PRC Legal Adviser, there is no substantial legal impediment for us to complete such filing processes and securing the necessary approvals, provided that there are no significant adverse changes in our production and operations.

- Approximately 20.0% of the net proceeds, or approximately HK\$142.5 million, will be used for our R&D efforts in new SiC products and technological innovation over the next five years. In particular:
 - i. approximately 14.0% of the net proceeds, or approximately HK\$99.7 million, will be used for attracting and recruiting additional qualified R&D and technical personnel to serve both domestic and strategically selected overseas markets, including Germany and Japan. Germany's electrification policies boost demand for SiC power semiconductors and offer subsidies for local projects, while top institutions like the Fraunhofer Society and leading automotive OEMs provide talent and cutting-edge R&D opportunities. The Japanese government continuously supports low-power semiconductor R&D through policies, has strong vertically integrated IDM companies for talent cultivation, and provides ample application scenarios via leading automotive OEMs as well as robust industrial automation and consumer electronics sectors. As of December 31, 2025, our R&D team comprises 155 employees, which accounted for approximately 29.5% of our workforce. We plan to recruit 36 middle to senior level R&D personnel, all of whom possess extensive R&D experience in the SiC power device market, to enhance our technological and innovation capabilities. All middle level R&D

FUTURE PLANS AND USE OF PROCEEDS

personnel will hold master's degrees, while senior level R&D personnel will hold doctoral degrees. Specifically, we plan to recruit 23 R&D personnel in China and 13 R&D personnel in overseas markets;

- ii. approximately 6.0% of the net proceeds, or approximately HK\$42.8 million, will be used for strengthening our R&D infrastructure and procuring relevant equipment as well as for other R&D expenses to support our increasing business needs. For example, we plan to purchase static and dynamic test equipment, insulation and withstand voltage test equipment and power cycling test equipment, environmental test chamber, laser welding equipment and sintering equipment primarily for the design, prototyping and testing of our SiC discrete devices and SiC power modules.

The table below sets forth the details of quantity and unit price of the R&D equipment that we plan to purchase:

Category of R&D Equipment	Number of Equipment	Unit Price
	<i>(Unit)</i>	<i>(RMB in thousands)</i>
Static and dynamic test equipment	4	1,200-2,050
Insulation and withstand voltage test equipment	1	115-500
Power cycling test equipment	8	1,670-1,780
Environmental test chamber	10	300-500
Laser welding equipment	1	340-1,800
Sintering equipment	3	2,000-5,500
Others	18	800-990 ⁽¹⁾

Note:

(1) The range of average unit price of all other dozen types of equipment planned to be purchased.

- Approximately 10.0% of the net proceeds, or HK\$71.3 million, will be used for expanding the global distribution network of our SiC products over the next five years. In particular:
 - i. Approximately 9.0% of the net proceeds, or HK\$64.1 million, will be used to scale up our sales and marketing in the PRC and overseas markets, including Germany, Japan and Hong Kong. We will identify target regions for future development through comprehensive market research, focusing on factors including market size, potential customers and R&D resources of the target regions. In particular we will recruit 59 sales and marketing personnel, among whom 43 will be in China and 16 in overseas markets, including seven in Germany, four in Japan, three in South Korea and two in Hong Kong, and pay for their employee remuneration and benefits for the next five years. It will also be used to pay for other expenses related to the establishment of sales centers in Japan and Hong Kong, including expenses of property leasing and other ancillary expenses. We believe that this will expand the geographical coverage of our sales network as well as attract more customers involved in the relevant downstream applications of SiC products, particularly in the EVs, data centers and renewable energy industries;
 - ii. Approximately 1.0% of the net proceeds, or HK\$7.1 million, will be used for marketing activities, such as organizing and participating in industry conferences, exhibitions and forums, as well as relevant travelling and transportation. We believe that engaging in these marketing activities will enable us to establish connections with potential customers and demonstrate the technical superiority of our SiC products, thereby facilitating and accelerating the market penetration rate of our products.
- Approximately 10.0% of the net proceeds, or HK\$71.3 million, will be used for working capital and other general corporate purposes.

FUTURE PLANS AND USE OF PROCEEDS

In the event that the Offer Price is set at the maximum Offer Price or the minimum Offer Price of the indicative Offer Price range, the net proceeds of the Global Offering will increase or decrease by approximately HK\$53.8 million, respectively.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be (i) approximately HK\$123.4 million (assuming an Offer Price of HK\$31.62 per Share, being the maximum Offer Price of the indicative Offer Price range), (ii) approximately HK\$115.4 million (assuming an Offer Price of HK\$29.56 per Share, being the mid-point of the indicative Offer Price range), or (iii) approximately HK\$107.3 million (assuming an Offer Price of HK\$27.49 per Share, being the minimum Offer Price of the indicative Offer Price range).

To the extent that the net proceeds from the Global Offering are either more or less than expected, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, we will only deposit such funds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would hinder the development of any of our projects, or the occurrence of force majeure events, the Directors will carefully evaluate the situation and may reallocate the net proceeds from the Global Offering.

UNDERWRITING

HONG KONG UNDERWRITERS

Sinolink Securities (Hong Kong) Company Limited
BOCI Asia Limited
Fortune (HK) Securities Limited
Futu Securities International (Hong Kong) Limited
Guosen Securities (HK) Capital Company Limited
Patrons Securities Limited
Tiger Brokers (HK) Global Limited
TradeGo Markets Limited
Yue Xiu Securities Company Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters or the Over-allotment Underwriters, as applicable. For details of the structure of the Global Offering, see the section headed “Structure of the Global Offering”.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of the Hong Kong Underwriting Agreement and this prospectus.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, our H Shares in issue and to be issued pursuant to the Global Offering on the Main Board as mentioned in this prospectus (including any additional H Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option) and such approval not having been withdrawn; and (b) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Company, agreeing upon the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe, or procure subscribers to subscribe, for the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offering on the terms and subject to the conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares under the Hong Kong Underwriting Agreement are subject to termination. If at any time prior to 8:00 a.m. on the Listing Date if:

1. there develops, occurs, exists or comes into force:
 - (a) any new law or regulation or any change or development involving a prospective change or any event or series of events or circumstances likely to result in a change or a development involving a prospective change in existing laws or regulations, or the interpretation or application thereof by any court or any competent Authority (as defined in the Hong Kong Underwriting Agreement) in or affecting Hong Kong, the Cayman Islands, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, Singapore or other jurisdictions relevant to the Group or the Global Offering (each a “**Relevant Jurisdiction**” and collectively, the “**Relevant Jurisdictions**”); or

UNDERWRITING

- (b) any change or development involving a prospective change, or any event or series of events or circumstances likely to result in a change or prospective change, in any local, national, regional or international financial, political, military, industrial, economic, fiscal, legal, regulatory, currency, credit or market conditions or sentiments, Taxation (as defined in the Hong Kong Underwriting Agreement), equity securities or currency exchange rate or controls or any monetary or trading settlement system, or foreign investment regulations (including, without limitation, a devaluation of the Hong Kong dollar, United States dollar or Renminbi against United States dollars, a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or the Renminbi is linked to any foreign currency or currencies) or other financial markets (including, without limitation, conditions and sentiments in stock and bond markets, money and foreign exchange markets, the inter-bank markets and credit markets) in or affecting any Relevant Jurisdictions, or affecting an investment in the Offer Shares; or
- (c) any event or series of events, or circumstances in the nature of force majeure (including, without limitation, any acts of government, declaration of a regional, national or international emergency or war, calamity, crisis, economic sanctions, strikes, labor disputes, other industrial actions, lock-outs, fire, explosion, flooding, tsunami, earthquake, volcanic eruption, civil commotion, riots, rebellion, public disorder, paralysis in government operations, acts of war, epidemic, pandemic, outbreak or escalation, mutation or aggravation of diseases, accident or interruption or delay in transportation, local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared), act of God or act of terrorism (whether or not responsibility has been claimed) in or affecting any of the Relevant Jurisdictions; or
- (d) the imposition or declaration of any moratorium, suspension or limitation (including without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on (i) the trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, the Tokyo Stock Exchange, the Singapore Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market or the London Stock Exchange; or (ii) the trading in any securities of our Company listed or quoted on a stock exchange or an over-the-counter market; or
- (e) the imposition or declaration of any general moratorium on banking activities in or affecting any of the Relevant Jurisdictions or any disruption in commercial banking or foreign exchange trading or securities settlement or clearing services, procedures or matters in or affecting any of the Relevant Jurisdictions; or
- (f) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to this prospectus or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (Winding up and Miscellaneous Provisions) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange and/or the SFC; or
- (g) the commencement by any Authority (as defined in the Hong Kong Underwriting Agreement) or other regulatory or political body or organization of any public action or investigation against a Group company or a director or a senior management member of any Group company or announcing an intention to take any such action; or
- (h) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any Group company or any of the Controlling Shareholders, or by or on any Relevant or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or
- (i) any valid demand by creditors for payment or repayment of indebtedness of any member of our Group or in respect of which any member of the Group is liable prior to its stated maturity; or

UNDERWRITING

- (j) any non-compliance of this prospectus (or any other documents used in connection with the contemplated offering, allotment, issue, subscription or sale of any of the Offer Shares), the CSRC filings or any aspect of the Global Offering with the Listing Rules or any other applicable laws; or
- (k) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of our Group or any Controlling Shareholder or any Director or senior management members as named in this prospectus; or
- (l) any contravention by any member of our Group, any Director of the Listing Rules or applicable laws; or
- (m) any change or prospective change, or a materialization of, any of the risks set out in “Risk Factors”; or

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters):

- (i) has or will or is likely to have a material adverse effect on the assets, liabilities, business, general affairs, management, prospects, shareholders’ equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Company or our Group, taken as a whole; or
 - (ii) has or will or may have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of indications of interest under the International Offering; or
 - (iii) makes or will make or may make it impracticable, inadvisable, inexpedient or incapable for any material part of the Hong Kong Underwriting Agreement, the Hong Kong Public Offering or the Global Offering to be performed or implemented as envisaged, or for the Hong Kong Public Offering and/or the Global Offering to proceed, or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offering Documents; or
 - (iv) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or
2. there has come to the notice of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) that:
- (a) any statement contained in any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement), the CSRC filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) (the “**Global Offering Documents**”) was, when it was issued, or has become untrue, incorrect, inaccurate in any material respect or misleading; or that any estimate, forecast, expression of opinion, intention or expectation contained in any such documents, was, when it was issued, or has become unfair or misleading in any respect or based on untrue, dishonest or unreasonable assumptions or given in bad faith; or
 - (b) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission or misstatement in any Global Offering Document; or
 - (c) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the representations, warranties and undertakings given by our Company or the Controlling Shareholders in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

UNDERWRITING

- (d) any event, act or omission which gives rise or is likely to give rise to any liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities in the Hong Kong Underwriting Agreement; or
- (e) any breach of any of the obligations or undertakings imposed upon our Company or any member of the Controlling Shareholders to the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or
- (f) there is any change or development involving a prospective change, constituting or having a Material Adverse Effect; or
- (g) that the Chairman of the Board, any Director or any member of senior management of our Company named in this prospectus seeks to retire, or is removed from office or vacating his/her office; or
- (h) any Director or any member of senior management of the Company named in the prospectus is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management or taking directorship of a company; or
- (i) our Company withdraws this prospectus (and/or any other documents used in connection with the subscription or sale of any of the Offer Shares pursuant to the Global Offering) or the Global Offering; or
- (j) that the approval by the Listing Committee of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option) is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld; or
- (k) any person (other than any of the Joint Sponsors) has withdrawn its consent to the issue of the Prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or
- (l) any prohibition on our Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or
- (m) any person (other than the Joint Sponsors) has withdrawn or sought to withdraw its consent to being named in any of the Offering Documents or to the issue of any of the Offering Documents (as defined in the Hong Kong Underwriting Agreement); or
- (n) an order or petition is presented for the winding-up or liquidation of any member of our Group, or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or
- (o) (A) the notice of acceptance of the CSRC filings issued by the CSRC and/or the results of the CSRC filings published on the website of the CSRC is rejected, withdrawn, revoked or invalidated; or (B) other than with the prior written consent of the Overall Coordinators, the issue or requirement to issue by our Company of a supplement or amendment to the CSRC filings pursuant to the CSRC rules or upon any requirement or request of the CSRC; or (C) any non-compliance of the CSRC filings with the CSRC rules or any other applicable laws; or
- (p) that a material portion of the orders placed or confirmed in the bookbuilding process, or investment commitments made by any cornerstone investors under the Cornerstone Investment Agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled or with respect to which the payment of the relevant orders and/or investment commitment has not been received or settled in the stipulated time and manner or otherwise;

then the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters), may in their sole and absolute discretion upon giving notice in writing to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect.

UNDERWRITING

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange, that that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or the securities of our Company will be completed within six months from the Listing Date) except for: (a) any capitalization issue, capital reduction or consolidation or sub-division of shares; or (b) issue of shares or securities pursuant to the Global Offering; or (c) any other applicable circumstances provided under rule 10.08 of the Listing Rules.

(B) Undertakings by our Controlling Shareholders

By virtue of Rule 10.07 and Rule 18C.13 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that, except pursuant to the Global Offering and the Over-allotment Option, he/she it will not and will procure that the relevant registered holder(s) will not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules in the period commencing on the date by reference to which disclosure of his/her/its shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date (the “**Twelve-Month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (the “**Relevant Securities**”).

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the period commencing from the date by reference to which disclosure of his/her/its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, he/she/it will: (i) when he/she/it pledges or charges any Relevant Securities or interests in any of the Relevant Securities, whether directly or indirectly, in favor of any authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of the Relevant Securities so pledged or charged; and (ii) when he/she/it receives indications, either verbal or written, from the pledgee or chargee of any Relevant Securities that any of the pledged or charged securities of our Company will be disposed of, immediately inform our Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

(C) Undertakings by Dr. Wang, Key Persons and Pathfinder SIIs

Pursuant to Rules 18C.13 and 18C.14 of the Listing Rules, each of Dr. Wang, key persons of the Company and the Pathfinder SIIs as identified under “History, Development and Corporate Structure — Lock-up Periods”, has undertaken to the Stock Exchange and to us that, except pursuant to the Global Offering (including the Over-allotment Option), it will not, unless otherwise permitted under Rule 18C.15 of the Listing Rules: at any time in the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months (or 6 months in the case of the Pathfinder SIIs) from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which it is shown by this prospectus to be the beneficial owner.

Note 2 to Rule 18C.14 of the Listing Rules provides that the above undertakings do not prevent such persons from using the Shares beneficially owned by it/him/her as security (including a charge or pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

UNDERWRITING

Further, pursuant to Note 2 to 18C.14 of the Listing Rules, each of such persons has undertaken to the Stock Exchange and to us that, within the period commencing on the date by reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months (or 6 months in the case of the Pathfinder SIIs) from the Listing Date: (a) when it pledges or charges any Shares beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan, immediately inform us and the Stock Exchange of such pledge or charge together with the number of Shares so pledged or charged; and (b) when it receives indications, either verbal or written, from the pledgee or charge that any of the pledged or charged Shares will be disposed of, immediately inform us and the Stock Exchange of such indications.

We will inform the Stock Exchange as soon as we have been informed of the above matters, if any, by such persons and disclose such matters as soon as possible after being so informed.

Undertakings pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by our Company

Our Company has undertaken to each of the Joint Sponsors, the Sponsor-Overall Coordinator, the Overall Coordinator, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters, that except pursuant to the Global Offering (including pursuant to the Over-allotment Option), at any time after the date of the Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the “**First Six Month Period**”), our Company will not, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, or purchase, any legal or beneficial interest in the share capital or any other equity securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any share capital or other equity securities of our Company, as applicable, or any interest in any of the foregoing), or deposit any H Shares or other equity securities of our Company, as applicable, with a depositary in connection with the issue of depositary receipts; or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of the Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any equity securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any H Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or
- (iv) offer to or agree to do any of the foregoing specified in (i), (ii) or (iii) or announce any intention to do so,

in each case, whether any of the foregoing transactions is to be settled by delivery of share capital or such other equity securities of our Company, or in cash or otherwise (whether or not the issue of such share capital or other equity securities of our Company will be completed within the First Six Month Period).

UNDERWRITING

Our Company has further agreed that, in the event our Company is allowed to enter into any of the transactions described in paragraph (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction during the period of six months commencing on the date on which the First Six Month Period expires (the “**Second Six Month Period**”), we will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of our Company will, create a disorderly or false market for any H Shares or other securities of our Company.

Our Controlling Shareholders have undertaken to each of the Joint Sponsors, the Overall Coordinators, the Sponsor-Overall Coordinator, the Joint Global Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters that it/he/she shall procure our Company to comply with the above undertakings.

(B) Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of the Company, the Joint Sponsors, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries that, without the prior written consent of the Joint Sponsors and the Overall Coordinators (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (a) it/he/she will not, and will procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/him/her will not, at any time during the First Six Month Period, (i) sell, offer to sell, accept subscription for, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or deposit any Shares or other securities of our Company with a depositary in connection with the issue of depositary receipts, or (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership (legal or beneficial) of any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other securities, as applicable or any interest in any of the foregoing), or (iii) enter into any transaction with the same economic effect as any transaction specified in paragraph (a)(i) or (ii) above, or (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraph (a)(i), (ii) or (iii) above, in each case, whether any of the transactions specified in paragraph (a)(i), (ii) or (iii) above is to be settled by delivery of Shares or other securities of our Company or in cash or otherwise, and whether or not the transactions will be completed within the First Six Month Period;
- (b) it/he/she will not, during the Second Six Month Period, enter into any of the transactions specified in paragraph (i), (ii) or (iii) above or offer to or agree to contract to or publicly announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, it will cease to be a Controlling Shareholder of the Company or a member of a group of the Controlling Shareholders of the Company or would together with the other Controlling Shareholders cease to be “Controlling Shareholders” of our Company; and

UNDERWRITING

- (c) it/he/she will not, during the Second Six Month Period, enter into any of the transactions specified in paragraph (a)(i), (ii) or (iii) or offer to or agrees to or contract to or publicly announce any intention to effect any such transaction, it/he/she will take all reasonable steps to ensure that such a disposal will not create a disorderly or false market in the securities of our Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, among others, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Hong Kong Underwriters and the Capital Market Intermediaries for certain losses which they may suffer, including, among others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach by our Company and our Controlling Shareholders of the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that our Company and our Controlling Shareholders will enter into the International Underwriting Agreement on or around the Price Determination Date with the Joint Sponsors, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, among others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, or is terminated, the Global Offering will not proceed.

It is expected that each of our Controlling Shareholders will undertake to the International Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of the H Shares held by it in our Company for a period similar to such undertakings given by them pursuant to the Hong Kong Underwriting Agreement, which is described in “— Underwriting Arrangements and Expenses — Undertakings pursuant to the Hong Kong Underwriting Agreement — (B) Undertakings by our Controlling Shareholders” above.

Over-allotment Option and Stabilization

We expect to grant to the Over-allotment Underwriters, exercisable in whole or in part by the Overall Coordinators an absolute discretion (for themselves and on behalf of the Over-allotment Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 4,107,800 additional H Shares (representing not more than 15% of the Offer Shares initially available under the Global Offering) at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any. For more details of the arrangements relating to the Over-allotment Option and stabilization, see “Structure of the Global Offering.”

Commission and Expenses

Our Company will pay an underwriting commission of 3.0% of the aggregate Offer Price of all the Offer Shares (including H Shares to be issued pursuant to the Over-allotment Option) (the “**Fixed Fees**”). Our Company may also in our sole and absolute discretion pay any one or all of the Underwriters an additional incentive fee in aggregate of up to 2.0% of the aggregate Offer Price for all of the Offer Shares (including H Shares to be issued pursuant to the Over-allotment Option) (the “**Discretionary Fees**”). The ratio of the Fixed Fees and Discretionary Fees payable is therefore approximately 53.3%:46.7% (on the basis that the Discretionary Fees will be fully paid and assuming that the Offer Price is HK\$29.56, being the mid-point of the indicative Offer Price range).

UNDERWRITING

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, we will pay an underwriting commission at the rate applicable to the International Offering and such commission will be paid to the relevant International Underwriters and not the Hong Kong Underwriters.

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565%, AFRC transaction levy of 0.00015%, legal and other professional fees and printing and all other expenses payable by us relating to the Global Offering are currently estimated to amount in aggregate to approximately HK\$97.0 million (assuming an Offer Price of HK\$29.56 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus).

INDEPENDENCE OF THE JOINT SPONSORS

BOCI Asia Limited satisfies the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

Sinolink Securities (Hong Kong) Company Limited is not considered independent under Rule 3A.07 of the Listing Rules. Zhao Yu (趙煜), the director of Sinolink Securities Co., Ltd. (國金證券股份有限公司), which is the holding company of Sinolink Securities (Hong Kong) Company Limited, one of the Joint Sponsors, holds certain shares in the Company. The fair value of such shareholding exceeds HK\$5 million. Accordingly, Sinolink Securities (Hong Kong) Company Limited does not satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for the obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement and as disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters has any shareholding or beneficial interests in any member of our Group nor has any right or option (whether legally enforceable or not) to subscribe for or purchase or to nominate persons to subscribe for or purchase securities in any member of our Group nor any interest in the Global Offering.

Following the completion of the Global Offering, the Overall Coordinators and the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the “**Syndicate Members**”) and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to assets, securities and/or instruments our Company and/or persons and entities with relationships with our Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with our Group's loans and other debt.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

UNDERWRITING

Such activities may affect the market price or value of our H Shares, the liquidity or trading volume in our H Shares and the volatility of the price of our H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- (a) the Syndicate Members must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and
- (b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking and other services to our Company and our affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

STRUCTURE OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises:

- (a) the Hong Kong Public Offering of initially 1,369,400 H Shares (subject to reallocation) in Hong Kong, as described in “— The Hong Kong Public Offering” below; and
- (b) the International Offering of initially 26,016,800 H Shares (subject to reallocation and the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S or any other available exemption from registration under the U.S. Securities Act, as described in “— The International Offering” below.

The 27,386,200 H Shares initially being offered in the Global Offering will represent approximately 9.0% of the total number of issued Shares immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised. The underwriting arrangements, and the respective Underwriting Agreements, are summarized in “Underwriting”.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offering, or, if qualified to do so, apply for or indicate an interest in International Offer Shares under the International Offering, but may not do both.

References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Shares Initially Offered

We are initially offering 1,369,400 Hong Kong Offer Shares, representing 5% of the total number of Offer Shares initially available under the Global Offering, and approximately 0.45% of the total number of issued Shares immediately after completion of the Global Offering (subject to reallocation and assuming the Over-allotment Option is not exercised), respectively, at the Offer Price for subscription by the public in Hong Kong.

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a several basis under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. Completion of the Hong Kong Public Offering is subject to the conditions as set out in “— Conditions of the Global Offering” below.

Allocation

Allocation of the Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of the Offer Shares initially available under the Hong Kong Public Offering (after taking account of any reallocation in the number of Offer Shares allocated between the Hong Kong Public Offering and the International Offering referred to below) will be divided equally into two pools (with any odd lots being allocated to pool A): pool A and pool B. Pool A will comprise 684,800 Hong Kong Offer Shares and pool B will comprise 684,600 Hong Kong Offer Shares initially. Both of which are available on an equitable basis to successful applicants. All valid applications that have applied for Hong Kong Offer Shares with a total price (excluding brokerage of 1.0%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of

STRUCTURE OF THE GLOBAL OFFERING

0.00565% and AFRC transaction levy of 0.00015% payable) of HK\$5 million or below will fall into pool A, while those with an aggregate subscription price (excluding such fees and levies) of over HK\$5 million and up to the total value of pool B will fall into pool B.

Applicants should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Hong Kong Offer Shares in one (but not both) of the two pools are undersubscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the other pool and be allocated accordingly. For the purpose of this sub-section only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either Pool A or Pool B, but not from both pools. Multiple or suspected multiple applications and any application for more than 684,600 Hong Kong Offer Shares (being approximately 50% of the 1,369,400 Offer Shares initially available under the Hong Kong Public Offering) will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 and 18C.09 of the Listing Rules. Pursuant to paragraph, the prescribed allocation of Shares to the Hong Kong Public Offering tranche must be as follows:

- (a) 1,369,400 Offer Shares available in the Hong Kong Public Offering, representing 5% of the Offer Shares initially available under the Global Offering;

in the event that the International Offer Shares are fully subscribed or oversubscribed (“Mandatory Reallocation”):

- (b) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 10 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 2,738,800 Offer Shares, representing approximately 10.00% of the Offer Shares initially available under the Global Offering; and
- (c) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering such that the total number of Offer Shares initially available under the Hong Kong Public Offering will be 5,477,400 Offer Shares, representing approximately 20.00% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Overall Coordinators deem appropriate. In addition, the Overall Coordinators may reallocate the Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In addition to any Mandatory Reallocation which may be required, the Overall Coordinators (for themselves and on behalf of the Underwriters) and the Joint Sponsors may, at their discretion, reallocate Offer Shares initially allocated for the International Offering to the Hong Kong Public Offering to satisfy valid applications in pool A and pool B under the Hong Kong Public Offering. In the event that (i) the International Offer Shares are undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed as to less than 10 times of the number of Hong Kong Offer Shares initially available under the Hong Kong Public Offering **provided that** the Offer Price would be set at the bottom end of the indicative Offer Price range, being HK\$27.49, up to 1,369,400 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of the Offer Shares available under the Hong Kong Public Offering will be

STRUCTURE OF THE GLOBAL OFFERING

increased to 2,738,800 Offer Shares, representing approximately 10.00% of the number of the Offer Shares initially available under the Global Offering assuming before any exercise of the Over-Allotment Option, in accordance with Chapter 4.14 of the Guide for New Listing Applicants issued by the Stock Exchange.

Applications

For details of the information, undertaking and confirmation that each applicant under the Hong Kong Public Offering will be required to give and, see the section headed “How to Apply for Hong Kong Offer Shares.”

Applicants under the Hong Kong Public Offering may be required to pay, on application (subject to application channels), the maximum price of HK\$31.62 per Offer Share in addition to the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy payable on each Offer Share. If the Offer Price, as finally determined in the manner described in “— Pricing and Allocation” below, is less than the maximum price of HK\$31.62 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy, Stock Exchange trading fee and AFRC transaction levy attributable to the surplus application monies) will be made to successful applicants (subject to application channels), without interest. Further details are set out in “How to Apply for Hong Kong Offer Shares.” References in this prospectus to applications, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

THE INTERNATIONAL OFFERING

Number of Offer Shares Offered

Subject to the reallocation and the Over-allotment Option as described above, the number of Offer Shares to be initially offered under the International Offering will be 26,016,800, representing 95% of the total number of Offer Shares initially available under the Global Offering. The International Offering is expected to be fully underwritten by the International Underwriters or the Over-allotment Underwriters, as applicable, subject to the terms and conditions of the International Underwriting Agreement, and is subject to the Hong Kong Public Offering becoming unconditional.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on Regulation S or any other available exemption from registration under the U.S. Securities Act. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Offering is subject to the Hong Kong Public Offering being unconditional.

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the “book-building” process described in “— Pricing and Allocation” below and based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely hold or sell, H Shares, after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole. In addition, pursuant to Rule 18C.08 of the Listing Rules, at least 50% of the total number of shares offered in the Global Offering (excluding any shares to be issued pursuant to the exercise of the Over-allotment Option) will be taken up by independent price setting investors, as defined under the Listing Rules, in the International Offering.

The Overall Coordinators (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Overall Coordinators (for themselves and on behalf of the Underwriters) so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the International Offering.

STRUCTURE OF THE GLOBAL OFFERING

Reallocation

The total number of Offer Shares to be issued pursuant to the International Offering may change as a result of the reallocation arrangement described in “— The Hong Kong Public Offering — Reallocation” above, the exercise of the Over-allotment Option in whole or in part described in “— Over-allotment Option” below and any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that our Company will grant the Over-allotment Option to the Over-allotment Underwriters, which will be exercisable by the Overall Coordinators (for themselves and on behalf of the Over-allotment Underwriters).

Pursuant to the Over-allotment Option, the Over-allotment Underwriters have the right, exercisable by the Overall Coordinators (for themselves and on behalf of the Over-allotment Underwriters) at any time from the Listing Date to the 30th day after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 4,107,800 additional H Shares (representing not more than 15% of the Offer Shares initially available under the Global Offering), at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, *inter alia*, to curb and, if possible, prevent any decline in the market price of the securities below the offer price. It may be effected in jurisdictions where it is permissible to do so and subject to all applicable laws and regulatory requirements. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, on behalf of the Over-allotment Underwriters, may over-allocate or effect short sales or any other stabilizing transactions with a view to stabilizing or maintaining the market price of the Offer Shares at a level higher than that which might otherwise prevail in the open market. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager (or any person acting for it) reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Prospective applications for investors in the Offer Shares should note that:

- (a) as a result of effecting transactions to stabilize or maintain the market price of the H Shares, the Stabilizing Manager, or any person acting for it, may maintain a long position in the H Shares;
- (b) the size of the long position, and the period for which the Stabilizing Manager, or any person acting for it, will maintain the long position is at the discretion of the Stabilizing Manager and is uncertain;
- (c) liquidation of any such long position by the Stabilizing Manager and selling in the open market may lead to a decline in the market price of the H Shares;
- (d) no stabilizing action can be taken to support the price of the H Shares for longer than the stabilizing period, which begins on the Listing Date, and is expected to expire on Sunday, August 2, 2026, being the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and their market price, could fall after the end of the stabilizing period. These activities by the Stabilizing Manager may stabilize, maintain or otherwise affect the market price of the H Shares. As a result, the price of the H Shares may be higher than the price that otherwise may exist in the open market;

STRUCTURE OF THE GLOBAL OFFERING

- (e) any stabilizing action taken by the Stabilizing Manager, or any person acting for it, may not necessarily result in the market price of the H Shares staying at or above the Offer Price either during or after the stabilizing period; and
- (f) stabilizing bids or transactions effected in the course of the stabilizing action may be made at a price at or below the Offer Price and therefore at or below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilizing period. Following any over-allocation of Offer Shares in connection with the Global Offering, the Overall Coordinators, their respective affiliates or any person acting on their behalfs may cover such over-allocation by, among other methods, using H Shares purchased by Stabilizing Manager, its affiliates or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part, or by a combination of these means. Any such purchases will be made in accordance with the laws, rules and regulations in relation to stabilization in place in Hong Kong, including the Securities and Futures (Price Stabilizing) Rules, as amended, under the SFO. In order to effect stabilization actions, the Stabilizing Manager will arrange cover of up to an aggregate of 4,107,800 Offer Shares, representing no more than 15.0% of the Offer Shares initially available under the Global Offering through delayed delivery arrangements with investors who have been allocated Offer Shares in the International Offering. The delayed delivery arrangements (if specifically agreed by an investor) relate only to the delay in the delivery of the Offer Shares to such investor and the consideration for the Offer Shares allocated to such investor will be fully paid before the Listing. Both the size of such cover and the extent to which the Over-allotment Option can be exercised will depend on whether arrangements can be made with investors such that a sufficient number of H Shares can be delivered on a delayed basis. If no investor in the International Offering agrees to the delayed delivery arrangements, no stabilizing actions will be undertaken by the Stabilizing Manager and the Over-allotment Option will not be exercised.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offering.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or before Monday, July 6, 2026, by agreement between the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK\$31.62 per Offer Share and is expected to be not less than HK\$27.49 per Offer Share, unless otherwise announced, as further explained below. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.**

The Overall Coordinators (for themselves and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range as stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering, cause to be announced on the website of our Company at www.basicsemi.com and the website of the Stock Exchange at www.hkexnews.hk, notices of the reduction, and the cancellation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or the revised Offer Price.

STRUCTURE OF THE GLOBAL OFFERING

As soon as practicable after such reduction of the number of Offer Shares and/or the Offer Price, we will also issue a supplemental prospectus or a new prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus should include at least the following: updated (i) Offer Price and market capitalization; (ii) listing timetable and underwriting obligations; (iii) price/earning multiple, unaudited pro forma and adjusted net tangible assets; and (iv) use of proceeds and working capital adequacy confirmation based on the revised proceeds.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by the Overall Coordinators (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The final Offer Price, the results of indications of interest in the International Offering, the results of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations are expected to be announced on Tuesday, July 7, 2026 on the website of our Company at www.basicsemi.com and the website of the Stock Exchange at www.hkexnews.hk.

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

- (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares in issue and the H Shares to be issued pursuant to the (i) Global Offering and (ii) the exercise of the Over-allotment Option, and such approval not subsequently having been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;
- (b) the Offer Price having been duly agreed between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) on the Price Determination Date;
- (c) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (d) the obligations of the Underwriters under the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between our Company and the Overall Coordinators (for themselves and on behalf of the Underwriters) by 12:00 noon on Monday, July 6, 2026, the Global Offering will not proceed and will lapse immediately.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with their respective terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by our Company on the website of the Stock Exchange at www.hkexnews.hk and the website of our Company at www.basicsemi.com on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest (subject to application channels), on the terms set out in “How to Apply

STRUCTURE OF THE GLOBAL OFFERING

for Hong Kong Offer Shares — D. Dispatch/Collection of H Share Certificates and Refund of Application Monies.” In the meantime, all application monies will be held in separate bank account(s) with the receiving bankers or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised.

SHARES WILL BE ELIGIBLE FOR CCASS

Subject to the granting of the listing of, and permission to deal in, the H Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisors for details of the settlement arrangements as such arrangements may affect their rights and interests.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Wednesday, July 8, 2026, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Wednesday, July 8, 2026. The H Shares will be traded in board lots of 200 H Shares. The stock code of the H Shares will be 9971.

HOW TO APPLY FOR HONG KONG OFFER SHARES

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under “HKEXnews > New Listings > New Listing Information” and our website at www.basicsemi.com.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address (for the **White Form eIPO** service only); and
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act).

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- are a Director or a Supervisor or chief executive officer of our Company and/or any of its subsidiaries;
- are a close associate (as defined in the Listing Rules) of any of the above;
- will become a core connected person (as defined in the Listing Rules) of our Company upon completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any Offer Shares or otherwise participate in the International Offering.

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 a.m. on Monday, June 29, 2026 and end at 12:00 noon on Friday, July 3, 2026 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	www.eipo.com.hk	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, June 29, 2026 to 11:30 a.m. on Friday, July 3, 2026 (Hong Kong time). The latest time for completing full payment of application monies will be 12:00 noon on Friday, July 3, 2026 (Hong Kong time).
HKSCC EIPO channel.	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction(s) on your behalf through HKSCC's FINI system in accordance with your instructions.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions, and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the electronic application instructions are given, you shall be deemed to have declared that only one set of electronic application instructions has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of electronic application instructions for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

HOW TO APPLY FOR HONG KONG OFFER SHARES

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through the **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instruction given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants	For Corporate Applicants
• Full name(s)⁽²⁾ as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. Hong Kong identity card ("HKID"); or ii. National identification document; or iii. Passport • Identity document number	• Full name(s)⁽²⁾ as shown on your identity document • Identity document's issuing country or jurisdiction • Identity document type, with order of priority: i. Legal Entity Identifier ("LEI") registration document; or ii. Certificate of incorporation; or iii. Business registration certificate; or iv. Other equivalent document • Identity document number

Notes:

- (1) If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID.
- (2) The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both English and Chinese names, both English and Chinese names must be used. Otherwise, either English or Chinese name will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application for Hong Kong Offer Shares. Similarly, for corporate applicants, a LEI number must be used if an entity has a LEI certificate.
- (3) If the applicant is a trustee, the client identification data ("CID") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.
- (4) The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (5) If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each of the joint beneficial owners. If you do not include this information, the application will be treated as being made for your benefit.
- (6) If an application is made by an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

“**Unlisted company**” means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

“**Statutory control**” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through the **HKSCC EIPO** channel and making an application under a power of attorney, we and the Overall Coordinators, as our agent, have the discretion to consider to accept it and on any conditions we think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size : 200 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK\$31.62 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and the Stock Exchange trading fee of 0.00565%.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the broker or custodian, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, brokerage, SFC transaction levy, AFRC transaction levy and the Stock Exchange trading fee by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO service**, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

HOW TO APPLY FOR HONG KONG OFFER SHARES

BASIC Semiconductor Co., Ltd. (HK\$31.62 per Hong Kong Offer Share) NUMBER OF HONG KONG OFFER SHARES THAT MAY BE APPLIED FOR AND PAYMENTS							
No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application	No. of Hong Kong Offer Shares applied for	Amount payable ⁽²⁾ on application
	HK\$		HK\$		HK\$		HK\$
200	6,387.78	4,000	127,755.55	60,000	1,916,333.26	300,000	9,581,666.31
400	12,775.55	5,000	159,694.44	70,000	2,235,722.14	350,000	11,178,610.70
600	19,163.33	6,000	191,633.32	80,000	2,555,111.01	400,000	12,775,555.08
800	25,551.11	7,000	223,572.22	90,000	2,874,499.90	450,000	14,372,499.46
1,000	31,938.89	8,000	255,511.10	100,000	3,193,888.76	500,000	15,969,443.86
1,200	38,326.66	9,000	287,449.99	120,000	3,832,666.52	550,000	17,566,388.24
1,400	44,714.45	10,000	319,388.88	140,000	4,471,444.27	600,000	19,163,332.62
1,600	51,102.23	20,000	638,777.75	160,000	5,110,222.03	650,000	20,760,277.00
1,800	57,490.01	30,000	958,166.63	180,000	5,748,999.79	684,600 ⁽¹⁾	21,865,362.52
2,000	63,877.77	40,000	1,277,555.51	200,000	6,387,777.55		
3,000	95,816.66	50,000	1,596,944.39	250,000	7,984,721.93		

- (1) Maximum number of Hong Kong Offer Share you may apply for.
- (2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under “— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply” above. If you are suspected of submitting or causing to be submitted more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) the **HKSCC EIPO** channel or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or the **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any International Offer Shares.

6. Terms and Conditions of an Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or the **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

- undertake to execute all relevant documents and instruct and authorize us and/or the Overall Coordinators, as our agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;
- confirm that you have read and understood the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

HOW TO APPLY FOR HONG KONG OFFER SHARES

- (iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;
- (iv) confirm that you are aware of the restrictions on offers and sales of shares set out in this prospectus and they do not apply to you or the person(s) for whose benefit you have made the application;
- (v) confirm that you have read this prospectus and any supplement to it, and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made), and will not rely on any other information or representations;
- (vi) agree that we, the Joint Sponsors, the Joint Global Coordinators, the Overall Coordinators, the Capital Market Intermediaries, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, our and their respective directors, supervisors, officers, employees, partners, agents, advisors and other parties involved in the Global Offering (the “**Relevant Persons**”), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;
- (vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to us, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes specified under “— G. Personal Data” below;
- (viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees’ application) has been accepted) that you will not rescind it because of an innocent misrepresentation;
- (ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in “— B. Publication of Results” below;
- (x) confirm that you are aware of the situations specified in “— C. Circumstances in Which You Will Not Be Allocated Hong Kong Offer Shares” below;
- (xi) agree that your application or HKSCC Nominees’ application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;
- (xii) agree and warrant that you have complied with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Cayman Companies Act, the Memorandum and Articles of Association, and laws of any place outside Hong Kong that apply to your application, and that neither we nor the Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;
- (xiii) represent, warrant and undertake that (a) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (b) you and the person(s) for whose benefit you have made the application are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiv) confirm that (a) your application or HKSCC Nominees’ application on your behalf is not financed directly or indirectly by the Company, any of the directors, supervisors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the directors, supervisors, chief executives, substantial shareholder(s) or existing

HOW TO APPLY FOR HONG KONG OFFER SHARES

shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

- (xv) warrant that the information you have provided is true and accurate;
- (xvi) confirm that you understand that we and the Overall Coordinators will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you, and that you may be prosecuted for making a false declaration;
- (xvii) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;
- (xviii) authorize us to place your name(s) or the name of HKSCC Nominees on our register of members as the holder(s) of any Hong Kong Offer Shares allocated to you and such other registers as may be required under the Memorandum and Articles of Association, and we and/or our agents to send any H Share certificate(s) and/or any **White Form** e-Refund payment instructions and/or any refund check(s) to you or the first-named applicant for joint application to the address specified in your application instructions by ordinary post at your own risk, unless you are eligible to collect the H Share certificate(s) and/or refund check(s) in person;
- (xix) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xx) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving electronic application instructions to HKSCC directly or indirectly or through the **White Form eIPO** service or by anyone as your agent or by any other person; and
- (xxi) (if you are making the application as an agent for the benefit of another person) warrant that (a) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving electronic application instructions to HKSCC and (b) you have due authority to give electronic application instructions on behalf of that other person as its agent.

HOW TO APPLY FOR HONG KONG OFFER SHARES

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform	Date/Time

Applying through White Form eIPO service or HKSCC EIPO channel:

Website	The designated results of allocation website at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment) with a “search by ID” function.	24 hours, from 11:00 p.m. on Tuesday, July 7, 2026 to 12:00 midnight on Monday, July 13, 2026 (Hong Kong time).

The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the “Allotment Results” page of the **White Form eIPO** service at www.iporesults.com.hk (alternatively: www.eipo.com.hk/eIPOAllotment).

The Stock Exchange’s website at www.hkexnews.hk and our website at www.basicsemi.com , which will provide links to the above-mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Tuesday, July 7, 2026 (Hong Kong time).

Telephone	+852 2862 8555 — the allocation results telephone enquiry line provided by the H Share Registrar	Between 9:00 a.m. and 6:00 p.m. on Wednesday, July 8, 2026 to Monday, July 13, 2026 in a business day (Hong Kong time).

For those applying through the **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on **Monday, July 6, 2026** (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on **Monday, July 6, 2026** (Hong Kong time) on a 24-hour basis, and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

We expect to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of the Hong Kong Offer Shares on the Stock Exchange’s website at www.hkexnews.hk and our website at www.basicsemi.com by no later than 11:00 p.m. on **Tuesday, July 7, 2026** (Hong Kong time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If we or our agents exercise our discretion to reject your application:

We, the Overall Coordinators, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies us of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to “— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited” above on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated; or
- we or the Overall Coordinators believe that by accepting your application, it or we would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving banks will collect the portion of these funds required to settle each HKSCC Participant’s actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of us, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

HOW TO APPLY FOR HONG KONG OFFER SHARES

D. DISPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the H Shares. No receipt will be issued for sums paid on application.

The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date, which is expected to be **Wednesday, July 8, 2026** (Hong Kong time), provided that the Global Offering has become unconditional in all respects and the right of termination described in “Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination” has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or prior to the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Dispatch/collection of H Share certificate		
For application of 500,000 Hong Kong Offer Shares or more	Collection in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant’s stock account. No action by you is required.
	Time: from 9:00 a.m. to 1:00 p.m. on Wednesday, July 8, 2026 (Hong Kong time).	
	If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop.	
	Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar.	

HOW TO APPLY FOR HONG KONG OFFER SHARES

	White Form eIPO service	HKSCC EIPO channel
	Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk.	
For application of less than 500,000 Hong Kong Offer Shares . . .	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk.	
	Time: Tuesday, July 7, 2026	
Refund mechanism for surplus application monies paid by you		
Date	Wednesday, July 8, 2026	Subject to the arrangement between you and your broker or custodian
Responsible party.	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	White Form e-Refund payment instructions to your designated bank account.	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it.
Application monies paid through multiple bank accounts	Refund check(s) will be dispatched to the address specified in your application instructions by ordinary post at your own risk.	

E. SEVERE WEATHER ARRANGEMENTS

The application lists will not open or close on **Friday, July 3, 2026** if there is/are:

- a tropical cyclone warning signal number 8 or above;
 - a “black” rainstorm warning; and/or
 - Extreme Conditions
- (collectively, “**Severe Weather Signals**”)

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on **Friday, July 3, 2026** (Hong Kong time).

Instead they will open at 11:45 a.m. and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon (Hong Kong time).

HOW TO APPLY FOR HONG KONG OFFER SHARES

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in “Expected Timetable” in this prospectus, an announcement will be made and published on the website of the Stock Exchange at www.hkexnews.hk and our website at www.basicsemi.com of the revised timetable.

If a Severe Weather Signal is hoisted on Tuesday, July 7, 2026, the H Share Registrar will make appropriate arrangements for the delivery of the share certificates to the CCASS Depository’s service counter so that they would be available for trading on Wednesday, July 8, 2026.

If a Severe Weather Signal is hoisted on Wednesday, July 8, 2026,

- for physical share certificates of 500,000 or more Hong Kong Offer Shares issued under your own name, you may pick them up from the H Share Registrar’s office after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Wednesday, July 8, 2026 or on Thursday, July 9, 2026).

If a Severe Weather Signal is hoisted on Tuesday, July 7, 2026,

- for physical share certificates of less than 500,000 Hong Kong Offer Shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the **Severe** Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, July 7, 2026 or on Wednesday, July 8, 2026).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and we comply with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisors for details of those settlement arrangements as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by our Company, the H Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. Such personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of our Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

HOW TO APPLY FOR HONG KONG OFFER SHARES

2. Reasons for the Collection of Your Personal Data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to our Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of our Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the dispatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform our Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;
- compliance with applicable laws and regulations in Hong Kong and elsewhere;
- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;
- maintaining or updating our Company's register of members;
- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from our Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable our Company and the H Share Registrar to discharge their obligations to applicants for and holders of the H Shares and/or regulators and/or any other purposes to which applicants for and holders of the H Shares may from time to time agree.

4. Transfer of Personal Data

Personal data held by our Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but our Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- our Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar, in each case for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);

HOW TO APPLY FOR HONG KONG OFFER SHARES

- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to our Company or the H Share Registrar in connection with their respective business operations;
- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purposes of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and
- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of Personal Data

Our Company and the H Share Registrar will keep the personal data of the applicants for and holders of Hong Kong Offer Shares for as long as necessary to fulfil the purposes for which the personal data were collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and Correction of Personal Data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether our Company or the H Share Registrar hold their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. Our Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to our Company and H Share Registrar, at our Company's registered address disclosed in "Corporate Information" in this prospectus or as notified from time to time, for the attention of the joint company secretaries, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the purpose of incorporation in this Prospectus, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BASIC SEMICONDUCTOR CO., LTD., SINOLINK SECURITIES (HONG KONG) COMPANY LIMITED, AND BOCI ASIA LIMITED

Introduction

We report on the historical financial information of BASiC Semiconductor Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-62, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on page I-3 to I-62 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 29 June 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025, and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance***Adjustments***

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
29 June 2026

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	220,586	299,015	311,165
Cost of sales		(352,150)	(327,996)	(345,025)
Gross loss		(131,564)	(28,981)	(33,860)
Other income and gains	5	4,884	26,704	13,074
Selling and distribution expenses		(38,700)	(35,524)	(43,658)
Administrative expenses		(82,365)	(86,352)	(129,333)
Research and development costs		(75,827)	(91,087)	(109,734)
Impairment losses of impairment losses on financial assets, net		(3,279)	(2,209)	(6,644)
Other expenses		(924)	(924)	(611)
Finance costs	7	(14,419)	(18,729)	(23,918)
LOSS BEFORE TAX	6	(342,194)	(237,102)	(334,684)
Income tax expense	10	(1)	—	(533)
LOSS FOR THE YEAR		(342,195)	(237,102)	(335,217)
Attributable to:				
Owners of the parent		(342,201)	(237,090)	(335,217)
Non-controlling interests		6	(12)	—
		(342,195)	(237,102)	(335,217)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	12	(1.30)	(0.88)	(1.22)
LOSS FOR THE YEAR		(342,195)	(237,102)	(335,217)
OTHER COMPREHENSIVE LOSS				
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations		(218)	(40)	(648)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent periods		(218)	(40)	(648)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(218)	(40)	(648)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(342,413)	(237,142)	(335,865)
Attributable to:				
Owners of the parent		(342,419)	(237,130)	(335,865)
Non-controlling interests		6	(12)	—
		(342,413)	(237,142)	(335,865)

For the details of pre-IPO investments, please refer to note 29 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment.	13	401,366	418,628	436,672
Right-of-use assets.	14	129,722	109,385	107,275
Intangible assets	15	1,845	1,390	5,602
Financial assets at fair value through profit or loss	16	2,400	2,150	1,900
Prepayments, other receivables and other assets	17	67,292	66,650	41,146
Total non-current assets		602,625	598,203	592,595
CURRENT ASSETS				
Inventories	18	80,851	78,942	82,957
Trade and bills receivables	19	121,666	163,582	175,054
Prepayments, other receivables and other assets	17	60,100	55,352	65,242
Financial assets at fair value through profit or loss	16	7	7	–
Financial assets at fair value through other comprehensive income.	20	1,579	390	159
Pledged deposits	21	–	1	–
Cash and cash equivalents	21	34,790	45,371	98,676
Total current assets		298,993	343,645	422,088
CURRENT LIABILITIES				
Trade payables.	22	76,016	156,250	188,376
Contract liabilities	23	4,344	1,433	2,297
Other payables and accruals	24	112,157	181,301	134,578
Interest-bearing bank and other borrowings.	25	179,149	233,589	313,987
Lease liabilities	14	14,666	19,022	13,395
Redemption liabilities to non- controlling shareholders	27	–	41,976	45,795
Provision.	26	317	3,959	2,562
Total current liabilities.		386,649	637,530	700,990
NET CURRENT LIABILITIES.		(87,656)	(293,885)	(278,902)
TOTAL ASSETS LESS CURRENT LIABILITIES.		514,969	304,318	313,693

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	25	5,775	20,332	10,310
Lease liabilities	14	62,367	48,487	36,362
Redemption liabilities to non-controlling shareholders	27	38,466	—	168,467
Deferred income	28	65,371	87,735	80,444
Provision	26	4,226	4,522	4,319
Total non-current liabilities		176,205	161,076	299,902
Net assets		338,764	143,242	13,791
EQUITY				
Equity attributable to owners of the parent				
Share capital	29	—	53,771	55,381
Paid-in capital	29	53,663	—	—
Reserves/(deficits)	30	284,709	89,471	(41,590)
		338,372	143,242	13,791
Non-controlling interests		392	—	—
Total equity		338,764	143,242	13,791

For the details of pre-IPO investments, please refer to note 29 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						Non-controlling interest	Total equity
	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total		
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000
As at 1 January 2023	51,018	953,394	78,755	(526,291)	(532)	556,344	386	556,730
Loss for the year	–	–	–	(342,201)	–	(342,201)	6	(342,195)
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	–	(218)	(218)	–	(218)
Total comprehensive loss for the year	–	–	–	(342,201)	(218)	(342,419)	6	(342,413)
Capital contribution by shareholders	2,645	93,105	–	–	–	95,750	–	95,750
Share-based payments (note 31)	–	–	28,697	–	–	28,697	–	28,697
As at 31 December 2023	53,663	1,046,499*	107,452*	(868,492)*	(750)*	338,372	392	338,764

Year ended 31 December 2024

	Attributable to owners of the parent						Non-controlling interest	Total equity
	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve		
	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000	RMB'000 (note 30)	RMB'000	RMB'000
As at 1 January 2024	–	53,663	1,046,499	107,452	(868,492)	(750)	392	338,764
Loss for the year	–	–	–	–	(237,090)	–	(12)	(237,102)
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	–	–	(40)	–	(40)
Total comprehensive loss for the year	–	–	–	–	(237,090)	(40)	(12)	(237,142)
Issue of ordinary shares	–	108	9,892	–	–	–	–	10,000
Share-based payments (note 31)	–	–	–	32,000	–	–	–	32,000
Conversion into a joint stock company	53,771	(53,771)	(800,844)	–	800,844	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	–	(380)	(380)
As at 31 December 2024	53,771	–	255,547*	139,452*	(304,738)*	(790)*	–	143,242

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total	Non-controlling interest	Total equity
	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000
As at 1 January 2025	53,771	—	255,547	139,452	(304,738)	(790)	143,242	—	143,242
Loss for the year	—	—	—	—	(335,217)	—	(335,217)	—	(335,217)
Other comprehensive loss for the year:									
Exchange differences related to foreign operations.	—	—	—	—	—	(648)	(648)	—	(648)
Total comprehensive loss for the year	—	—	—	—	(335,217)	(648)	(335,865)	—	(335,865)
Issue of ordinary shares	1,610	—	148,390	—	—	—	150,000	—	150,000
Share-based payments (note 31).	—	—	—	72,457	—	—	72,457	—	72,457
Put option granted to non-controlling shareholders (note 29).	—	—	(18,203)	—	—	—	(18,203)	(147,840)	(166,043)
Capital contribution of non-controlling shareholders	—	—	2,160	—	—	—	2,160	147,840	150,000
As at 31 December 2025	55,381	—	387,894*	211,909*	(639,955)*	(1,438)*	13,791	—	13,791

* The reserve accounts comprise the consolidated reserves of RMB284,709,000, RMB89,471,000 in the consolidated statements of financial position as at 31 December 2023 and 2024, respectively.

The deficits accounts comprise the consolidated deficits of RMB41,590,000 in the consolidated statements of financial position as at 31 December 2025.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(342,194)	(237,102)	(334,684)
Adjustments for:				
Interest income	5	(531)	(360)	(538)
Investment income from financial asset at fair value through profit or loss . .	5	(159)	(96)	(118)
Fair value losses on financial assets at fair value through profit or loss	6	700	250	250
Finance costs.	7	14,419	18,729	23,918
Loss on disposal of investment in an associate	6	198	—	—
Depreciation of property, plant and equipment	6	22,570	29,538	54,434
Depreciation of right-of-use assets	6	15,616	20,001	18,404
Amortisation of intangible assets	6	436	406	1,060
Loss/(gain) on disposal of items of property, plant and equipment	6	5	—	(5)
Gain on disposal of right-of-use assets .	6	(319)	(149)	(17)
Loss on disposal of intangible assets . .	6	38	70	—
Impairment of trade receivables	6	3,288	2,512	6,575
(Reversal of impairment)/impairment of other receivables	6	(9)	(303)	69
Foreign exchange (gains)/losses		(236)	376	(310)
Write-down/(reversal) of inventories to net realisable value	6	8,984	(18,076)	9,657
Equity-settled share-based payments . . .	6	28,697	32,000	72,457
		(248,497)	(152,204)	(148,848)
Decrease/(increase) in inventories		22,635	19,985	(13,667)
Increase in trade and bills receivables .		(65,516)	(44,366)	(25,043)
Decrease in financial assets at fair value through other comprehensive income		2,397	1,190	231
Decrease in prepayments, other receivables and other assets		38,180	5,383	33,445
Decrease/(increase) in pledged deposits		68,578	(1)	1
Increase in trade payables		40,777	80,234	32,126
Increase in other payables and accruals.		11,336	42,526	18,750
Increase/(decrease) in contract liabilities		1,372	(2,911)	864
Increase/(decrease) in deferred income .		11,426	22,364	(7,291)
(Decrease)/increase in provision		(2,740)	3,642	(1,916)
Cash flows used in operations		(120,052)	(24,158)	(111,348)
Interest received		371	90	375
Income tax paid		(1)	—	(533)
Net cash flows used in operating activities		(119,682)	(24,068)	(111,506)

APPENDIX I

ACCOUNTANTS' REPORT

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial asset at fair value through profit or loss		(111,747)	(78,100)	(194,720)
Proceeds from redemption of financial assets at fair value through profit or loss.		115,166	78,196	194,845
Proceeds from disposal of an associate		1,356	—	—
Purchase of items of property, plant and equipment		(145,974)	(36,609)	(93,520)
Purchase of items of intangible assets.		—	—	(3,088)
Payment for leasehold land		—	—	(15,863)
Proceeds from disposal of property, plant and equipment		2	—	2,132
Net cash flows used in investing activities		(141,197)	(36,513)	(110,214)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other borrowings.		173,606	259,067	444,670
Repayment of bank and other borrowings.		(96,350)	(191,202)	(377,256)
Loans from related parties.		46,560	109,020	215,525
Repayment of loans from related parties.		(8,280)	(91,850)	(271,990)
Proceeds from issue of shares		95,750	10,000	150,000
Capital contributions from non-controlling shareholders.		—	—	150,000
Payments of lease liabilities		(14,640)	(12,521)	(20,757)
Interest paid		(5,568)	(9,003)	(11,006)
Payment for deferred listing expenses.		—	(82)	(1,083)
Deposit payment for other borrowings		—	(2,000)	(5,540)
Receipt of deposit for lease liabilities.		—	—	60
Receipt of deposit for other borrowings.		272	—	2,600
Net cash flows from financing activities		191,350	71,429	275,223
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		(69,529)	10,848	53,503
Effect of foreign exchange rate changes, net.		103,966	34,790	45,371
		353	(267)	(198)
CASH AND CASH EQUIVALENTS AT END OF YEAR		34,790	45,371	98,676
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		34,790	45,371	98,676
Cash and cash equivalents as stated in the consolidated statements of financial position	21	34,790	45,371	98,676

STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	37,168	31,108	28,514
Right-of-use assets	14	65,458	55,616	51,339
Intangible assets	15	392	258	2,176
Investments in subsidiaries	33	376,026	453,186	786,585
Financial assets at fair value through profit or loss	16	2,400	2,150	1,900
Prepayments, other receivables and other assets	17	15,188	15,241	24,298
Total non-current assets		496,632	557,559	894,812
CURRENT ASSETS				
Inventories	18	20,884	32,287	33,453
Trade and bills receivables	19	75,623	112,158	88,206
Prepayments, other receivables and other assets	17	323,200	317,256	285,822
Financial assets at fair value through other comprehensive income	20	—	—	76
Pledged deposits	21	—	1	—
Cash and cash equivalents	21	25,008	21,463	20,497
Total current assets		444,715	483,165	428,054
CURRENT LIABILITIES				
Trade payables	22	95,966	171,854	219,292
Contract liabilities	23	125	5,307	12,098
Other payables and accruals	24	138,484	260,329	351,630
Interest-bearing bank and other borrowings	25	122,830	128,075	195,786
Lease liabilities	14	4,271	2,839	1,857
Financial liabilities at fair value through profit or loss	27	—	22,793	23,283
Provision	26	317	3,959	2,043
Total current liabilities		361,993	595,156	805,989
NET CURRENT ASSETS/(LIABILITIES)		82,722	(111,991)	(377,935)
TOTAL ASSETS LESS CURRENT LIABILITY				
		579,354	445,568	516,877
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	25	—	10,542	310
Lease liabilities	14	7,195	2,388	2,389
Deferred income	28	64,225	68,335	61,044
Financial liabilities at fair value through profit or loss	27	19,971	—	70,384
Total non-current liabilities		91,391	81,265	134,127
Net assets		487,963	364,303	382,750
EQUITY				
Share capital	29	—	53,771	55,381
Paid-in capital	29	53,663	—	—
Reserves	30	434,300	310,532	327,369
Total equity		487,963	364,303	382,750

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

BASiC Semiconductor Co., Ltd. (深圳基本半導體股份有限公司) was incorporated in the People's Republic of China (the "PRC") as a limited liability company on 7 June 2016 and converted into a joint stock company with limited liability in November 2024. The address of the Company's registered office is Room 801, Building 1, Bronze Technology Tower, No. 6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively the "Group") are primarily engaged in the research, development, manufacturing, and sales of SiC power devices, the core business includes SiC chip design, wafer fabrication, module packaging, and gate driver design and testing.

In the opinion of the directors, Dr. Wang Zhihan, Bronze Technologies Group Co., Ltd. and the employee share incentive platforms are collectively considered as the controlling shareholders of the Group as of the end of Relevant Periods.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BASiC Semiconductor (Shenzhen) Limited* 基本半導體(深圳)有限公司 (note (a))	PRC/Mainland China 13 June 2022	RMB10,000,000	100.00%	–	Production and sale of semiconductor products
BASiC Semiconductor (Shanghai) Limited* 基本半導體(上海)有限公司 (note (b))	PRC/Mainland China 4 November 2021	RMB10,000,000	100.00%	–	Sale of semiconductor products
BASiC Semiconductor (Wuxi) Limited* 基本半導體(無錫)有限公司 (note (a))	PRC/Mainland China 15 April 2021	RMB400,000,000	100.00%	–	Production of semiconductor products
BASiC Semiconductor (Beijing) Limited* 基本半導體(北京)有限公司 (note (b))	PRC/Mainland China 18 March 2020	RMB10,000,000	100.00%	–	Research and development
Bronze Technologies Limited* 深圳青銅劍技術有限公司 (note (a))	PRC/Mainland China 28 August 2019	RMB70,000,000	100.00%	–	Production and sale of semiconductor products
Shenzhen BASiC Innovation Research Limited* 深圳基本創新研究有限公司 (note (c), (b))	PRC/Mainland China 28 June 2021	RMB5,000,000	60.00%	40.00%	Investment holding and management and administration
BASiC Semiconductor (Nanjing) Limited* 基本半導體(南京)有限公司 (note (d), (b))	PRC/Mainland China 28 April 2019	RMB250,000,000	52.00%	33.55%	Production and sale of semiconductor products
Nanjing BASiC Zhongke Venture Capital Management Partnership (Limited Partnership)* 南京基本中科創業投資管理合夥企業(有限合伙) (note (d), (b))	PRC/Mainland China 29 April 2019	RMB200,000,000	69.90%	–	Investment holding and management and administration
BASiC Packaging (Shenzhen) Limited* 基本封裝測試(深圳)有限公司 (note (b), (f))	PRC/Mainland China 12 August 2024	RMB310,000,000	51.61%	–	Production and sale of semiconductor products
BASiC Semiconductor (Zhongshan) Limited* 基本半導體(中山)有限公司 (note (b))	PRC/Mainland China 5 December 2024	RMB100,000,000	100.00%	–	Production and sale of semiconductor products
BASiC Semiconductor (Hangzhou) Limited* 基本半導體(杭州)有限公司 (note (b))	PRC/Mainland China 18 August 2025	RMB10,000,000	100.00%	–	Research and development and sale of semiconductor products
BASiC Semiconductor Kabushiki Kaisha* 基本半導體株式會社 (note (b))	Japan 3 February 2021	JPY79,369,838	–	85.55%	Research and development
BASiC Semiconductor (HK) Limited 基本半導體(香港)有限公司 (note (e))	Hong Kong 21 January 2019	HKD100,000	100.00%	–	Import and export trading of semiconductor and related products

Notes:

- (a) The statutory financial statements of these entities for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shenzhen Changjiang Certified Public Accountants LLP (深圳長江會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- The statutory financial statements of these entities for the year ended 31 December 2024 under PRC GAAP were audited by Shenzhen Chengzheng Certified Public Accountants LLP (深圳誠正會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.
- (b) No audited financial statements of these entities have been prepared since the date of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.
- (c) The Group held 51% equity interests in this entity since its incorporation. In May 2024, the Group acquired the 49% equity interests in this entity at a consideration of RMB380,000 and the entity became a wholly-owned subsidiary of the Group since then.
- (d) The Company held 69.90% equity interests in Nanjing BASiC Zhongke Venture Capital Management Partnership ("Nanjing Partnership") which owned 48.00% equity interests in BASiC Semiconductor (Nanjing) Limited ("Nanjing BASiC"). As Nanjing Partnership has a limited lifespan and the partnership arrangement results in the Company having an unavoidable contractual obligation to deliver cash to the non-controlling shareholders of Nanjing Partnership, the investment from non-controlling shareholders was recognised as a liability rather than equity in the consolidated financial statements (note 27). Therefore, Nanjing Partnership and Nanjing BASiC were accounted for as wholly-owned subsidiaries of the Group during the Relevant Periods.
- (e) The statutory financial statements of this entity for the year ended 31 December 2023 prepared under Hong Kong Small and Medium sized Entity Financial Reporting Standard ("SME-FRS") were audited by LEE CHI FAI & CO. (李智輝會計師事務所), certified public accountants registered in Hong Kong.
- The statutory financial statements of this entity for the year ended 31 December 2024 prepared under SME-FRS were audited by DAVE KWOK & CO., certified public accountants registered in Hong Kong.
- (f) In August 2024, the Company made an initial capital contribution of RMB10 million to establish BASiC Packaging (Shenzhen) Limited ("SZ Packaging"). In 2025, the Company and Shenzhen Investment Holding Cornerstone New Energy Vehicle Industry Private Equity Investment Fund Partnership (Limited Partnership) ("SZ Investment NEV") each injected an additional RMB150 million, after which the Company and SZ Investment NEV hold 51.61% and 48.39% of SZ Packaging, respectively.
- * The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2.1 BASIS OF PREPARATION

For ordinary shares issued to the pre-IPO investors, pursuant to the supplemental agreements entered into between the Company and the pre-IPO Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights, liquidation preferences and anti-dilution rights (collectively the "Special Rights"), which have been irreversibly terminated and shall be deemed void prior to the Relevant Periods, as described in note 29 to this report, having taken into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-IPO Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 29 of this report.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Going concern basis

The Historical Financial Information has been prepared on the assumption that the Group will continue as a going concern notwithstanding that as at 31 December 2025, the Group recorded net current liabilities of RMB278,902,000 and incurred losses from operations. The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025 and are based on the following:

- (1) As of December 31, 2025, the Group has access to borrowing facilities totalling RMB179 million;
- (2) Subsequent to 31 December 2025, the Group has obtained new facilities amounted to RMB286 million and renewed bank loan amounted to RMB112 million;
- (3) Subsequent to 31 December 2025, a subsidiary of the Group received RMB50 million capital investment from a non-controlling shareholder;
- (4) The Group is in negotiation with the lenders and expected that bank and other loans in the total amount of RMB300 million will be extended or renewed in 2026.

Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, the internally generated funds from operations, available bank facilities and financing agreements, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due for the next twelve months from 31 December 2025, and accordingly, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangement; and
- (c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of subsidiaries, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to IAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

¹ Effective for annual periods beginning on or after 1 January 2026

² Effective for annual/reporting periods beginning on or after 1 January 2027

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of the new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	–	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	–	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Category	Useful Life	Salvage Value Rate	Annual Depreciation Rate
	(Years)	(%)	(%)
Machinery equipment	3-10	5	31.67-9.5
Office and other equipment	3-5	5	31.67-19
Motor vehicles	5-10	5	19-9.5
Tools and appliances	3-5	5	31.67-19
House accessory equipment	5-10	5	19-9.5
Leasehold improvements	2.33-10	0	42.92-10

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation methods are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 3 to 10 years.

Research and development costs

All research costs are charged to the profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The cost of right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	15.33 to 50 years
Property, office premises and plant	2 to 10 years
Equipment	5 to 7 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of the lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets***Initial recognition and measurement***

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, interest-bearing bank and other borrowings and redemption liabilities.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the profit or loss.

Financial liabilities at amortised cost

After initial recognition, trade bills payables, and other payables, interest-bearing bank and other borrowings and redemption liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the profit or loss by way of a reduced depreciation charge.

Revenue recognition***Revenue from contracts with customers***

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and acceptance of the products as agreed in the sales contracts.

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(b) Provision of services

The Group provides module technology development services for customers. Revenue from module technology development service is recognized upon completion and acceptance of the services.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by management using the probability weighted expected return method and valuation models. Further details are included in note 31 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the average exchange rates for the reporting period.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Development expenses

Expenses incurred on each pipeline projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the semiconductor industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group as a whole for the purpose of making decision on resources allocation and preformation assessment, therefore, no operating segment information is presented.

Geographical information

Most of operating entities are domiciled in Mainland China. Since the revenues of the Group mainly derived from external customers based in Mainland China during the Relevant Periods and most of the Group's non-current assets are located in Mainland China, no further geographical information in accordance with IFRS 8 Operating Segments is presented.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods are set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	N/A*	136,040	63,994
Customer B	65,477	N/A*	N/A*

* The corresponding revenue of these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	220,586	299,015	311,165

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Power semiconductor gate drivers	66,832	80,092	102,607
SiC discrete devices	52,630	51,982	58,389

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
SiC power modules	77,033	145,567	122,373
Others*	24,091	21,374	27,796
	<u>220,586</u>	<u>299,015</u>	<u>311,165</u>
Timing of revenue recognition			
Goods transferred at a point in time	218,466	297,325	304,500
Services transferred at a point in time	2,120	1,690	6,665
	<u>220,586</u>	<u>299,015</u>	<u>311,165</u>

* Others primarily include sales of power stacks, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the respective periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period: .	<u>2,100</u>	<u>3,862</u>	<u>975</u>

(ii) **Performance obligations**

Information about the Group's performance obligations is summarised below:

(a) *Sale of products*

The performance obligation is satisfied upon delivery and acceptance of the products and payment is generally due within 90 days from delivery.

(b) *Provision of services*

The performance obligation is satisfied upon completion and acceptance of the services and payment is generally due upon completion of the services.

For the above contracts with customers, they are rendered in a short period of time, which is generally less than one year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants*	2,371	24,027	11,538
Individual income tax handling fee refund	1,058	2,031	542
Interest income	531	360	538
Investment income from financial assets at fair value through profit or loss	159	96	118
Others	13	8	6
Total other income	<u>4,132</u>	<u>26,522</u>	<u>12,742</u>
Gains			
Foreign exchange gains	236	—	310
Gain on disposal of right-of-use assets	319	149	17
Gain on disposal of items of property, plant and equipment	—	—	5
Others	197	33	—
Total gains	<u>752</u>	<u>182</u>	<u>332</u>
Total other income and gains	<u>4,884</u>	<u>26,704</u>	<u>13,074</u>

* The amount mainly represented government incentive and support to the Group received during the Relevant Periods. There are no unfulfilled conditions or contingencies relating to these grants.

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold*		351,454	327,748	344,080
Cost of services provided*		696	248	945
Depreciation of property, plant and equipment**	13	22,570	29,538	54,434
Depreciation of right-of-use assets**	14	15,616	20,001	18,404
Amortisation of intangible assets**	15	436	406	1,060
Research and development expenses		75,827	91,087	109,734
Lease payments not included in the measurement of lease liabilities		531	210	342
Gain on disposal of right-of-use assets***		(319)	(149)	(17)
(Gain)/loss on disposal of items of property, plant and equipment***		5	—	(5)
Loss on disposal of intangible assets***		38	70	—
Listing expense		—	2,166	22,434
Auditor's remuneration		648	155	84
Impairment losses on financial assets, net:				
Impairment of trade receivables	19	3,288	2,512	6,575
Impairment/(reversal of impairment) of other receivables	17	(9)	(303)	69
Write-down/(reversal) of inventories to net realisable value****		8,984	(18,076)	9,657
Finance costs		14,419	18,729	23,918
Fair value losses on financial assets at fair value through profit or loss		700	250	250
Foreign exchange (gains)/losses		(236)	376	(310)
Loss on disposal of investment in an associate***		198	—	—
Employee benefit expense (excluding directors', supervisors' and chief executive's remuneration (note 8):				
Wages and salaries		74,359	90,031	83,326
Pension scheme contributions		7,199	7,622	8,765
Equity-settled share-based payments		19,319	21,287	54,988
		<u>100,877</u>	<u>118,940</u>	<u>147,079</u>

* The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment, amortisation of intangible assets, and depreciation of right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development costs" in profit or loss.

*** The amounts are included in "Other income and gains" and "Other expense" in profit or loss.

**** The amounts are included in "Cost of sales" in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank and other borrowings	7,735	11,132	14,733
Interest on loans from related parties (note 37(b))	50	640	325
Interest on redemption liabilities to non-controlling shareholders (note 27)	3,208	3,510	6,243
Interest on lease liabilities	3,426	3,447	2,617
Total	<u>14,419</u>	<u>18,729</u>	<u>23,918</u>

For the details of pre-IPO investments, please refer to note 29 to this report.

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration of each of the Company's directors, chief executive and supervisors during the Relevant Periods is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	—	—	420
Other emoluments:			
Salaries, allowances and benefits in kind	4,515	6,230	4,213
Performance related bonuses	699	700	—
Pension scheme contributions	279	374	314
Equity-settled share-based payments	9,378	10,713	17,469
	<u>14,871</u>	<u>18,017</u>	<u>22,416</u>

(a) Independent non-executive directors

In May 2025, Mr. Li Juping, Mr. Ye Xiang and Mr. Wang Susheng were appointed as the Independent non-executive directors of the Company.

The fees paid to independent non-executive directors during the year ended 31 December 2025 are as follows:

	Year ended 31 December
	2025
	RMB'000
Mr. Li Juping	140
Mr. Wang Susheng	140
Mr. Ye Xiang	140
Total	<u>420</u>

(b) Executive directors, the chief executive, supervisors and non-executive directors**Year ended 31 December 2023**

		Salaries, allowances and benefits in kind	Performance Related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors and chief executive:						
Dr. Wang Zhihan	<i>i</i>	903	—	49	3,518	4,470
Dr. He Weiwei	<i>ii</i>	907	—	49	2,639	3,595
Mr. Fu Junyin	<i>iii</i>	903	300	47	2,419	3,669
Mr. Yu Shuangbai	<i>iv</i>	731	—	49	433	1,213
Mr. Cai Xiongfei	<i>v</i>	730	299	47	249	1,325
		<u>4,174</u>	<u>599</u>	<u>241</u>	<u>9,258</u>	<u>14,272</u>
Non-executive directors:						
Ms. Zhang Danlin	<i>vi</i>	—	—	—	—	—
Mr. Wang Yonggang	<i>vii</i>	—	—	—	—	—
Mr. Tang Lixin	<i>viii</i>	—	—	—	—	—
Mr. Feng Jie	<i>ix</i>	—	—	—	—	—
		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Supervisor:						
Mr. Zhang Yu	<i>x</i>	341	100	38	120	599
		<u>341</u>	<u>100</u>	<u>38</u>	<u>120</u>	<u>599</u>
Total		<u>4,515</u>	<u>699</u>	<u>279</u>	<u>9,378</u>	<u>14,871</u>

Year ended 31 December 2024

		Salaries, allowances and benefits in kind	Performance Related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors and chief executive:						
Dr. Wang Zhihan	<i>i</i>	903	–	50	3,629	4,582
Dr. He Weiwei	<i>ii</i>	920	300	50	2,640	3,910
Mr. Fu Junyin	<i>iii</i>	903	–	48	2,421	3,372
Mr. Yu Shuangbai	<i>iv</i>	731	–	50	637	1,418
Mr. Cai Xiongfei	<i>v</i>	732	–	48	249	1,029
		<u>4,189</u>	<u>300</u>	<u>246</u>	<u>9,576</u>	<u>14,311</u>
Non-executive directors:						
Ms. Zhang Danlin	<i>vi</i>	–	–	–	–	–
Mr. Jiang He	<i>xi</i>	–	–	–	–	–
Ms. Sun Liping	<i>xii</i>	–	–	–	–	–
Mr. Wang Yonggang	<i>vii</i>	–	–	–	–	–
Mr. Tang Lixin	<i>viii</i>	–	–	–	–	–
Mr. Feng Jie	<i>ix</i>	–	–	–	–	–
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Supervisors:						
Mr. Bai Zhongjie	<i>xii</i>	555	100	50	287	992
Mr. Zhang Xueqiang	<i>xii</i>	667	100	38	447	1,252
Mr. Wen Zhengxin	<i>xii</i>	819	200	40	403	1,462
		<u>2,041</u>	<u>400</u>	<u>128</u>	<u>1,137</u>	<u>3,706</u>
Total		<u>6,230</u>	<u>700</u>	<u>374</u>	<u>10,713</u>	<u>18,017</u>

Year ended 31 December 2025

		Salaries, allowances and benefits in kind	Performance Related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total remuneration
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors and chief executive:						
Dr. Wang Zhihan	<i>i</i>	903	–	64	6,101	7,068
Dr. He Weiwei	<i>ii</i>	1,095	–	64	5,315	6,474
Mr. Fu Junyin	<i>iii</i>	903	–	86	4,955	5,944
Mr. Yu Shuangbai	<i>iv</i>	261	–	17	304	582
Ms. Yan Rui	<i>xiii</i>	365	–	39	266	670
		<u>3,527</u>	<u>–</u>	<u>270</u>	<u>16,941</u>	<u>20,738</u>
Non-executive directors:						
Ms. Sun Liping	<i>xi</i>	–	–	–	–	–
Mr. Jiang He	<i>xi</i>	–	–	–	–	–
Ms. Zhang Danlin	<i>vi</i>	–	–	–	–	–
		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Supervisors:						
Mr. Bai Zhongjie	<i>xii</i>	185	–	17	101	303
Mr. Zhang Xueqiang	<i>xii</i>	222	–	13	212	447
Mr. Wen Zhengxin	<i>xii</i>	279	–	14	215	508
		<u>686</u>	<u>–</u>	<u>44</u>	<u>528</u>	<u>1,258</u>
Total		<u>4,213</u>	<u>–</u>	<u>314</u>	<u>17,469</u>	<u>21,996</u>

Notes:

- (i) Dr. Wang Zhihan was appointed as an executive director with effect from June 2016 and the chairman of the Board with effect from July 2018.
- (ii) Dr. He Weiwei was appointed as an executive director with effect from July 2018 and chief executive officer with effect from June 2016.
- (iii) Mr. Fu Junyin was appointed as an executive director with effect from August 2020.

- (iv) Mr. Yu Shuangbai was appointed as an executive director with effect from January 2021 and resigned as the executive director with effect from May 2025.
- (v) Mr. Cai Xiongfei was appointed as an executive director with effect from January 2021 and resigned as the executive director with effect from September 2024.
- (vi) Ms. Zhang Danlin was appointed as a non-executive director with effect from January 2021 and resigned as the non-executive director with effect from April 2025.
- (vii) Mr. Wang Yonggang was appointed as a non-executive director with effect from June 2020 and resigned as the non-executive director with effect from September 2024.
- (viii) Mr. Tang Lixin was appointed as a non-executive director with effect from September 2019 and resigned as the non-executive director with effect from September 2024.
- (ix) Mr. Feng Jie was appointed as a non-executive director with effect from March 2017 and resigned as the non-executive director with effect from September 2024.
- (x) Mr. Zhang Yu was appointed as a supervisor with effect from November 2018 and resigned as the supervisor with effect from September 2024.
- (xi) Ms. Sun Liping and Mr. Jiang He were appointed as non-executive directors with effect from September 2024. Ms. Sun Liping was resigned in March 2025 and Mr. Jiang He was resigned in April 2025.
- (xii) Mr. Wen Zhengxin, Mr. Zhang Xueqiang and Mr. Bai Zhongjie were appointed as supervisors with effect from September 2024 and resigned as the supervisors with effect from May 2025. On 10 May 2025, the Board of Directors of the Company passed a resolution to abolish the Supervisory Board and relieve the shareholder representative supervisors of their duties, in accordance with the provisions of the Company Law of the People's Republic of China and other relevant laws and regulations. The powers of the Supervisory Board will be exercised by the Audit Committee of the Board of Directors.
- (xiii) Ms. Yan Rui was appointed as an executive director with effect from May 2025.

During the Relevant Periods, certain directors were granted share awards, in respect of his services to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such awards, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for each of the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

There was no arrangement under which a director or the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods included three, five and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two, zero and two highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,272	—	1,768
Performance based payment	387	—	—
Pension scheme contributions	136	—	176
Equity-settled share-based payments	322	—	3,408
Total	<u>2,117</u>	<u>—</u>	<u>5,352</u>

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Nil to HK\$1,000,000	—	—	—
HK\$1,000,001 to HK\$1,500,000	2	—	—
HK\$1,500,001 to HK\$2,000,000	—	—	1
HK\$2,000,001 to HK\$3,000,000	—	—	—
HK\$3,000,001 to HK\$3,500,000	—	—	1
Total	<u>2</u>	<u>—</u>	<u>2</u>

During the Relevant Periods, share awards were granted to certain highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the Historical Financial Information. The fair value of such shares, which has been recognised in the profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Mainland China

No provision for Mainland China income tax pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law") has been made as the Company and its subsidiaries which operate in Mainland China are in loss position and have no estimated taxable profits.

BASiC Semiconductor Co., Ltd., Bronze Technologies Limited, BASiC Semiconductor (Wuxi) Co. Ltd were approved as the "High and New Technology Enterprise" under the relevant tax rules and regulations, and accordingly was entitled to a preferential CIT rate of 15%. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Shenzhen BASiC Innovation Research Limited, BASiC Semiconductor (Zhongshan) Co., Ltd., BASiC Semiconductor (Nanjing) Co., Ltd., BASiC Semiconductor (Shanghai) Co., Ltd., BASiC Semiconductor (Hangzhou) Co., Ltd. have met the requirement under the relevant tax rules and regulations for small and low-profit enterprises, and accordingly, are subject to a reduced preferential CIT at a rate of 20%, and the portion of the annual taxable income exceeding RMB1,000,000 but not exceeding RMB3,000,000 is entitled to be included in the actual taxable income at reduced rates of 25% and the enterprise income tax will be paid at the rate of 20% in 2023, 2024 and 2025.

Overseas subsidiaries

For BASiC Semiconductor Kabushiki Kaisha, the portion of the annual taxable income exceeding JPY8,000,000 will be paid at the rate of 23.2% while the portion not exceeding JPY8,000,000 will be paid at the rate of 15% in 2023, 2024 and 2025.

BASiC Semiconductor (HK) Limited is subject to profits tax at the current tax rate of 8.25% on assessable profits up to HK\$2,000,000 and 16.5% on any part of assessable profits over HK\$2,000,000 under the laws of Hong Kong.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	1	—	533
Deferred income tax	—	—	—
Total tax charge for the year	1	—	533
	=	=	=

A reconciliation of the tax expense applicable to loss before tax at the applicable tax rate in Mainland China which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(342,194)	(237,102)	(334,684)
Tax charge at the statutory tax rate of 25%	(85,549)	(59,276)	(83,671)
Effect of different tax rates enacted by local authorities	38,460	22,279	34,656
Additional deduction for qualified research and development expenses	(8,598)	(9,944)	(10,313)
Effect of withholding tax	—	—	533
Deductible temporary differences and tax losses not recognised	51,011	42,125	49,389
Expenses not deductible for tax	4,677	4,816	9,939
Tax charge at the Group's effective tax rate	1	—	533
	=	=	=

According to the CIT Law, the Company is entitled to additional deduction of qualified research and development expenses from the taxable income. The additional deduction percentage was 100% during the Relevant Periods.

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	703,530	918,698	1,223,298
Deductible temporary differences	143,991	209,656	234,319
	847,521	1,128,354	1,457,617
	=	=	=

The Group has accumulated tax losses of RMB703,530,000 and RMB918,698,000 and RMB1,223,298,000 in aggregate as at 31 December 2023, 2024 and 2025, respectively, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

11. DIVIDENDS

During the Relevant Periods, no dividends have been paid or declared by the Company.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods. The weighted average number of ordinary shares in issue for 2023 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in November 2024.

On 10 May 2025, the shares of Company were subdivided on a one-for-five basis. The additional shares from subdivision are treated as if it had occurred before the beginning of 2023, the earliest period presented, for the loss per share calculation.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December		
	2023	2024	2025
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculations (RMB'000)	(342,201)	(237,090)	(335,217)
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation	262,982,113	268,685,390	274,290,188

For the details of pre-IPO investments, please refer to note 29 to this report.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery equipment	Office and other equipment	Motor vehicles	Tools and appliances	House accessory equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023								
Cost	91,012	5,309	1,391	1,233	390	20,907	104,018	224,260
Accumulated depreciation	(12,709)	(1,506)	(567)	(326)	(186)	(5,793)	–	(21,087)
Net carrying amount	78,303	3,803	824	907	204	15,114	104,018	203,173
At 1 January 2023, net of accumulated depreciation	78,303	3,803	824	907	204	15,114	104,018	203,173
Additions	7,174	1,139	–	1,604	1,282	7,859	201,989	221,047
Disposals	–	–	–	(7)	–	–	–	(7)
Depreciation provided during the year	(14,145)	(1,035)	(247)	(243)	(406)	(6,494)	–	(22,570)
Transfers	33,274	–	–	–	–	–	(33,534)	(260)
Exchange realignment	8	(31)	–	–	6	–	–	(17)
At 31 December 2023, net of accumulated depreciation	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366
At 31 December 2023								
Cost	130,134	6,408	1,391	2,737	1,667	28,766	272,473	443,576
Accumulated depreciation	(25,520)	(2,532)	(814)	(476)	(581)	(12,287)	–	(42,210)
Net carrying amount	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366

APPENDIX I

ACCOUNTANTS' REPORT

	Machinery equipment	Office and other equipment	Motor vehicles	Tools and appliances	House accessory equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024								
Cost	130,134	6,408	1,391	2,737	1,667	28,766	272,473	443,576
Accumulated depreciation . .	(25,520)	(2,532)	(814)	(476)	(581)	(12,287)	–	(42,210)
Net carrying amount	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366
At 1 January 2024, net of accumulated depreciation .	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366
Additions	16,717	676	7	507	1,159	3,545	24,393	47,004
Depreciation provided during the year	(18,178)	(1,195)	(224)	(530)	(310)	(9,101)	–	(29,538)
Transfers	204,268	–	–	–	–	79,901	(284,190)	(21)
Exchange realignment	(76)	(46)	–	–	(61)	–	–	(183)
At 31 December 2024, net of accumulated depreciation .	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628
At 31 December 2024								
Cost	350,988	7,005	1,398	3,244	2,724	112,212	12,676	490,247
Accumulated depreciation . .	(43,643)	(3,694)	(1,038)	(1,006)	(850)	(21,388)	–	(71,619)
Net carrying amount	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628

	Machinery equipment	Office and other equipment	Motor vehicles	Tools and appliances	House accessory equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025								
At 1 January 2025								
Cost	350,988	7,005	1,398	3,244	2,724	112,212	12,676	490,247
Accumulated depreciation . .	(43,643)	(3,694)	(1,038)	(1,006)	(850)	(21,388)	–	(71,619)
Net carrying amount	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628
At 1 January 2025, net of accumulated depreciation .	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628
Additions	7,080	663	273	132	76	3,676	62,770	74,670
Disposals	–	(89)	(5)	–	–	(1,813)	(220)	(2,127)
Depreciation provided during the year	(36,364)	(1,202)	(187)	(590)	(255)	(15,836)	–	(54,434)
Transfers	18,675	–	–	–	–	370	(19,045)	–
Exchange realignment	(20)	(16)	–	–	(29)	–	–	(65)
At 31 December 2025, net of accumulated depreciation .	296,716	2,667	441	1,780	1,666	77,221	56,181	436,672
At 31 December 2025								
Cost	376,695	7,530	1,615	3,376	2,752	114,445	56,181	562,594
Accumulated depreciation . .	(79,979)	(4,863)	(1,174)	(1,596)	(1,086)	(37,224)	–	(125,922)
Net carrying amount	296,716	2,667	441	1,780	1,666	77,221	56,181	436,672

The Company

	Machinery equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
At 1 January 2023					
Cost	27,530	2,147	3,604	81,229	114,510
Accumulated depreciation	(5,562)	(611)	(1,526)	–	(7,699)
Net carrying amount	21,968	1,536	2,078	81,229	106,811
At 1 January 2023, net of accumulated depreciation	21,968	1,536	2,078	81,229	106,811
Additions	6,781	272	–	123,753	130,806
Disposals	(1,889)	–	–	(192,665)	(194,554)
Depreciation provided during the year	(4,573)	(446)	(876)	–	(5,895)
Transfers	5,217	–	–	(5,217)	–
At 31 December 2023, net of accumulated depreciation	27,504	1,362	1,202	7,100	37,168
At 31 December 2023					
Cost	36,318	2,419	3,604	7,100	49,441
Accumulated depreciation	(8,814)	(1,057)	(2,402)	–	(12,273)
Net carrying amount	27,504	1,362	1,202	7,100	37,168
	Machinery equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024					
Cost	36,318	2,419	3,604	7,100	49,441
Accumulated depreciation	(8,814)	(1,057)	(2,402)	–	(12,273)
Net carrying amount	27,504	1,362	1,202	7,100	37,168
At 1 January 2024, net of accumulated depreciation	27,504	1,362	1,202	7,100	37,168
Additions	2,853	233	2,794	892	6,772
Depreciation provided during the year	(11,479)	(436)	(917)	–	(12,832)
Transfers	7,107	–	–	(7,107)	–
At 31 December 2024, net of accumulated depreciation	25,985	1,159	3,079	885	31,108
At 31 December 2024					
Cost	46,278	2,652	6,398	885	56,213
Accumulated depreciation	(20,293)	(1,493)	(3,319)	–	(25,105)
Net carrying amount	25,985	1,159	3,079	885	31,108

APPENDIX I

ACCOUNTANTS' REPORT

	Machinery equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
At 1 January 2025					
Cost	46,278	2,652	6,398	885	56,213
Accumulated depreciation	(20,293)	(1,493)	(3,319)	—	(25,105)
Net carrying amount	<u>25,985</u>	<u>1,159</u>	<u>3,079</u>	<u>885</u>	<u>31,108</u>
At 1 January 2025, net of accumulated depreciation	25,985	1,159	3,079	885	31,108
Additions	2,751	152	245	415	3,563
Disposals	—	(6)	—	—	(6)
Depreciation provided during the year	(4,504)	(457)	(1,190)	—	(6,151)
Transfers	<u>424</u>	<u>—</u>	<u>—</u>	<u>(424)</u>	<u>—</u>
At 31 December 2025, net of accumulated depreciation	<u>24,656</u>	<u>848</u>	<u>2,134</u>	<u>876</u>	<u>28,514</u>
At 31 December 2025					
Cost	49,453	2,781	6,643	876	59,753
Accumulated depreciation	(24,797)	(1,933)	(4,509)	—	(31,239)
Net carrying amount	<u>24,656</u>	<u>848</u>	<u>2,134</u>	<u>876</u>	<u>28,514</u>

As at 31 December 2023, 2024 and 2025, the Group's machinery equipment with net carrying amounts of RMB41,746,000 and RMB79,614,000 and RMB70,105,000, respectively, was held under the sales and leaseback arrangement under which the Group has retained control of the assets and therefore the liabilities are recognised as other borrowings (note 25). As at 31 December 2024, certain of the Group's machinery and equipment with a net carrying amount of RMB26,264,000 were pledged to secure extended payment terms to the supplier, the pledge was released in June 2025. As at 31 December 2025, certain of the Group's machinery and equipment with a net carrying amount of RMB212,058,000 were pledged to secure the Group fulfilment of the obligations under the redemption liability to non-controlling shareholders.

Impairment testing of non-financial assets

Non-financial assets (including the property, plant and equipment, right-of-use assets and intangible assets) of the Group are assessed as one cash-generating unit for impairment testing as at the end of each of the Relevant Periods.

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the remaining useful life of non-financial assets approved by senior management. The pre-tax discount rate applied to the cash flow projections, the revenue growth rate and the growth rate for earnings before interest, taxes, depreciation, and amortisation ("EBITDA") used to extrapolate the cash flows of the cash-generating unit are as follows:

	As at 31 December		
	2023	2024	2025
Average revenue growth rate	27%	27%	23%
Average EBITDA growth rate	43%	38%	25%
Pre-tax discount rate	11.4%	11.4%	11.0%

The calculation of value in use is based on the following assumptions:

Revenue growth rate — the rate is based on the average revenue growth achieved in the past years and expected market development.

EBITDA growth rate — the rate is derived through combining historical performance analysis and forward-looking market projections incorporating industry-specific demand drivers, competitive dynamics, and macroeconomic development.

Pre-tax discount rate — the rate reflects management's estimate of the risks specific to the unit. The values assigned to the key assumptions on revenue growth rate, EBITDA growth rate, discount rates are consistent with management's past experience and external information sources.

As at 31 December 2023, 2024 and 2025, the recoverable amount of the cash-generating unit has exceeded its carrying amount and no impairment provision was made.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and equipment used in its operations. Buildings generally have lease terms between 2 and 10 years and leases of equipment generally have lease terms between 5 and 7 years. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods between 15.33 years and 50 years and no ongoing payments will be made under the terms of these land leases.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Buildings	Equipment	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	70,068	113	–	70,181
Additions	18,862	–	57,541	76,403
Depreciation charge	(12,459)	(30)	(3,127)	(15,616)
Disposals	(1,447)	–	–	(1,447)
Exchange realignment	198	3	–	201
At 31 December 2023	<u>75,222</u>	<u>86</u>	<u>54,414</u>	<u>129,722</u>
At 1 January 2024	75,222	86	54,414	129,722
Additions	1,414	48	–	1,462
Depreciation charge	(16,209)	(39)	(3,753)	(20,001)
Disposals	(1,875)	–	–	(1,875)
Exchange realignment	75	2	–	77
At 31 December 2024	<u>58,627</u>	<u>97</u>	<u>50,661</u>	<u>109,385</u>
At 1 January 2025	58,627	97	50,661	109,385
Additions	2,424	–	15,863	18,287
Lease modification	436	–	–	436
Depreciation charge	(14,462)	(31)	(3,911)	(18,404)
Disposals	(2,438)	–	–	(2,438)
Exchange realignment	10	(1)	–	9
At 31 December 2025	<u>44,597</u>	<u>65</u>	<u>62,613</u>	<u>107,275</u>

The Company

	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	53,520	–	53,520
Additions	3,397	57,541	60,938
Depreciation charge	(7,773)	(3,127)	(10,900)
Disposals	(38,100)	–	(38,100)
At 31 December 2023	<u>11,044</u>	<u>54,414</u>	<u>65,458</u>
At 1 January 2024	11,044	54,414	65,458
Additions	148	–	148
Depreciation charge	(4,423)	(3,753)	(8,176)
Disposals	(1,814)	–	(1,814)
At 31 December 2024	<u>4,955</u>	<u>50,661</u>	<u>55,616</u>
At 1 January 2025	4,955	50,661	55,616
Additions	2,424	–	2,424
Lease modification	132	–	132
Depreciation charge	(3,080)	(3,753)	(6,833)
At 31 December 2025	<u>4,431</u>	<u>46,908</u>	<u>51,339</u>

As at 31 December 2023, 2024 and 2025, certain of the Group's leasehold land with a net carrying amount of RMB54,414,000, RMB50,661,000 and RMB62,613,000 were pledged to secure the bank and other borrowings (note 25).

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	70,075	77,033	67,509
New leases	19,666	1,462	2,424
Lease modification	—	—	523
Disposals	(1,766)	(2,024)	(2,542)
Accretion of interest recognised during the year . . .	3,426	3,447	2,617
Payments	(14,640)	(12,521)	(20,757)
Exchange realignment	272	112	(17)
Carrying amount at 31 December	<u>77,033</u>	<u>67,509</u>	<u>49,757</u>
Analysed into:			
Current portion	14,666	19,022	13,395
Non-current portion	<u>62,367</u>	<u>48,487</u>	<u>36,362</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	55,674	11,466	5,227
New leases	3,397	—	2,424
Lease modification	—	—	148
Disposals	(41,079)	(2,024)	—
Accretion of interest recognised during the year . . .	2,772	437	196
Payments	(9,298)	(4,652)	(3,749)
Carrying amount at 31 December	<u>11,466</u>	<u>5,227</u>	<u>4,246</u>
Analysed into:			
Current portion	4,271	2,839	1,857
Non-current portion	<u>7,195</u>	<u>2,388</u>	<u>2,389</u>

(c) The amounts recognised in profit or loss in relation to leases are as follows:**The Group**

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Expense relating to short-term leases and leases of low-value assets	531	210	342
Interest on lease liabilities	3,426	3,447	2,617
Depreciation charge of right-of-use assets	15,616	20,001	18,404
Total amount recognised in profit or loss	<u>19,573</u>	<u>23,658</u>	<u>21,363</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	2,772	437	196
Depreciation charge of right-of-use assets	10,900	8,176	6,833
Total amount recognised in profit or loss	<u>13,672</u>	<u>8,613</u>	<u>7,029</u>

15. INTANGIBLE ASSETS

The Group

Software

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January			
Cost	2,696	3,141	3,092
Accumulated amortisation	(861)	(1,296)	(1,702)
Net carrying amount	1,835	1,845	1,390
At 1 January, net of accumulated amortisation	1,835	1,845	1,390
Additions	224	–	5,297
Transfer from construction in progress	260	21	–
Disposals	(38)	(70)	–
Amortisation during the year	(436)	(406)	(1,060)
Exchange realignment	–	–	(25)
At 31 December, net of accumulated amortisation . .	1,845	1,390	5,602
Cost	3,141	3,092	8,364
Accumulated amortisation	(1,296)	(1,702)	(2,762)
Net carrying amount	1,845	1,390	5,602

The Company

Software

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January			
Cost	593	593	593
Accumulated amortisation	(67)	(201)	(335)
Net carrying amount	526	392	258
At 1 January, net of accumulated amortisation	526	392	258
Additions	–	–	2,574
Disposals	–	–	–
Amortisation during the year	(134)	(134)	(656)
At 31 December, net of accumulated amortisation . .	392	258	2,176
Cost	593	593	3,166
Accumulated amortisation	(201)	(335)	(990)
Net carrying amount	392	258	2,176

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unlisted equity investment*	2,400	2,150	1,900
Wealth management products**	7	7	–
Total	2,407	2,157	1,900
Non-current portion	2,400	2,150	1,900
Current portion	7	7	–

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investment*	2,400	2,150	1,900

* The above equity investment represents the Group's equity investment in Shenzhen Huixin Communication Technology Co., Ltd. The Group has invested in this company to leverage the various resources of its innovation platform and to maintain it as a potential customer. The equity investment was classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

** The wealth management products were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Prepayments	9,921	11,721	26,716
Value-added tax recoverable	47,578	38,508	24,569
Right-of-return assets	235	206	190
Deferred listing expenses	—	404	4,194
Other receivables and deposits	2,965	4,809	9,615
	60,699	55,648	65,284
Provision for impairment	(599)	(296)	(42)
Total	60,100	55,352	65,242
Non-current			
Prepayment for property, plant and equipment	25,019	29,133	40,328
Value-added tax recoverable	33,707	30,538	—
Other receivables and deposits	8,566	6,979	818
Total	67,292	66,650	41,146

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Prepayments	5,246	8,222	6,400
Value-added tax recoverable	33,282	24,011	4,083
Right-of-return assets	235	206	190
Deferred listing expenses	—	404	4,194
Other receivables and deposits	875	479	2,321
Due from subsidiaries	283,950	283,976	268,676
	323,588	317,298	285,864
Provision for impairment	(388)	(42)	(42)
Total	323,200	317,256	285,822
Non-current			
Prepayment for property, plant and equipment	11,340	11,747	24,125
Other receivables and deposits	3,848	3,494	173
Total	15,188	15,241	24,298

The other receivables and deposits are interest-free and are not secured with collateral.

As of 31 December 2023, 2024 and 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for impairment of other receivables and deposits are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	608	599	296
Impairment losses, net (<i>note 6</i>)	(9)	(303)	69
Amount written off as uncollectible	—	—	(323)
At the end of the year	<u>599</u>	<u>296</u>	<u>42</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	389	388	42
Impairment losses, net	(1)	(346)	—
At the end of the year	<u>388</u>	<u>42</u>	<u>42</u>

18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	52,338	52,557	43,635
Work in progress	15,657	12,600	16,965
Finished goods	9,116	10,797	21,362
Goods in transit	2,430	1,621	10
Consigned processing materials	1,310	1,367	985
Total	<u>80,851</u>	<u>78,942</u>	<u>82,957</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	7,839	21,322	7,069
Work in progress	5,991	5,040	11,879
Finished goods	6,257	5,690	13,992
Goods in transit	49	45	—
Consigned processing materials	748	190	513
Total	<u>20,884</u>	<u>32,287</u>	<u>33,453</u>

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	113,104	168,304	166,108
Bills receivable*	15,547	4,713	24,532
Less: Impairment of trade receivables	(6,985)	(9,435)	(15,586)
Net carrying amount	<u>121,666</u>	<u>163,582</u>	<u>175,054</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	78,766	117,185	85,774
Bills receivable*	1,475	1,068	7,222
Less: Impairment of trade receivables	(4,618)	(6,095)	(4,790)
Net carrying amount	<u>75,623</u>	<u>112,158</u>	<u>88,206</u>

* Bills receivable are subject to impairment under the general approach and the impairment is considered to be minimal.

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days upon receipt of invoice or after monthly clearance. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025, included in the Group's trade receivables are amounts due from the Group's related parties of RMB211,000, RMB653,000 and RMB519,000 respectively, which are repayable on credit terms similar to those offered to the major customers of the Group (note 37(d)).

The fair values of trade receivables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

An aging analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	101,469	154,157	143,044
1 to 2 years	4,015	4,533	5,582
2 to 3 years	493	139	1,896
3 to 4 years	142	40	—
Total	<u>106,119</u>	<u>158,869</u>	<u>150,522</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	70,213	111,090	79,023
1 to 2 years	3,935	—	1,961
Total	<u>74,148</u>	<u>111,090</u>	<u>80,984</u>

The movements in the loss allowance for impairment of trade receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	3,697	6,985	9,435
Impairment losses, net (note 6)	3,288	2,512	6,575
Amount written off as uncollectible	—	(62)	(424)
At the end of the year	<u>6,985</u>	<u>9,435</u>	<u>15,586</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	1,529	4,618	6,095
Impairment losses, net	3,089	1,477	(1,305)
At the end of the year	<u>4,618</u>	<u>6,095</u>	<u>4,790</u>

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided impairment for the defaulted receivables based on the cash flows that the Group expects to receive.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year	106,809	5%	5,287
1 to 2 years	4,462	11%	469
2 to 3 years	617	25%	155
3 to 4 years	284	50%	142
At the end of the year	<u>112,172</u>	<u>5%</u>	<u>6,053</u>
Defaulted receivables.	<u>932</u>	<u>100%</u>	<u>932</u>
Total	<u>113,104</u>	<u>6%</u>	<u>6,985</u>

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year	162,235	5%	7,889
1 to 2 years	5,035	11%	574
2 to 3 years	176	65%	114
3 to 4 years	84	100%	84
At the end of the year	<u>167,530</u>	<u>5%</u>	<u>8,661</u>
Defaulted receivables.	<u>774</u>	<u>100%</u>	<u>774</u>
Total	<u>168,304</u>	<u>6%</u>	<u>9,435</u>

	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Within 1 year	151,928	6%	8,884
1 to 2 years	6,613	16%	1,031
2 to 3 years	3,364	44%	1,468
3 to 4 years	16	100%	16
At the end of the year	<u>161,921</u>	<u>7%</u>	<u>11,399</u>
Defaulted receivables.	<u>4,187</u>	<u>100%</u>	<u>4,187</u>
Total	<u>166,108</u>	<u>9%</u>	<u>15,586</u>

The Company

As at 31 December 2023			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Due from subsidiaries	701	—	—
Within 1 year	73,171	5%	3,659
1 to 2 years	4,372	10%	437
At the end of the year	78,244	5%	4,096
Defaulted receivables.	522	100%	522
Total	78,766	6%	4,618

As at 31 December 2024			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Due from subsidiaries	1,950	—	—
Within 1 year	114,884	5%	5,744
At the end of the year	116,834	5%	5,744
Defaulted receivables.	351	100%	351
Total	117,185	5%	6,095

As at 31 December 2025			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Due from subsidiaries	24,140	—	—
Within 1 year	60,378	6%	3,534
At the end of the year	84,518	4%	3,534
Defaulted receivables.	1,256	100%	1,256
Total	85,774	6%	4,790

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group endorses or discounts certain bank acceptance bills in its routine management. Such bills receivable is classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

The Group

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills receivable	1,579	390	159

The Company

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills receivable	—	—	76

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	34,790	45,371	98,676
Pledged bank deposits	–	1	–
	<u>34,790</u>	<u>45,372</u>	<u>98,676</u>
Less:			
Pledged bank deposits	–	(1)	–
Cash and cash equivalents	<u>34,790</u>	<u>45,371</u>	<u>98,676</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	25,008	21,463	20,497
Pledged bank deposits	–	1	–
	<u>25,008</u>	<u>21,464</u>	<u>20,497</u>
Less: Pledged bank deposits	–	(1)	–
Cash and cash equivalents	<u>25,008</u>	<u>21,463</u>	<u>20,497</u>

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	<u>76,016</u>	<u>156,250</u>	<u>188,376</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	<u>95,966</u>	<u>171,854</u>	<u>219,292</u>

As at 31 December 2023, 2024 and 2025, included in the trade payables are amounts of RMB896,000, RMB4,000 and RMB196,000 due to Group's related parties which are repayable on credit terms similar to those offered by the major suppliers of the Group (note 37(d)).

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the date of goods received from the suppliers, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	72,547	148,776	139,444
Over 1 year	3,469	7,474	48,932
Total	<u>76,016</u>	<u>156,250</u>	<u>188,376</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	95,889	171,832	202,378
Over 1 year	77	22	16,914
Total	<u>95,966</u>	<u>171,854</u>	<u>219,292</u>

The trade payables are non-interest-bearing and are normally settled within 90 days upon monthly clearance.

23. CONTRACT LIABILITIES**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of products	4,344	1,433	2,297
Total	<u>4,344</u>	<u>1,433</u>	<u>2,297</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of products	125	5,307	12,098
Total	<u>125</u>	<u>5,307</u>	<u>12,098</u>

Contract liabilities represented the obligations to transfer goods to customers for which the Group has received consideration.

24. OTHER PAYABLES AND ACCRUALS**The Group**

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Payable for purchase of property plant, and equipment		40,310	48,365	40,027
Output value added tax to be transferred		969	8,828	14,861
Amounts due to the related parties	37(d)	39,269	57,527	980
Listing expenses payable		—	2,571	19,418
Other payables and deposits		10,254	30,995	31,900
Payroll and welfare payable		20,250	31,189	25,616
Other tax payable		1,105	1,826	1,776
Total		<u>112,157</u>	<u>181,301</u>	<u>134,578</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payable for purchase of property plant, and equipment	20,405	24,350	16,240
Output value added tax to be transferred	69	5,373	9,227
Amounts due to the related parties	37,100	56,660	357
Amounts due to subsidiaries	60,611	134,794	276,084
Listing expenses payable	—	2,571	19,418
Other payables and deposits	8,724	19,946	18,624
Payroll and welfare payable	10,952	16,031	11,088
Other tax payable	623	604	592
Total	<u>138,484</u>	<u>260,329</u>	<u>351,630</u>

Other payables are unsecured and repayable on demand.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000
	(%)			(%)			(%)		
Current									
Bank loans – unsecured	4.50	2024	5,000	–	–	–	2.90~3.10	2026	15,000
Other loans – secured (iii)	–	–	–	–	–	–	6.75	2026	16,885
Bank loans – secured (ii & iv)	2.67~4.50	2024	162,816	3.23~7.00	2025	212,067	2.20~7.00	2026	248,789
Current portion of long term bank loans – secured (ii & iv)	–	–	–	3.23	2025	3,143	3.23~6.88	2026	4,596
Current portion of long term other loans – secured (iii & iv)	4.60	2024	11,333	4.60~6.36	2025	18,379	6.00	2026	28,717
Total – current			179,149			233,589			313,987
Non-current									
Long term bank loans secured (ii & iv)	–	–	–	3.23	2026	2,857	2.95~6.88	2027~2035	10,310
Long term other loans – secured (iii & iv)	4.60	2025	5,775	4.60~6.36	2027	17,475	–	–	–
Total – non-current			5,775			20,332			10,310
Total			184,924			253,921			324,297

As at 31 December

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Within 1 year or on demand	179,149	233,589	313,987
1 to 2 years	5,775	2,857	310
2 to 5 years	–	17,475	–
Over 5 years	–	–	10,000
Total	184,924	253,921	324,297

The Company

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000
	(%)			(%)			(%)		
Current									
Bank loans – unsecured	–	–	–	–	–	–	2.90	2026	10,000
Bank loans – secured (ii & iv)	3.45~4.50	2024	122,830	3.40~3.80	2025	120,448	2.80~3.80	2026	169,352
Current portion of long term bank loans – secured	–	–	–	–	–	–	6.88	2026	1,739
Current portion of long term other loans – secured	–	–	–	6.36	2025	7,627	6.00	2026	14,695
Total – current			122,830			128,075			195,786
Non-current									
Long term bank loans – secured	–	–	–	–	–	–	6.88	2027	310
Long term other loans – secured	–	–	–	6.36	2027	10,542	–	–	–
Total – non-current	–	–	–			10,542			310
Total			122,830			138,617			196,096

As at 31 December

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Within 1 year or on demand	122,830	128,075	195,786
1 to 2 years	–	–	310
2 to 5 years	–	10,542	–
Total	122,830	138,617	196,096

Notes:

- (i) All bank borrowings are denominated in RMB as at 31 December 2023, 2024 and 2025.
- (ii) As at 31 December 2023, 2024, and 2025, leasehold land with a net carrying amount of RMB54,414,000, RMB50,661,000 and RMB62,613,000 were pledged to secure the bank and other borrowings (note 14).
- As at 31 December 2023, 2024 and 2025, the Group pledged certain invention patents and utility model patents developed by the Group as collateral to secure bank loans. These patent rights had not previously been capitalised in the financial statements.
- (iii) Other loans represented the borrowings from certain financial institutions under sales and leaseback transactions (note 14). As at 31 December 2023 and 2024, the Company pledged its 100% equity interest in BASiC Semiconductor (Wuxi) Limited to one of the financial institutions as collateral to secure other loans. The long term other loans of RMB17,475,000 as at 31 December 2024 were terminated in 2025 and replaced by other loans with maturity in 2026.
- (iv) As at 31 December 2023, 2024 and 2025, certain directors and related parties of the Group provided guarantees for the bank and other borrowings of the Group (note 37(c)).

26. PROVISION**The Group**

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Obligation to restore the leased property*	4,226	4,522	4,838
Refund liabilities**	281	267	279
Onerous contracts***	36	3,692	1,764
Total	<u>4,543</u>	<u>8,481</u>	<u>6,881</u>
Analysed into:			
Current portion	317	3,959	2,562
Non-current portion	<u>4,226</u>	<u>4,522</u>	<u>4,319</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Refund liabilities**	281	267	279
Onerous contracts***	36	3,692	1,764
Total	<u>317</u>	<u>3,959</u>	<u>2,043</u>

* The contract for some of the leased buildings stipulates that the Group must restore the leased property to its pre-release state upon termination of the lease. Therefore, the Group has a restoration obligation for the lease based on the estimated restoration cost.

** Some of the contracts provide customers with a right to return the goods within a specified period. The Group estimates the provision for liabilities based on the expected returns with the corresponding changes recognised in revenue.

*** The Group has entered into certain loss-making contracts which are onerous, and recognised provisions for the estimated losses expected to arise from these contracts at each period end.

27. REDEMPTION LIABILITIES TO NON-CONTROLLING SHAREHOLDERS

- (1) On 9 April 2019, the Company has entered into an investment agreement with Leaguer Zhongke Private Equity Fund Management (Shenzhen) Co., Ltd. and Nanjing Pukou Development Zone High-Tech Investment Co., Ltd. (the "Two investors") to jointly conduct a capital increase in the Company's subsidiary, Nanjing BASiC. Leaguer Zhongke Private Equity Fund Management (Shenzhen) Co., Ltd. is wholly owned by Leaguer Qingzhi Sci Tech Innovation (Shenzhen) Co., Ltd. which is a subsidiary of Shenzhen Leaguer Venture Capital Co., Ltd., a state-owned holding company. Nanjing Pukou Development Zone High-Tech Investment Co., Ltd. is a wholly state-owned enterprise, with Nanjing Pukou Economic Development Co., Ltd. as its controlling shareholder. Pursuant to the investment agreement, the investors shall have the right to issue a written notice to Nanjing BASiC and the Company requesting the repurchase of all or part of the equity held by these investors in Nanjing BASiC: if, on or before 31 December 2025, Nanjing BASiC fails to complete a qualified acquisition (with an aggregate valuation of no less than RMB390 million) or to officially submit and obtain acceptance of the application for an initial public offering in Mainland China (including listings on the Main Board, SME Board, ChiNext, Sci-Tech Innovation Board (STAR Market), or any other securities trading markets recognized by the Shanghai Stock Exchange or Shenzhen Stock Exchange at the time of application, excluding the New Third Board). The capital injection in Nanjing BASiC by the Two investors was conducted through Nanjing Partnership which has a limited lifespan not exceeding 9 years.

Upon the closure of the investment, at the Group's consolidated statements of the financial position, the Group recognised the contractual obligation to the Two investors as financial liabilities measured at amortised cost using the effective interest rate method over the period from the closure date to the maturity date of 31 December 2025. At the Company's statements of financial position, the Company classified it as financial liabilities at fair value through profit or loss, with the change in fair value charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that fair value change in this repurchase liability attributable to changes of its own credit risk is not significant.

As the redemption rights have been triggered as at 31 December 2025, Two investors have issued a written notice to Nanjing BASiC and the Company on 20 January 2026, requesting the repurchase of all or part of the equity held by these investors in Nanjing BASiC within 180 days. This redemption price is to be calculated based on the higher of (i) the capital contribution and a return of interest rate of 8% per annum; and (ii) the fair value of the net assets of Nanjing BASiC corresponding to the proportion of shares redeemed. The Group is expected to settle the liability no later than 21 July 2026.

- (2) On 23 May 2025, the Company, Dr. Wang Zhihan, Dr. He Weiwei, SZ Investment NEV, an Independent Third Party, and SZ Packaging, a subsidiary of the Group, entered into a capital increase agreement. The Company and SZ Investment NEV have agreed to subscribe to a total of RMB300 million in newly issued registered capital of SZ Packaging, which have been received and completed on 31 December 2025.

Pursuant to the capital increase agreement, SZ Investment NEV has the right to request the Company to redeem all or any portion of the capital held by SZ Investment NEV, at any time after 31 December 2028 or from time to time on or after the earliest date of the occurrence of certain trigger events, at a redemption price of the issued capital and a return of interest rate of 8% per annum. The redemption rights were terminated as of the date immediately preceding the filing of the listing application of the Company for the IPO and shall be automatically restored if the Company withdraws the listing application.

In the Group's consolidated statements of the financial position, the Group recognised the contractual obligation to SZ Investment NEV as financial liabilities measured at amortised cost using the effective interest rate method. Any difference between the amount of non-controlling interest derecognised and the redemption liabilities is accounted for within equity. At the Company's statements of financial position, the Company classified it as financial liabilities at fair value through profit or loss, with the change in fair value charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that fair value change in this repurchase liability attributable to changes of its own credit risk is not significant.

The movements of this redemption liability during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	35,258	38,466	41,976
Additions	—	—	166,043
Accretion of interest recognised during the year (note 7)	3,208	3,510	6,243
Carrying amount at 31 December	<u>38,466</u>	<u>41,976</u>	<u>214,262</u>
Analysed into:			
Current portion	—	41,976	45,795
Non-current portion	<u>38,466</u>	<u>—</u>	<u>168,467</u>

The redemption liabilities were classified as non-current liabilities unless the investors had the right to demand the Company to redeem the investments within 12 months after the end of each of the Relevant Periods.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	17,041	19,971	22,793
Additions	—	—	72,121
Fair value changes	2,930	2,822	(1,247)
Carrying amount at 31 December	<u>19,971</u>	<u>22,793</u>	<u>93,667</u>
Analysed into:			
Current portion	—	22,793	23,283
Non-current portion	<u>19,971</u>	<u>—</u>	<u>70,384</u>

The fair value of the Company's repurchase obligation were estimated by using an option pricing model, taking into account the terms and conditions upon which the repurchase obligation were granted. The following table lists the significant inputs to the fair value model used:

	31 December 2023	31 December 2024	31 December 2025
Risk-free interest rate (%)	2.21	1.08	1.34-1.38
Volatility (%)	42.85	45.60	46.66-47.30

28. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January	53,945	65,371	87,735
Received amounts	11,426	39,152	1,211
Released amounts	—	(16,788)	(8,502)
At 31 December	65,371	87,735	80,444

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January	52,925	64,225	68,335
Received amounts	11,300	20,898	1,211
Released amounts	—	(16,788)	(8,502)
At 31 December	64,225	68,335	61,044

The Group's deferred income represented government grants received for projects and are deferred and amortised on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed. The grants were recognised in profit or loss as other income when the Group complied with the conditions attached to the grants.

29. SHARE CAPITAL/PAID-IN CAPITAL

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital RMB'000
As at 1 January 2024	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each	53,770,801	53,771
As at 31 December 2024	53,770,801	53,771
As at 1 January 2025	53,770,801	53,771
Issue of ordinary shares upon capital investment***	1,609,904	1,610
Share sub-division****	221,522,820	—
As at 31 December 2025	276,903,525	55,381

Paid-in capital

	Total RMB'000
As at 1 January 2023*	51,018
Issue of ordinary shares	2,645
As at 1 January 2024	53,663
Issue of ordinary shares	108
Conversion into a joint stock company	(53,771)
As at 31 December 2024**	—

- * During the year ended 31 December 2023, the Company received capital contributions of RMB95,750,000. The capital contributions increased the paid-in capital and capital reserve by RMB2,645,000 and RMB93,105,000, respectively.
- ** During the year ended 31 December 2024, the Company received capital contributions of RMB10,000,000. The capital contributions increased the paid-in capital and capital reserve by RMB108,000 and RMB9,892,000, respectively.
- *** During the year ended 31 December 2025, the Company received capital contributions of RMB150,000,000. The capital contributions increased the share capital and capital reserve by RMB1,610,000 and RMB148,390,000, respectively.
- **** On 10 May 2025, the ordinary shares with nominal value RMB1.00 each were subdivided on a one-for-five basis, and the nominal value was changed to RMB0.20 each. The total number of shares was changed from 55,380,705 shares to 276,903,525 shares.

Pursuant to the shareholders agreements entered into between the Company and its shareholders (collectively the “Agreements”), the Company issued ordinary shares to certain shareholders (collectively the “Pre-IPO Investors”) for a total net cash proceed of approximately RMB1,032 million (collectively the “Pre-IPO Investments”). Pursuant to the Agreements, the Pre-IPO Investors were granted by the Company with special rights (“Special Rights”) which included redemption rights, liquidation preferences and anti-dilution rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

On 31 July 2023, the Company and the Pre-IPO Investors subsequently entered into supplemental agreements, agreeing that certain of the Special Rights granted by the Company to Pre-IPO investors, including redemption rights, liquidation preferences and anti-dilution rights, have been irrecoverably terminated and shall be deemed void prior to the Relevant Periods. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-IPO Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the finance costs associated with the redemption financial liabilities, the net loss for the year, basic and dilutive loss per share would have been:

	Year ended 31 December
	2023
	RMB'000
Financial costs associated with the redemption financial liabilities	48,626
Total net loss	(390,821)
Basic and dilutive loss per share	(1.49)

30. RESERVES/DEFICITS

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

The capital reserve of the Group represents the excess of the consideration received for subscription of the registered capital of the Company, deemed contribution from the shareholders, the reserves resulting from transactions with non-controlling interests, and the excess of the carrying amount of the non-controlling interests and the present value of the amount payable at the time of redemption liability to non-controlling shareholders.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 31 to the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve of the Group represents exchange differences arising from the translation of financial statements of foreign operations.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023.	946,092	78,755	(470,690)	554,157
Loss for the year	—	—	(241,659)	(241,659)
Total comprehensive loss for the year	—	—	(241,659)	(241,659)
Issue of ordinary shares	93,105	—	—	93,105
Share-based payments (<i>note 31</i>)	—	28,697	—	28,697
As at 31 December 2023.	1,039,197	107,452	(712,349)	434,300

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024.	1,039,197	107,452	(712,349)	434,300
Loss for the year	—	—	(165,744)	(165,744)
Total comprehensive loss for the year	—	—	(165,744)	(165,744)
Issue of ordinary shares	9,976	—	—	9,976
Share-based payments (<i>note 31</i>)	—	32,000	—	32,000
Conversion into a joint stock company.	(800,844)	—	800,844	—
As at 31 December 2024.	248,329	139,452	(77,249)	310,532

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025.	248,329	139,452	(77,249)	310,532
Loss for the year	—	—	(204,010)	(204,010)
Total comprehensive loss for the year	—	—	(204,010)	(204,010)
Issue of ordinary shares	148,390	—	—	148,390
Share-based payments (<i>note 31</i>)	—	72,457	—	72,457
At 31 December 2025	396,719	211,909	(281,259)	327,369

31. SHARE-BASED PAYMENTS

The Group approved and adopted the share award scheme (the “Share Award Scheme”) for certain employees of the Group (“Share Incentive Participants”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Shenzhen BASiC Createnjoy Holding Partnership (Limited Partnership) (“BASiC Createnjoy”), Shenzhen BASiC Innovation Technology Partnership (Limited Partnership) (“BASiC Innovation”), Shenzhen BASiC Creation Holding Partnership (Limited Partnership) (“BASiC Creation”) and Shenzhen BASiC Entrepreneur Management Partnership (Limited Partnership) (“BASiC Entrepreneur”) including its wholly-owned subsidiary, Shenzhen BASiC Force Management Partnership (Limited Partnership) (“BASiC Force”) were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

In November 2016, BASiC Innovation subscribed for 2,100,000 shares of the Company at a consideration of RMB25,000. In August 2018, BASiC Innovation acquired 300,000 shares of the Company from a shareholder at a consideration of RMB1,000,000. In August 2018, BASiC Entrepreneur acquired 1,950,000 shares of the Company from a shareholder at a consideration of RMB6,500,000. In April and June 2021, BASiC Creation acquired 4,065 and 2,294,230 shares of the Company from shareholders at a consideration of RMB17,000 and RMB9,982,000, respectively. In February BASiC Createnjoy subscribed for 3,534,733 shares of the Company at a consideration of RMB60,000,000. All of the shares held by these share incentive platforms (“RSUs”) have been granted to the Share Incentive Participants as at 31 December 2024.

The share awards granted to the Share Incentive Participants by BASiC Creation and BASiC Createnjoy shall be subject to both a listing-based condition (the “IPO Condition”) as well as service conditions. The IPO Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

On 10 May 2025, the Group has approved to shorten the vesting periods for the share awards granted under BASiC Creation and BASiC Createnjoy by 24 months. The Group has applied prospective adjustment of the vesting period as at the modification date, that is to recognise the expenses over the modified remaining vesting period.

The fair values of the share awards granted were estimated as at the grant date by using an option pricing model, taking into account the terms and conditions upon which the share awards were granted. The following table lists the significant inputs to the fair value model used during the Relevant Periods:

	27 July 2023	28 May 2024
Risk-free interest rate (%)	2.30	1.75
Volatility (%)	42.80	39.70

The following table summarises the Group's Scheme activities during the Relevant Periods:

	Number of shares
At 1 January 2023	4,882,291
Granted during the year	1,146,947
Vested during the year	(172,288)
Forfeited during the year	(374,982)
At 31 December 2023	5,481,968
At 1 January 2024	5,481,968
Granted during the year	773,050
Vested during the year	(231,938)
Forfeited during the year	(190,052)
At 31 December 2024	5,833,028
At 1 January 2025	5,833,028
Effect of share sub-division	23,332,112
Vested during the year	(433,080)
At 31 December 2025	28,732,060

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023, 2024 and 2025, the Group recognised share-based payment expenses of RMB28,697,000, RMB32,000,000 and RMB72,457,000, respectively.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASHFLOWS

(a) Major non-cash transaction

- (1) During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB19,666,000, RMB1,462,000 and RMB2,424,000 respectively, in respect of lease agreements for buildings.
- (2) During the year ended 31 December 2025, the Group offset the trade receivables in the amount of RMB6,230,000 with the deposit received from the same customer. After the offsetting, the Group had other payable balance to the customer of RMB6,220,000 as at 31 December 2025.

(b) Changes in liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Other payables and accruals	Amounts due to the related parties	Lease liabilities	Bank and other loans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	—	—	70,075	105,890	175,965
Changes from financing cash flows:					
Payments of lease liabilities	—	—	(14,640)	—	(14,640)
New bank and other borrowings	—	—	—	173,606	173,606
Repayments of bank and other loans	—	—	—	(96,350)	(96,350)
Payments of bank loan interest	—	—	—	(5,568)	(5,568)
Loans from related parties	—	46,560	—	—	46,560
Repayment of related party loans	—	(8,280)	—	—	(8,280)
Total changes from financing cash flows	—	38,280	(14,640)	71,688	95,328
Other changes:					
New leases	—	—	19,666	—	19,666
Accretion of interest	—	50	3,426	7,735	11,211
Lease termination	—	—	(1,766)	—	(1,766)
Other non-cash transaction	—	—	—	(389)	(389)
Currency translation differences	—	—	272	—	272
Total other changes	—	50	21,598	7,346	28,994
At 31 December 2023	—	38,330	77,033	184,924	300,287

	Other payables and accruals	Amounts due to the related parties	Lease liabilities	Bank and other loans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	—	38,330	77,033	184,924	300,287
Changes from financing cash flows:					
Lease payment	—	—	(12,521)	—	(12,521)
New bank and other borrowings	—	—	—	259,067	259,067
Repayments of bank and other loans	—	—	—	(191,202)	(191,202)
Payments of bank loan interest	—	—	—	(9,003)	(9,003)
Loans from related parties	—	109,020	—	—	109,020
Repayment of related party loans	—	(91,850)	—	—	(91,850)
Payment for deferred listing expenses	(82)	—	—	—	(82)
Total changes from financing cash flows	(82)	17,170	(12,521)	58,862	63,429
Other changes:					
New leases	—	—	1,462	—	1,462
Accretion of interest	—	640	3,447	11,132	15,219
Lease termination	—	—	(2,024)	—	(2,024)
Accretion of listing expenses	487	—	—	—	487
Other non-cash transaction	—	—	—	(997)	(997)
Currency translation differences	—	—	112	—	112
Total other changes	487	640	2,997	10,135	14,259
At 31 December 2024	405	56,140	67,509	253,921	377,975

	Other payables and accruals	Amounts due to the related parties	Lease liabilities	Bank and other loans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	405	56,140	67,509	253,921	377,975
Changes from financing cash flows:					
Lease payment	—	—	(20,757)	—	(20,757)
New bank and other borrowings	—	—	—	444,670	444,670
Repayments of bank and other loans	—	—	—	(377,256)	(377,256)
Payments of bank loan interest	—	—	—	(11,006)	(11,006)
Loans from related parties	—	215,525	—	—	215,525
Repayment of related party loans	—	(271,990)	—	—	(271,990)
Payment for deferred listing expenses	(1,083)	—	—	—	(1,083)
Total changes from financing cash flows	(1,083)	(56,465)	(20,757)	56,408	(21,897)
Other changes:					
New leases	—	—	2,424	—	2,424
Lease modification	—	—	523	—	523
Accretion of interest	—	325	2,617	14,733	17,675
Lease termination	—	—	(2,542)	—	(2,542)
Accretion of listing expenses	4,872	—	—	—	4,872
Other non-cash transaction	—	—	—	(765)	(765)
Currency translation differences	—	—	(17)	—	(17)
Total other changes	4,872	325	3,005	13,968	22,170
At 31 December 2025	4,194	—	49,757	324,297	378,248

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	531	210	342
Within financing activities	14,640	12,521	20,757
	15,171	12,731	21,099

33. INVESTMENTS IN SUBSIDIARIES

The Company had the following investments in subsidiaries at the end of the each of the Relevant Periods:

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	391,297	475,021	821,930
Less: Impairment of investments in subsidiaries* . . .	(15,271)	(21,835)	(35,345)
Net carrying amount	<u>376,026</u>	<u>453,186</u>	<u>786,585</u>

* Some subsidiaries incurred losses or only carried out limited operational activities. The management has performed impairment testing for investment in subsidiaries which has impairment indicators as at each end of the Relevant Periods. The Company has recognised impairment losses on investment in subsidiaries amounted to RMB15,271,000, RMB21,835,000 and RMB35,345,000 as at 31 December 2023, 2024 and 2025, respectively.

34. CONTINGENT LIABILITIES

On 21 November 2025, a customer (the “Plaintiff”) brought a claim against one of the Company’s subsidiaries (the “Defendant”) and sought various remedies against the Defendant from the court. The total monetary compensation requested by the Plaintiff was RMB14,275,000, which was voluntarily reduced by RMB2,464,000 by the Plaintiff on 24 March 2026. In the opinion of the directors, it is not expected that the litigation would have any material impact on the financial statements of the Group. For details, please refer to section “Business — Legal Proceedings and Compliance — Recent Litigation with a Customer” of the prospectus.

35. PLEDGE OF ASSETS

Details of the Group’s interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in notes 13 and 14 to the Historical Financial Information.

36. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	39,817	24,372	39,748
Total	<u>39,817</u>	<u>24,372</u>	<u>39,748</u>

(b) The Group had the following short-term lease commitments at the end of each of the Relevant Periods. The future lease payments for these non-cancellable lease contracts are falling due as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	60	204	173

37. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

(a) Name and relationships of the related parties:

	Relationship with the Group
Bronze Technologies Group Co., Ltd (深圳青銅劍科技股份有限公司)	Company controlled by the substantial shareholder
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership) (深圳基本原色控股合夥企業 (有限合夥))	Shareholder
Shenzhen BASiC Atom Management Partnership (Limited Partnership) (深圳基本原子管理合夥企業 (有限合夥))	Shareholder

	Relationship with the Group
Jinpu Venture Capital Investment Co., Ltd. (津蒲創業投資有限公司)	Shareholder
Dr. Wang Zhihan (汪之涵)	Chairman
Dr. He Weiwei (和巍巍)	Director and chief executive officer
Mr. Yu Shuangbai (喻雙柏)	Director
Mr. Fu Junyin (傅俊寅)	Director
Ms. Li Xin (李欣)	The spouse of Chairman

- (b) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of products/services to			
Bronze Technologies Group Co., Ltd.	2,130	4,464	2,737
Disposal of leasehold improvements to			
Bronze Technologies Group Co., Ltd*	—	—	1,813
Purchases of products/services from			
Bronze Technologies Group Co., Ltd.	1,032	1,254	175
Lease payment to			
Bronze Technologies Group Co., Ltd.	701	4,206	4,715
Interest expenses charged by:			
Bronze Technologies Group Co., Ltd.	50	640	317
Jinpu Entrepreneurship Investment Co., Ltd.	—	—	8
Total	50	640	325
Loans borrowed from			
Dr. He Weiwei**	4,480	—	—
Mr. Yu Shuangbai**	1,900	—	—
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership)***	—	—	11,400
Shenzhen BASiC Atom Management Partnership Enterprise (Limited Partnership)****	—	—	18,600
Jinpu Entrepreneurship Investment Co., Ltd.*****	—	—	3,000
Bronze Technologies Group Co., Ltd*****	40,180	109,020	182,525
Total	46,560	109,020	215,525
Loans repaid to			
Dr. He Weiwei*	280	4,200	—
Mr. Yu Shuangbai*	—	1,900	—
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership)***	—	—	11,400
Shenzhen BASiC Atom Management Partnership Enterprise (Limited Partnership)	—	—	18,600
Jinpu Entrepreneurship Investment Co., Ltd.	—	—	3,008
Bronze Technologies Group Co., Ltd**	8,000	85,750	238,982
Total	8,280	91,850	271,990

* In January 2025, the Group terminated the lease of one floor of office property with Bronze Technologies Group Co., Ltd. At the same time, the Group disposed of the leasehold improvements in relation to the terminated lease floor, at a consideration equal to the net carrying value of the assets on the disposal date.

** The loans from Dr. He Weiwei and Mr. Yu Shuangbai were unsecured, interest-free, non-trade in nature.

*** The loans from Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership) were unsecured, interest-free, non-trade in nature.

**** The loans from Shenzhen BASiC Atom Management Partnership (Limited Partnership) were unsecured, interest-free, non-trade in nature.

***** The loans from Jinpu Entrepreneurship Investment Co., Ltd. were unsecured, non-trade in nature, with an interest rate of 3.00% p.a..

***** The loans from Bronze Technologies Group Co., Ltd were unsecured, non-trade in nature, with an interest rate of 4.35% p.a..

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

Bronze Technologies Group Co., Ltd have granted Bronze Technologies Limited, a subsidiary of the Group, a non-transferable license to use five trademarks registered in the PRC (the“ Licensed Trademarks”) on a royalty-free basis during the Relevant Periods.

(c) Guarantee provided by related parties:

31 December 2023

Guarantee provided by:

	Amount	Duration
	<i>RMB'000</i>	
Dr. Wang Zhihan	147,500	2023~2024
Bronze Technologies Group Co., Ltd.	108,300	2023~2024
Dr. He Weiwei	61,300	2023~2024
Ms. Li Xin.	48,200	2023~2024

31 December 2024

Guarantee provided by:

	Amount	Duration
	<i>RMB'000</i>	
Dr. Wang Zhihan	213,220	2024~2027
Dr. He Weiwei	105,107	2024~2025
Bronze Technologies Group Co., Ltd.	71,592	2024~2025
Ms. Li Xin.	70,879	2024~2027
Mr. Yu Shuangbai.	25,000	2024~2025
Mr. Fu Junyin	14,000	2024~2026

31 December 2025

Guarantee provided by:

	Amount	Duration
	<i>RMB'000</i>	
Dr. Wang Zhihan*	218,493	2025~2035
Dr. He Weiwei*	120,542	2025~2027
Bronze Technologies Group Co., Ltd*	104,400	2025~2026
Ms. Li Xin*	64,093	2025~2026
Mr. Yu Shuangbai*	30,000	2025~2026
Mr. Fu Junyin*	10,857	2025~2026
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership)**	14,300	2025~2026

* For the loan facilities and finance leases, the Group is in the process to release the above guarantees provided by the related parties. As of 30 April 2026, the outstanding principal of RMB294.0 million was subject to related party guarantees, the Group expects they will be either released upon Listing or terminated through full repayment of the underlying loans before Listing.

** In February 2026, the guarantee provided by Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership) was released and replaced by a bank guarantee which is subject to a counter-guarantee from the Company and Dr. Wang Zhihan. The bank has consented to release Dr. Wang Zhihan from his counter-guarantee obligation upon the listing.

(d) Outstanding balances by related parties:

As disclosed in the Historical Financial Information, the Group had the following outstanding balances with related parties as at 31 December 2023, 2024 and 2025.

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from related parties:			
Trade and bills receivables			
Bronze Technologies Group			
Co., Ltd*	211	653	519
Prepayments, other receivables and other assets			
Bronze Technologies Group			
Co., Ltd*	120	120	130
Mr. Fu Junyin**	240	740	240
	360	860	370

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due to related parties:			
Trade payables			
Bronze Technologies Group Co., Ltd*	896	4	196
Other payables and accruals			
Bronze Technologies Group Co., Ltd*	939	1,388	980
Mr. Fu Junyin**	—	—	—
Dr. He Weiwei**	4,200	—	—
Mr. Yu Shuangbai**	1,900	—	—
Bronze Technologies Group Co., Ltd**	32,230	56,139	—
	38,330	56,139	—
	39,269	57,527	980
Lease liabilities			
Bronze Technologies Group Co., Ltd*	18,829	15,450	7,835

* Trade in nature

** Non-trade in nature, which will be fully paid before the Listing Date.

(e) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	5,243	7,317	5,806
Performance related bonuses	880	700	—
Pension scheme contributions	328	424	431
Equity-settled share-based payment expenses	9,378	10,962	18,752
	15,829	19,403	24,989

Further details of directors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

(f) Redemption rights of the Pre-IPO Investors granted by related parties:

According to the share subscription agreements entered into by the Company and the shareholders, the Pre-IPO Investors had been granted the redemption right by the Controlling Shareholders and the founders (collectively, the "Related Parties Redemption Right"). The Company is not a party to the Related Parties Redemption Right. Pursuant to the supplemental agreement entered into by the Company and the shareholders in April and May 2025, the Related Parties Redemption Right will be terminated prior to the first submission of the IPO to the Stock Exchange.

The Company has not provided any form of guarantee in connection with any potential default or failure by the related parties to fulfill their obligations relating to the Related Parties Special Rights. Accordingly, no financial liability regarding Related Parties Special Rights was recorded by the Company during the Relevant Periods.

38. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

- (a) At 31 December 2023, 2024 and 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB13,260,000, RMB1,957,000 and RMB4,748,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the years ended 31 December 2023, 2024 and 2025 to which the suppliers have recourse was RMB30,437,000, RMB32,505,000 and RMB14,439,000, respectively.
- (b) At 31 December 2023, 2024 and 2025, the Group discounted certain bills receivable accepted by banks in Mainland China (the "Discounted Bills") with a carrying amount of RMB1,842,000, RMB1,700,000 and RMB15,281,000 to certain banks (the "Discounting"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank loans. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate amount of the bank loans associated with the Discounted Bills during the years ended 31 December 2023, 2024 and 2025 was RMB1,842,000, RMB3,710,000 and RMB20,008,000, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024 and 2025, the Group, endorsed certain bills receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB13,898,000, RMB6,081,000 and RMB6,047,000, respectively. At 31 December 2023, 2024 and 2025, the Group discounted certain bills receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain reputable banks with a carrying amount in aggregate of RMB9,587,000, RMB43,397,000 and RMB60,486,000, respectively. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024 and 2025, the Group has recognised loss amounted to RMB125,000, RMB278,000 and RMB526,000, respectively, on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets at amortised cost

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	121,666	163,582	175,054
Financial assets included in other receivables and other assets	10,932	11,492	10,391
Pledged deposits	—	1	—
Cash and cash equivalents	34,790	45,371	98,676
Total	<u>167,388</u>	<u>220,446</u>	<u>284,121</u>

Financial assets at fair value through profit or loss

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	<u>2,407</u>	<u>2,157</u>	<u>1,900</u>

Financial assets at fair value through other comprehensive income

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income.	<u>1,579</u>	<u>390</u>	<u>159</u>

Financial liabilities at amortised cost

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	76,016	156,250	188,376
Financial liabilities included in other payables and accruals	49,523	91,093	52,298
Interest-bearing bank and other borrowings	184,924	253,921	324,297
Lease liabilities	77,033	67,509	49,757
Redemption liabilities to non-controlling shareholders.	38,466	41,976	214,262
Total	<u>425,962</u>	<u>610,749</u>	<u>828,990</u>

For the details of pre-IPO investments, please refer to note 29 to this report.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The fair values of the financial assets and financial liabilities at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China and unlisted equity investment. The Group has estimated the fair value of the unlisted equity investment by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3. Below is a summary of significant unobservable inputs to the valuation of the unlisted equity investment:

	Valuation technique	Significant Unobservable inputs	Range			Sensitivity of fair value to the input
			31 December 2023	31 December 2024	31 December 2025	
Unlisted equity investments	Valuation multiples	Average Enterprise Value to Sales multiples ("EV/S")	1.3-1.7X	2.4X-2.5X	1.8X-2.7X	31 December 2023: 10% increase/decrease in multiple would result in increase/decrease in fair value by RMB55,000 and RMB55,000, respectively. 31 December 2024: 10% increase/decrease in multiple would result in increase/decrease in fair value by RMB129,000 and RMB129,000, respectively. 31 December 2025: 10% increase/decrease in multiple would result in increase/decrease in fair value by RMB111,000 and RMB111,000, respectively.
		Discount for lack of marketability	30%	30%	30%	31 December 2023: 10% increase/decrease in multiple would result in decrease/increase in fair value by RMB84,000 and RMB84,000, respectively. 31 December 2024: 10% increase/decrease in multiple would result in decrease/increase in fair value by RMB70,000 and RMB70,000, respectively. 31 December 2025: 10% increase/decrease in multiple would result in decrease/increase in fair value by RMB26,000 and RMB26,000, respectively.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income	—	1,579	—	1,579
Financial assets at fair value through profit or loss	—	7	2,400	2,407
Total	—	1,586	2,400	3,986

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income	—	390	—	390
Financial assets at fair value through profit or loss	—	7	2,150	2,157
Total	—	397	2,150	2,547

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income	—	159	—	159
Financial assets at fair value through profit or loss	—	—	1,900	1,900
Total	—	159	1,900	2,059

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments at fair value through profit or loss			
As at 1 January	3,100	2,400	2,150
Gains/(losses) recognised in profit or loss	(700)	(250)	(250)
As at 31 December	2,400	2,150	1,900

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents and interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long-term borrowings. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain certain of its interest-bearing bank borrowings at floating interest rates. At the end of each Relevant Periods, approximately 52%, 47% and 33% of the Group's interest-bearing borrowings bore interest at floating rates. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table details the effect on the Group's loss before tax for each of the Relevant Periods and accumulated losses as at the end of each reporting period that a 25-basis-point increase or decrease in interest rate would have.

	Increase/(decrease) in basis points	(Increase)/decrease in loss before tax RMB'000	(Increase)/decrease in accumulated losses RMB'000
31 December 2023			
Increase of interest rate	25	(220)	(220)
Decrease of interest rate	(25)	220	220
31 December 2024			
Increase of interest rate	25	(253)	(253)
Decrease of interest rate	(25)	253	253
31 December 2025			
Increase of interest rate	25	(220)	(220)
Decrease of interest rate	(25)	220	220

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables* . . .	—	—	—	128,651	128,651
Financial assets included in other receivables and other assets**	11,531	—	—	—	11,531
Cash and cash equivalents	34,790	—	—	—	34,790
Total	46,321	—	—	128,651	174,972

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables* . . .	—	—	—	173,017	173,017
Financial assets included in other receivables and other assets**	11,788	—	—	—	11,788
Pledged deposits	1	—	—	—	1
Cash and cash equivalents	45,371	—	—	—	45,371
Total	57,160	—	—	173,017	230,177

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables* . . .	–	–	–	190,640	190,640
Financial assets included in other receivables and other assets**	10,433	–	–	–	10,433
Cash and cash equivalents	98,676	–	–	–	98,676
Total	<u>109,109</u>	<u>–</u>	<u>–</u>	<u>190,640</u>	<u>299,749</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and exposure to credit risk is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 53%, 46% and 9% of the Group's trade receivables were due from the largest customer, respectively, and 73%, 70% and 32% of the Group's trade and bills receivables were due from the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group aims to utilise interest-bearing bank and other borrowings and lease liabilities to maintain the balance between the consistency and flexibility of financing activities.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	As at 31 December 2023			
	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	76,016	–	–	76,016
Financial liabilities included in other payables and accruals	49,523	–	–	49,523
Interest-bearing bank and other borrowings	181,592	5,934	–	187,526
Lease liabilities	19,309	59,218	–	78,527
Redemption liabilities to non-controlling shareholders	–	45,795	–	45,795
Total	<u>326,440</u>	<u>110,947</u>	<u>–</u>	<u>437,387</u>

	As at 31 December 2024			
	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	156,250	–	–	156,250
Financial liabilities included in other payables and accruals	91,093	–	–	91,093
Interest-bearing bank and other borrowings	239,699	18,498	–	258,197
Lease liabilities	19,210	48,981	–	68,191
Redemption liabilities to non-controlling shareholders	45,795	–	–	45,795
Total	<u>552,047</u>	<u>67,479</u>	<u>–</u>	<u>619,526</u>

	As at 31 December 2025			
	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	188,376	—	—	188,376
Financial liabilities included in other payables and accruals	52,298	—	—	52,298
Interest-bearing bank and other borrowings	321,334	331	12,944	334,609
Lease liabilities	14,843	37,783	—	52,626
Redemption liabilities to non-controlling shareholders	45,795	190,296	—	236,091
Total	<u>622,646</u>	<u>228,410</u>	<u>12,944</u>	<u>864,000</u>

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a Asset-liability ratio, which is total assets divided by total liabilities. The Asset-liability ratio at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	901,618	941,848	1,014,683
Total liabilities	562,854	798,606	1,000,892
Asset-liability ratio	<u>62%</u>	<u>85%</u>	<u>99%</u>

42. EVENTS AFTER THE RELEVANT PERIODS

On 28 January 2026, the BASiC Semiconductor (Wuxi) Limited ("WX BASiC"), a subsidiary of the Group, and Wuxi Innovation Chuangrong Equity Investment Partnership (Limited Partnership) ("the Investor"), entered into a capital increase agreement. The Investor has agreed to subscribe for 50,000,000 registered capital of the WX BASiC at a total consideration of RMB50 million. The consideration was received on 30 January 2026.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 31 December 2025.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with the "Financial Information" section in this prospectus and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for inclusion in Investment Circulars" as issued by the Hong Kong Institute of Certified Public Accountants is to illustrate the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as of 31 December 2025 as if the Global Offering had taken place on that date.

The unaudited pro forma statement of adjusted consolidated net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Global Offering been completed as at 31 December 2025 or at any future date.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets of the Group as at 31 December 2025	Unaudited pro forma adjusted consolidated net tangible assets of the Group per Share as at 31 December 2025	
	RMB'000 (Note 1)	RMB'000 (Note 2, 4)	RMB'000	RMB (Note 3)	HK\$ (Note 4)
Based on an Offer					
Price of HK\$27.49 per Share	8,189	597,375	605,564	1.99	2.29
Based on an Offer					
Price of HK\$31.62 per Share	8,189	690,801	698,990	2.30	2.64

Notes:

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2025 were equal to the audited net assets of the Group attributable to owners of the Company as at 31 December 2025 of RMB13,791,000 after deducting intangible assets of RMB5,602,000 as of 31 December 2025 set out in the Accountants' Report in Appendix I in this prospectus.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$27.49 or HK\$31.62 per Share, being the minimum Offering Price and the maximum Offering Price of the indicative Offer Price range, after the deduction of the underwriting fees and other related expenses payable by the Company (excluding the listing expenses that have been charged to profit or loss during the Relevant Periods) and do not take into account any shares which may be issued upon exercise of the Over-allotment Option.
- (3) The unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is arrived at after adjustments referred in note 2 above and on the basis of 304,289,725 Shares that are in issue, assuming the Global Offering had been completed on 31 December 2025 but takes no account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or any Shares which may be issued or repurchased by the Company.
- (4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets of the Group, the estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi ("RMB") at an exchange rate of HK\$1.00 to RMB0.86955 and the unaudited pro forma adjusted consolidated net tangible assets of the Group per Share is converted from RMB into Hong Kong dollars at the same exchange rate. No representation is made that RMB amounts have been, could have been or may be converted to Hong Kong dollars, or vice versa, at that rate.
- (5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2025.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this prospectus, in respect of the pro forma financial information of the Group.



Ernst & Young
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

安永會計師事務所
香港鰂魚涌英皇道 979 號
太古坊一座 27 樓

Tel 電話: +852 2846 9888
Fax 傳真: +852 2868 4432
ey.com

To the Directors of BASiC Semiconductor Co., Ltd.

We have completed our assurance engagement to report on the compilation of pro forma financial information of BASiC Semiconductor Co., Ltd. (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 December 2025, and related notes as set out on pages II-1 of the prospectus dated 29 June 2026 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in Appendix II(A) to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2025 as if the transaction had taken place at 31 December 2025. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2025, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality management

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* as issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* as issued by the HKICPA. This standard requires that the

reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 as issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Certified Public Accountants
Hong Kong
29 June 2026

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

THE PRC TAXATION**Dividends Distribution***Individual Investors*

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) (the “**IIT Law**”), which was latest amended on August 31, 2018 and its implementation rules, for individual income including interest, dividend and bonus, individual income tax with applicable proportional tax rate of 20% shall be paid. Unless otherwise provided by the competent financial and taxation authorities under the State Council, all the interest, dividend and bonus are deemed as derived from the PRC whether the payment place is in the PRC. According to the Circular on Certain Issues Concerning the Policies of Individual Income Tax (《關於個人所得稅若干政策問題的通知》) promulgated on May 13, 1994, overseas individuals are exempted from the individual income tax for dividends or bonuses received from foreign-invested enterprises.

Enterprise Investors

The principal laws, rules and regulations governing dividend distributions by foreign invested enterprises in the PRC are the Company Law and the Foreign Investment Law and its Implementing Regulations. Under these requirements, foreign-invested enterprises may pay dividends only out of their accumulated profit, if any, as determined in accordance with PRC accounting standards and regulations. When the PRC Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. If the accumulated amount of the statutory reserve fund reaches 50% of the registered capital, the Company is released from the obligation of withholding statutory reserve fund. Where the statutory common reserve fund of the company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawal of the statutory common reserve fund in accordance with the above provisions. After making allocation to the statutory provident fund of the Company from its after-tax profits, the Company may, subject to resolutions adopted at the general meeting, also allocate funds from the after-tax profits to the discretionary provident fund. The residual after-tax profits after a company has made up its losses and accrued reserve can be distributed by the company in proportion to the shares held by its shareholders, except as otherwise provided for in the company’s articles of association. The company shall not distribute any profits in respect of the shares held by it.

In accordance with the EIT Law and its implementation rules, a uniform enterprise income tax rate of 25% is imposed on all resident enterprises in China, including foreign invested enterprises; a non-PRC resident enterprise is generally subject to enterprise income tax at a rate of 10% on PRC-sourced income (including dividends received from a PRC resident enterprise that issues shares in Hong Kong), if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such

establishment or premise. The aforesaid income tax payable for non-PRC resident enterprises is deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise when such payment is made or due.

The Circular on Issues relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》), which was issued by the SAT on November 6, 2008, further clarifies that a PRC resident enterprise must withhold enterprise income tax at a rate of 10% on the dividends distributed to overseas non-PRC resident enterprise shareholders of H Shares in 2008 and any subsequent year. In addition, the Response to Questions on Levying Enterprise Income Tax on Dividends Derived by Non-PRC Resident Enterprise from Holding Stock such as B Shares (《國家稅務總局關於非居民企業取得B股等股票股息徵收企業所得稅問題的批覆》), which was issued by the SAT on July 24, 2009, further provides that any PRC resident enterprise whose shares are listed on overseas stock exchanges must withhold and remit enterprise income tax at a rate of 10% on dividends distributed to overseas non-PRC resident enterprise shareholders of H Shares in 2008 and any subsequent year. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has entered into with a relevant country or area, where applicable.

Pursuant to the Arrangement between the Mainland and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the “Arrangement”), which was signed on August 21, 2006, the PRC regulatory authorities may levy taxes on the dividends paid by a PRC-resident company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the PRC-resident company. If a Hong Kong resident directly holds 25% or more of the equity interest in a Chinese company, then such tax shall not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol of the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》第五議定書), which came into effect on December 6, 2019, added a criterion for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, after taking into account all relevant facts and conditions, are reasonably deemed to be obtaining such benefits, except when the grant of such benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. The application of the dividend clause of tax agreements is subject to the statutory requirements of PRC tax law documents, such as the Notice of the SAT on the Issues Concerning the Enforcement of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Tax Treaties

Non-PRC resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the PRC corporate income tax imposed on the dividends received from PRC resident companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with a number of countries and regions including Hong Kong Special Administrative Region, Macau Special Administrative Region, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the relevant PRC tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the relevant PRC tax authorities.

Tax on Gains from Share Transfer

According to the IIT Law, the gains realized from the disposal of equity interests in PRC resident enterprise is subject to individual income tax rate of 20%.

Pursuant to the Notice on Fully Implementing the Pilot Reform for the Transition from Business Tax to Value-added Tax (《關於全面推開營業稅改徵增值稅試點的通知》) (the “Circular 36”), which was implemented on May 1, 2016, entities and individuals engaged in the services sale in the PRC are subject to VAT and “engaged in the services sale in the PRC” means that the seller

or buyer of the taxable services is located in the PRC. Circular 36 also provides that transfer of financial products, including transfer of the ownership of marketable securities, shall be subject to VAT at 6% on the taxable revenue (which is the balance of sales price upon deduction of purchase price), for a general or a foreign VAT taxpayer. However, individuals who transfer financial products are exempt from VAT, which is also provided in the Notice of Ministry of Finance and the SAT on Several Tax Exemption Policies for Business Tax on Sale and Purchase of Financial Commodities by Individuals (《財政部、國家稅務總局關於個人金融商品買賣等營業稅若干免稅政策的通知》) effective on January 1, 2009. According to these regulations, if the holder is a non-resident individual, the PRC VAT is exempted from the sale or disposal of H shares; if the holder is a non-resident enterprise and the H-share buyer is an individual or entity located outside China, the holder is not necessarily required to pay the PRC VAT, but if the H-share buyer is an individual or entity located in China, the holder may be required to pay the PRC VAT. However, it is still uncertain whether the non-Chinese resident enterprises are required to pay the PRC VAT for the disposal of H shares in practice.

At the same time, VAT payers are also required to pay urban maintenance and construction tax, education surtax and local education surcharge (hereinafter collectively referred to as “**Local Additional Tax**”), which shall be usually subject to 12% of the value-added tax, business tax and consumption tax actually paid (if any).

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》), which was promulgated by the SCNPC and was latest amended on December 29, 2018, and the Regulation on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》), which was promulgated by the State Council and was latest amended in April 2019, collectively referred to as the Enterprise Income Tax Law, a uniform 25% enterprise income tax rate is imposed to both foreign invested enterprises and domestic enterprises, except where tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced to 20% for qualifying small low-profit enterprises. The high-tech enterprises determined and provided by the relevant PRC authorities will enjoy a reduced tax rate of 15% for Enterprise Income Tax.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例》), which was promulgated by the State Council and was latest amended on November 19, 2017, and the Implementation Rules for the Provisional Regulations the PRC on Value-added Tax (《中華人民共和國增值稅暫行條例實施細則》), which was promulgated by the Ministry of Finance and was latest amended on October 28, 2011 and effective from November 1, 2011, entities and individuals engaging in selling goods, providing processing, repairing or replacement services or importing goods within the territory of the PRC are taxpayers of the value-added tax.

According to the Circular of the Ministry of Finance and the State Taxation Administration on the Adjusting Value-added Tax Rates (《財政部、稅務總局關於調整增值稅稅率的通知》) promulgated on April 4, 2018 and effective in May 2018, the value-added tax rates of 17% and 11% on sales, imported goods shall be adjusted to 16% and 10%, respectively.

According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening the Value-Added Tax Reform (《財政部、稅務總局、海關總署關於深化增值稅改革有關政策的公告》) promulgated on March 20, 2019 and effective from April 1, 2019, the value-added tax rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

Preferential Tax Policy for the IC Industry

As listed in the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (2022) (《軟件企業和集成電路企業稅費優惠政策指引(2022)》) issued by the State Taxation Administration (the “STA”) in May 2022, the integrated circuit industry enjoys a variety of tax preferences. Enterprises for integrated circuit design, equipment, materials, packaging and testing encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to the Circular of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (Guo Fa [2020] No. 8) (《國務院關於印發〈新時期促進集成電路產業和軟件產業高質量發展若干政策〉的通知》(國發[2020]8號)) (the “**Circular No. 8**”), enterprises of integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. On 17 March, 2023, The NDRC and other departments collectively promulgated the Circular of Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises to Enjoy Preferential Tax Policy for 2023 (《關於做好2023年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》), which makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy on the basis of Circular No. 8.

In addition, in accordance with the Circular on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (Financial Tariff No. 4 [2021]) (《關於支持集成電路產業和軟件產業發展進口稅收政策的通知》(財關稅[2021]4號)) issued by the MOFCOM, the General Administration of Customs, and the STA on March 16, 2021, import behaviors that conform to the circumstances listed in this regulation are exempt from import duties. The implementation period is from July 27, 2020, to December 31, 2030.

Income tax

According to the IIT Law, gains on the transfer of equity interests in the PRC resident enterprises are subject to individual income tax at a rate of 20%. Pursuant to the Circular on Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from the Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得稅的通知》) issued by the SAT on March 20, 1998, from January 1, 1997, income of individuals from transfer of the shares of listed enterprises continues to be exempted from individual income tax. The SAT has not expressly stated whether it will continue to exempt tax on income of individuals from transfer of the shares of listed enterprises in the latest amended Individual Income Tax Law.

On December 31, 2009, the Ministry of Finance, the SAT and China Securities Regulatory Commission jointly issued the Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Listed Shares Subject to Sales Limitation (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的通知》), which came into effect on December 31, 2009, which states that individuals’ income from the transfer of listed shares obtained from the public offering of listed companies and transfer market on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals’ Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得稅有關問題的補充通知》) jointly issued and implemented by such departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-PRC resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

In accordance with the EIT Laws, a non-PRC resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-PRC resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Stamp Duty

Pursuant to the Stamp Duty Law of the PRC (《中華人民共和國印花稅法》), which was promulgated by the SCNPC on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this prospectus, no estate duty has been levied in the PRC under the PRC laws.

Shanghai-Hong Kong Stock Connect Taxation Policy and Shenzhen-Hong Kong Stock Connect Taxation Policy

On October 31, 2014 and November 5, 2016, the Ministry of Finance, the SAT and the CSRC jointly issued the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shanghai Stock Market and the Hong Kong Stock Market (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知》) and the Circular on the Relevant Taxation Policy regarding the Pilot Inter-connected Mechanism for Trading on the Shenzhen Stock Market and the Hong Kong Stock Market (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》), pursuant to which, the income from transfer differences and dividend and bonus income derived by PRC enterprise investors from investing in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax in accordance with the law. In particular, the dividend and bonus income derived by PRC resident enterprises which hold H shares for at least 12 consecutive months shall be exempted from enterprise income tax according to law. The H-share companies do not need to withhold tax on the income from dividends and bonus obtained by PRC enterprise investors. The tax payable shall be declared and paid by the enterprises themselves.

For dividends and bonuses received by PRC individual investors investing in H shares listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect, H-share companies shall submit an application to China Securities Depository and Clearing Corporation Limited (the “CSDC”), which shall provide H-share companies with a register of PRC individual investors. H-share companies shall withhold individual income tax at a rate of 20%. Individual investors who have paid withholding tax outside the PRC may apply for tax credits at the competent tax authorities of the CSDC with valid tax deduction certificates. Individual income tax is levied on dividend and bonus income derived by PRC security investment funds from investing in stocks listed on the Stock Exchange through Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect in accordance with the above provisions.

HONG KONG TAXATION**Tax on Dividends**

Under the current practice of the Inland Revenue Department of Hong Kong, no tax is payable in Hong Kong in respect of dividends paid by the Company.

Capital Gains and Profit Tax

No tax is imposed in Hong Kong in respect of capital gains from the sale of H Shares. However, trading gains from the sale of the H Shares by persons carrying on a trade, profession or business in Hong Kong, where such gains are derived from or arise in Hong Kong from such trade, profession or business will be subject to Hong Kong profits tax, which is currently imposed at the maximum rate of 16.5% on corporations and at the maximum rate of 15% on unincorporated businesses. Certain categories of taxpayers (for example, financial institutions, insurance companies and securities dealers) are likely to be regarded as deriving trading gains rather than capital gains unless these taxpayers can prove that the investment securities are held for long-term investment purposes. Trading gains from sales of the H Shares effected on the Stock Exchange will

be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of H Shares effected on the Stock Exchange realized by persons carrying on a business of trading or dealing in securities in Hong Kong.

Stamp Duty

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.2% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK\$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

Estate Duty

The Revenue (Abolition of Estate Duty) Ordinance 2005 abolished estate duty in respect of deaths occurring on or after February 11, 2006.

PRINCIPAL TAXATION OF OUR COMPANY IN THE PRC

Please refer to the chapter **Regulatory Overview** of the prospectus.

FOREIGN EXCHANGE

The lawful currency of the PRC is Renminbi, which is currently subject to foreign exchange control and cannot be freely converted into foreign currency. The State Administration of Foreign Exchange (the “SAFE”), with the authorization of the People’s Bank of China (the “PBOC”), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

The Regulations on Foreign Exchange Control of the PRC (《中華人民共和國外匯管理條例》) (the “**Foreign Exchange Control Regulations**”), which was implemented on April 1, 1996 and latest amended on August 5, 2008, classifies all international payments and transfers into current items and capital items. Most of the current items are not subject to the approval of foreign exchange administration agencies, while capital items are subject to the approval of foreign exchange administration agencies, and pursuant to the latest amendment to the Foreign Exchange Control Regulations, the PRC will not impose any restriction on international current payments and transfers.

The Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》), which was implemented on July 1, 1996, abolished all other restrictions on convertibility of foreign exchange under current account items, while retaining the existing restrictions on foreign exchange transactions under capital account items.

According to the Announcement on Improving the Reform of the Renminbi Exchange Rate Formation Mechanism (《關於完善人民幣匯率形成機制改革的公告》), which was issued by the PBOC and implemented on July 21, 2005, the PRC has started to implement a managed floating exchange rate system in which the exchange rate would be determined based on market supply and demand and adjusted with reference to a basket of currencies since July 21, 2005. Therefore, the Renminbi exchange rate was no longer pegged to the U.S. dollar. PBOC would publish the closing price of the exchange rate of the Renminbi against trading currencies such as the U.S. dollar in the interbank foreign exchange market after the closing of the market on each working day, as the central parity of the currency against Renminbi transactions on the following working day.

According to relevant PRC laws, PRC enterprises (including foreign-invested enterprises) which need foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment for their foreign exchange accounts at the designated foreign exchange banks with the support of valid receipts and proof. Foreign-invested enterprises which need foreign exchange for the distribution of profits to their shareholders and PRC enterprises which, in accordance with regulations, are required to pay dividends to their shareholders in foreign

exchange (such as the Company) may, on the strength of resolutions of the board of directors or the shareholders' meeting approving the distribution of profits, effect payment from their foreign exchange accounts or convert and pay dividends at the designated foreign exchange banks.

According to the Decisions on Matters including Canceling and Adjusting a Batch of Administrative Approval Items (《國務院關於取消和調整一批行政審批項目等事項的決定》) which was promulgated by the State Council on October 23, 2014, it canceled the approval requirement by the SAFE and its branches for the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) issued by the SAFE and implemented on December 26, 2014, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of state administration of foreign exchange at the place of its establishment; the proceeds from an overseas listing of a domestic company may be remitted to the domestic account or deposited in an overseas account, but the use of the proceeds shall be consistent with the content of the prospectus and other disclosure documents. A domestic company (except for bank financial institutions) shall present its certificate of overseas listing to open a special account at a local bank for its initial public offering (or follow-on offering) and repurchase business to handle the exchange, remittance and transfer of funds for the business concerned.

According to the Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》), which was issued by the SAFE and came into effect on June 1, 2015 and partially repealed on December 30, 2019, the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment via the banks.

The Administrative Provisions on Foreign Exchange in Domestic Direct Investment by Foreign Investors (《外國投資者境內直接投資外匯管理規定》) (the “SAFE Circular No. 21”), which was effect from May 13, 2013, amended on October 10, 2018 and partially abolished on December 30, 2019, specifies that the confirmation of foreign exchange registration under domestic direct investment and the confirmation of foreign exchange registration under overseas direct investment shall be directly examined and handled by banks. SAFE and its branch offices shall indirectly regulate the foreign exchange registration of direct investment through banks.

According to the Notice of the State Administration of Foreign Exchange of the PRC on Revolutionizing and Regulating Capital Account Settlement Management Policies (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) which was promulgated by the SAFE and implemented on June 9, 2016, foreign currency earnings in capital account that relevant policies of willingness exchange settlement have been clearly implemented on (including the recalling of raised capital by overseas listing) may undertake foreign exchange settlement in the banks according to actual business needs of the domestic institutions. The tentative percentage of foreign exchange settlement for foreign currency earnings in capital account of domestic institutions is 100%, subject to adjust of the SAFE in due time in accordance with international revenue and expenditure situations.

According to the SAFE Circular on Further Promoting Cross-border Trade and Investment Facilitation (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》) which was promulgated on October 23, 2019, foreign-invested enterprises engaged in non-investment business are permitted to settle foreign exchange capital in RMB and make domestic equity investments with such RMB funds according to law on the condition that the current Special Administrative Measures for Access of Foreign Investment (Negative List) are not violated and the relevant domestic investment projects are genuine and in compliance with laws.

This appendix contains a summary of the main provision of the Articles of Association of the Company adopted on May 10, 2025, which will take effect from the date of the Listing of H Shares on the Stock Exchange. The main purpose of this appendix is to provide potential investors with an overview of the Articles of Association of the Company, so it may not contain all the information that is important to potential investors.

SHARES AND REGISTERED CAPITAL

The Company's shares are in the form of stock.

The issuance of the Company's shares follows the principles of openness, fairness, and justice. Each share of the same category shall have equal rights.

Shares of the same category issued at the same time have the same issuance conditions and price; subscribers subscribing to the shares pay the same amount per share.

INCREASE, DECREASE, REPURCHASE, AND TRANSFER OF SHARES

Increase and Decrease of Shares

The Company may increase its capital by the following methods in accordance with the needs of its operation and development, in compliance with laws and regulations, and upon resolutions passed by the Shareholders' meeting:

- (i) Issuing shares to non-specific objects;
- (ii) Issuing shares to specific objects;
- (iii) Distributing bonus shares to existing shareholders;
- (iv) Converting capital reserve into share capital;
- (v) Other methods approved by laws, administrative regulations, the CSRC, the securities regulatory authorities and stock exchanges of the Company's stock listing place, and other relevant regulatory authorities.

The Company may reduce its registered capital. The reduction of the Company's registered capital shall be carried out in accordance with the procedures stipulated by the PRC Company Law, and other relevant regulations and the Articles of Association.

Repurchase of Shares

The company shall not repurchase its own shares, except under any of the following circumstances in accordance with laws, administrative regulations, the Articles of Association, and the regulations of the securities regulatory authorities and stock exchanges of the Company's stock listing place:

- (i) To reduce the Company's registered capital;
- (ii) To merge with another company holding the Company's shares;
- (iii) To use the shares for employee stock ownership plans or equity incentives;
- (iv) To repurchase shares from shareholders who object to the resolutions on the Company's merger or division made by the Shareholders' meeting;
- (v) To use the shares for converting corporate bonds issued by the Company into shares;
- (vi) As necessary to safeguard the Company's value and the rights and interests of shareholders.

The Company may repurchase its own shares through public centralized trading or other methods recognized by laws, administrative regulations, the CSRC and the stock exchange and the securities regulatory authorities of the Company's stock listing place.

The Company shall repurchase its own shares through public centralized trading under the circumstances specified in items (iii), (v), and (vi) above.

The Company shall repurchase its own shares upon a resolution of the Shareholders' meeting under the circumstances specified in items (i) and (ii) above. The Company shall repurchase its own shares upon a resolution of the Board of Directors with the attendance of more than two-thirds of the Directors under the circumstances specified in items (iii), (v), and (vi) above, pursuant to the provisions of the Articles of Association or the authorization of the Shareholders' meeting.

After the Company repurchases its own shares in accordance with the above provisions, it shall cancel the repurchased shares within 10 days from the date of repurchase under the circumstances specified in item (i) above; it shall transfer or cancel the repurchased shares within 6 months under the circumstances specified in items (ii) and (iv) above; and it shall transfer or cancel the repurchased shares within 3 years under the circumstances specified in items (iii), (v), and (vi) above, provided that the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company.

After the Company repurchases its own shares, it shall fulfill its information disclosure obligations in accordance with the Securities Law, and other applicable laws, regulations, and regulatory provisions of the place where the Company's shares are listed.

Transfer of Shares

The Company's shares shall be transferred in accordance with the law. Shares issued before the Company's public offering shall not be transferred within one year from the date the Company's shares are listed and traded on the stock exchange.

Directors and senior management members of the Company shall report to the Company the shares they hold in the Company and any changes therein. During their term of office, they shall not transfer more than 25% of the total number of shares of the same category they hold in the Company each year; the shares they hold in the Company shall not be transferred within one year from the date the Company's shares are listed and traded. The above personnel shall not transfer the shares they hold in the Company within six months after leaving their positions.

If the stock exchange and the securities regulatory authorities of the Company's stock listing place have other provisions on the transfer restrictions of the Company's overseas listed shares, such provisions shall prevail.

Shareholders, Directors, and senior management members who hold more than 5% of the Company's shares shall not sell the Company's shares or other equity securities they hold within six months after purchase, or purchase the Company's shares or other equity securities within six months after sale. Any profits obtained from such transactions shall belong to the Company, and the Company's Board of Directors shall recover such profits. However, this provision does not apply to securities companies that hold more than 5% of the Company's shares due to the purchase of remaining shares after underwriting, or other circumstances stipulated by the CSRC and the securities regulatory authorities and stock exchanges of the Company's stock listing place, and other relevant regulatory authorities.

The shares or other equity securities held by Directors, senior management members, and natural person shareholders as mentioned in the preceding paragraph include those held by their spouses, parents, children, and those held in other people's accounts.

If the Company's Board of Directors fails to execute the provisions of the first paragraph of this article, shareholders have the right to request the Board of Directors to execute within 30 days. If the Board of Directors fails to execute within the above period, shareholders have the right to directly file a lawsuit with the people's court in the name of the Company for the benefit of the Company. If the Board of Directors fails to execute the provisions of the first paragraph of this article, the responsible Directors shall bear joint and several liability according to law.

SHAREHOLDERS AND SHAREHOLDERS' MEETING

General Provisions on Shareholders

The Company shall establish a register of shareholders based on the certificates provided by the securities registration institution. The register of shareholders is conclusive evidence of shareholders' ownership of the Company's shares. The original copy of the H share register of shareholders listed in Hong Kong shall be kept in Hong Kong; the entrusted overseas agency shall ensure the consistency of the original and duplicate copies of the H share register of shareholders

at all times. The Hong Kong branch of the register of shareholders shall be available for shareholders to inspect, but the Company may suspend the registration of shareholders on terms equivalent to those under Hong Kong law.

Shareholders shall enjoy rights and bear obligations according to the types of shares they hold; shareholders holding the same type of shares shall enjoy equal rights and bear the same obligations.

Shareholders of the Company shall enjoy the following rights:

- (i) To receive dividends and other forms of profit distribution according to the proportion of shares they hold;
- (ii) To request, convene, preside over, attend, or appoint a shareholder proxy to attend the Shareholders' meeting and exercise corresponding voting rights in accordance with the PRC Company Law, and the Articles of Association;
- (iii) To supervise the Company's operations and make suggestions or inquiries;
- (iv) To transfer, donate, or pledge the shares they hold in accordance with laws, administrative regulations, and the Articles of Association;
- (v) To inspect and copy the Articles of Association, register of shareholders, minutes of Shareholders' meetings, resolutions of the Board of Directors, financial reports, and accounting books and vouchers of the Company if they meet the requirements;
- (vi) To participate in the distribution of the Company's remaining assets according to the proportion of shares they hold when the Company is terminated or liquidated;
- (vii) To request the Company to repurchase their shares if they object to the resolutions on the Company's merger or division made by the Shareholders' meeting;
- (viii) Other rights stipulated by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

Shareholders requesting to inspect and copy the Company's relevant materials shall comply with the provisions of the PRC Company Law, the Securities Law, and other laws and administrative regulations.

If the content of the resolutions of the Shareholders' meeting or the Board of Directors violates laws or administrative regulations, shareholders have the right to request the people's court to determine the invalidity of the resolutions. If the procedures for convening the Shareholders' meeting or the Board of Directors or the voting methods violate laws, administrative regulations, or the Articles of Association, or if the content of the resolutions violates the Articles of Association, shareholders have the right to request the people's court to revoke the resolutions within 60 days from the date the resolutions are made. However, if the procedures for convening the Shareholders' meeting or the Board of Directors or the voting methods have only minor defects and do not have a substantial impact on the resolutions, this provision does not apply.

Shareholders of the Company shall bear the following obligations:

- (i) To comply with laws, administrative regulations, and the Articles of Association;
- (ii) To pay the share price according to the shares they subscribe for and the method of subscription;
- (iii) Not to withdraw their capital except in circumstances stipulated by laws and regulations;
- (iv) Not to abuse shareholder rights to damage the interests of the Company or other shareholders; not to abuse the Company's independent legal person status and shareholders' limited liability to damage the interests of the Company's creditors;
- (v) Other obligations stipulated by laws, administrative regulations, and the Articles of Association.

Shareholders who abuse their rights and cause losses to the Company or other shareholders shall bear compensation liability according to law. Shareholders who abuse the Company's independent legal person status and shareholders' limited liability to evade debts and seriously damage the interests of the Company's creditors shall bear joint and several liability for the Company's debts.

Controlling Shareholders and Actual Controllers

The Company's Controlling Shareholders and actual controllers shall exercise their rights and fulfill their obligations in accordance with laws, administrative regulations, the CSRC, the stock exchange and the securities regulatory authorities where the Company's shares are listed, and shall safeguard the interests of the listed company.

The Company's Controlling Shareholders and actual controllers shall comply with the following provisions:

- (i) To exercise shareholder rights according to law and not to abuse control rights or use affiliated relationships to damage the legitimate rights and interests of the Company or other shareholders;
- (ii) To strictly fulfill the public statements and commitments made and not to change or exempt them without authorization;
- (iii) To strictly fulfill information disclosure obligations in accordance with relevant regulations, actively cooperate with the Company in information disclosure work, and promptly inform the Company of major events that have occurred or are about to occur;
- (iv) Not to occupy the Company's funds in any way;
- (v) Not to force, instruct, or require the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (vi) Not to use the Company's undisclosed major information to seek benefits, not to disclose the Company's undisclosed major information in any way, and not to engage in illegal activities such as insider trading, short-swing trading, and market manipulation;
- (vii) Not to damage the legitimate rights and interests of the Company and other shareholders through unfair related party transactions, profit distribution, asset restructuring, external investment, etc.;
- (viii) To ensure the Company's asset integrity, personnel independence, financial independence, institutional independence, and business independence, and not to affect the Company's independence in any way;
- (ix) Other provisions stipulated by laws, administrative regulations, the CSRC, the securities regulatory authorities and stock exchanges of the Company's stock listing place, and the Articles of Association.

If the Company's Controlling Shareholders or actual controllers do not serve as Directors of the Company but actually execute the Company's affairs, the provisions of the Articles of Association on Directors' duties of loyalty and diligence shall apply.

If the Company's Controlling Shareholders or actual controllers instruct Directors or senior management members to engage in activities that damage the interests of the Company or shareholders, they shall bear joint and several liability with such Directors or senior management members.

General Provisions on Shareholders' Meeting

The Shareholders' meeting is the Company's authority and shall exercise the following powers according to law:

- (i) To elect and replace Directors and decide on matters related to Directors' remuneration;
- (ii) To examine and approve the Board of Directors' report;
- (iii) To examine and approve the Company's profit distribution plan and loss recovery plan;
- (iv) To make resolutions on the Company's increase or decrease of registered capital;
- (v) To make resolutions on the issuance of corporate bonds;
- (vi) To make resolutions on the Company's merger, division, dissolution, liquidation, or change of corporate form;
- (vii) To amend the Articles of Association;
- (viii) To make resolutions on the appointment and dismissal of accounting firms undertaking the Company's audit business and its remuneration;

- (ix) To examine and approve the external guarantee matters stipulated in Article 49 of the Articles of Association;
- (x) To examine and approve the transaction matters stipulated in Article 50 of the Articles of Association;
- (xi) To examine and approve matters related to the Company's purchase or sale of major assets exceeding 30% of the Company's total assets as of the latest audited financial statements within one year;
- (xii) To examine and approve connected transaction matters that should be decided by the Shareholders' meeting as stipulated by the Articles of Association or Administrative Measures on Connected Transactions;
- (xiii) To examine and approve changes in the use of raised funds;
- (xiv) To examine and approve equity incentive plans and employee stock ownership plans;
- (xv) To examine and approve other matters that should be decided by the Shareholders' meeting as stipulated by laws, administrative regulations, departmental rules, the securities regulatory authorities and stock exchanges of the Company's stock listing place, or the Articles of Association.

The Shareholders' meeting may authorize the Board of Directors to make resolutions on the issuance of corporate bonds or other securities and listing proposals.

The external guarantee behaviors of the Company must be reviewed and approved by the Board of Directors. The following external guarantee behaviors of the Company must be reviewed and approved by the Shareholders' meeting after being reviewed and approved by the Board of Directors:

- (i) Any guarantee provided after the total external guarantees of the Company and its controlled subsidiaries exceed 50% of the Company's net assets as of the latest audited financial statements;
- (ii) Any guarantee provided after the total external guarantees of the Company exceed 30% of the Company's total assets as of the latest audited financial statements;
- (iii) Any guarantee provided to a guarantee object with a debt-to-asset ratio exceeding 70%;
- (iv) Any guarantee provided within one year to others with a guarantee amount exceeding 30% of the Company's total assets as of the latest audited financial statements;
- (v) Any single guarantee with an amount exceeding 10% of the Company's net assets as of the latest audited financial statements;
- (vi) Any guarantee provided to shareholders, actual controllers, and their related parties;
- (vii) Other guarantee circumstances stipulated by the CSRC, the securities regulatory authorities and stock exchanges of the Company's stock listing place, or the Articles of Association.

When the Shareholders' meeting reviews the guarantee matters stipulated in item (iv) of this article, it must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting. When the Shareholders' meeting reviews any guarantee provided to shareholders, actual controllers, and their related parties, the shareholders or the shareholders controlled by the actual controller shall not participate in the voting, and the voting must be approved by more than half of the voting rights held by other shareholders present at the meeting.

The Shareholders' meeting is divided into annual Shareholders' meetings and extraordinary Shareholders' meetings. The annual Shareholders' meeting shall be held once a year and shall be held within six months after the end of the previous fiscal year.

Under any of the following circumstances, the Company shall hold an extraordinary Shareholders' meeting within two months from the date of occurrence:

- (i) When the number of Directors is less than the minimum number stipulated by the PRC Company Law or two-thirds of the number stipulated by the Articles of Association (i.e., 6);
- (ii) When the Company's unrecovered losses reach one-third of the total share capital;

- (iii) When shareholders who individually or jointly hold more than 10% of the Company's shares (the number of shares held is calculated as of the date of the shareholder's written request) request it;
- (iv) When the Board of Directors deems it necessary;
- (v) When the Audit Committee proposes to convene;
- (vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, the securities regulatory authorities and stock exchanges of the Company's stock listing place, or the Articles of Association.

Convening of Shareholders' Meeting

The Board of Directors shall convene the Shareholders' meeting within the prescribed time limit.

With the consent of more than half of all independent non-executive Directors, independent non-executive Directors have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting. The Board of Directors shall, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within 10 days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution; if the Board of Directors does not agree to convene an extraordinary Shareholders' meeting, it shall explain the reasons and make an announcement.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and shall submit the proposal in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, provide written feedback on whether to agree to convene an extraordinary Shareholders' meeting within 10 days of receiving the proposal. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution, and any changes to the original proposal in the notice shall be agreed upon by the Audit Committee. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within 10 days of receiving the proposal, it shall be deemed that the Board of Directors is unable or unwilling to perform its duties of convening the Shareholders' meeting, and the Audit Committee may convene and preside over the meeting on its own.

Shareholders who individually or jointly hold more than 10% of the Company's total share capital have the right to request the Board of Directors to convene an extraordinary Shareholders' meeting and add a proposal to the agenda of the Shareholders' meeting and shall submit the request in writing to the Board of Directors. The Board of Directors shall, in accordance with laws, administrative regulations, and the Articles of Association, provide written feedback within 10 days after receiving the request, indicating whether it agrees or disagrees to convene the extraordinary Shareholders' meeting. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of making the board resolution, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Board of Directors does not agree to convene an extraordinary Shareholders' meeting or fails to provide feedback within 10 days of receiving the request, shareholders who individually or jointly hold more than 10% of the Company's total share capital have the right to propose to the Audit Committee to convene an extraordinary Shareholders' meeting and shall submit the request in writing to the Audit Committee. If the Audit Committee agrees to convene an extraordinary Shareholders' meeting, it shall issue a notice of the Shareholders' meeting within 5 days of receiving the request, and any changes to the original request in the notice shall be agreed upon by the relevant shareholders. If the Audit Committee fails to issue the notice of the Shareholders' meeting within the prescribed time limit, it shall be deemed that the Audit Committee is unable or unwilling to convene and preside over the Shareholders' meeting, and shareholders holding more than 10% of the Company's total share capital separately or jointly for more than 90 consecutive days may convene and preside over the meeting on their own.

If the Audit Committee or shareholders who individually or jointly hold more than 10% of the Company's total share capital decide to convene the Shareholders' meeting on their own, they shall notify the Board of Directors in writing and file with the relevant competent authorities and the stock exchange on which the Company's shares are listed and traded in accordance with the applicable laws and regulations (if required). Before the announcement of the Shareholders' meeting resolution, the total shareholding ratio of the convening shareholders shall not be less than 10% of the total share capital. The Audit Committee or convening shareholders shall submit relevant proof materials to relevant competent authorities and the stock exchange on which the Company's shares are listed and traded in accordance with the applicable laws and regulations (if required) when issuing the notice of the Shareholders' meeting and the announcement of the Shareholders' meeting resolution.

For Shareholders' meetings convened by the Audit Committee or shareholders on their own, the Board of Directors and the board secretary shall cooperate. The Board of Directors shall provide the register of shareholders as of the record date.

The necessary expenses for the Shareholders' meeting convened by the Audit Committee or shareholders on their own shall be borne by the Company.

Proposals and Notices of the Shareholders' Meeting

The content of the proposals shall fall within the scope of the Shareholders' meeting's authority, have clear topics and specific resolution matters, and comply with the provisions of laws, administrative regulations, the securities regulatory authorities and stock exchanges of the Company's stock listing place, and the Articles of Association.

When the Company convenes a Shareholders' meeting, the Board of Directors, the Audit Committee, and shareholders holding more than 1% of the Company's total share capital separately or jointly have the right to submit proposals to the Company.

Shareholders holding more than 1% of the Company's total share capital separately or jointly may submit temporary proposals in writing to the convener 10 days before the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days of receiving the proposal, announce the content of the temporary proposal, and submit the temporary proposal to the Shareholders' meeting for review. However, temporary proposals that violate laws, administrative regulations, or the Articles of Association, or do not fall within the scope of the Shareholders' meeting's authority, shall be excluded.

Except for the circumstances stipulated in the preceding paragraph, the convener shall not modify the proposals already listed in the notice of the Shareholders' meeting or add new proposals after issuing the notice of the Shareholders' meeting.

Proposals not listed in the notice of the Shareholders' meeting or not in compliance with the Articles of Association shall not be voted on or resolved at the Shareholders' meeting.

The convener shall notify all shareholders 21 days before the annual Shareholders' meeting and 15 days before the extraordinary Shareholders' meeting.

The notice of the Shareholders' meeting shall include the following content:

- (i) The time, place, and duration of the meeting;
- (ii) The matters and proposals to be reviewed at the meeting;
- (iii) A clear statement that all shareholders are entitled to attend the Shareholders' meeting and may appoint a proxy in writing to attend the meeting and vote, and the proxy does not need to be a shareholder of the Company;
- (iv) The record date for shareholders entitled to attend the Shareholders' meeting (the interval between the record date for shareholders and the date of the Shareholders' meeting shall be no more than seven working days. Once the record date for shareholders is confirmed, it cannot be changed);
- (v) The name and telephone number of the standing contact person for the meeting;
- (vi) The time and procedure for voting by network or other means;
- (vii) Other requirements stipulated by laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association.

Holding of the Shareholders' Meeting

All shareholders registered on the record date or their proxies are entitled to attend the Shareholders' meeting, speak and vote in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association (unless individual shareholders are required to waive their voting rights on specific matters in accordance with the aforementioned rules).

Shareholders may attend Shareholders' Meetings in person or appoint a proxy to attend and vote on their behalf. Individual shareholders attending the meeting in person shall present their ID cards or other valid identification documents; if appointing a proxy to attend the meeting, they shall present their valid ID cards and a power of attorney for the shareholder.

Corporate shareholders shall be represented by the legal representative or a proxy authorized by the legal representative. The legal representative attending the meeting shall present their ID card and valid proof of their legal representative status; the proxy attending the meeting shall present their ID card and a written power of attorney issued by the legal representative of the corporate shareholder.

The power of attorney for appointing a proxy to attend the Shareholders' meeting shall specify the following content:

- (i) The name or title of the principal and the category and quantity of shares held;
- (ii) The name or title of the proxy;
- (iii) Specific instructions of the shareholder, including instructions to vote for, against, or abstain on each matter listed on the agenda of the Shareholders' meeting;
- (iv) The date of issuance and validity period of the power of attorney;
- (v) The signature (or seal) of the principal. If the principal is a corporate shareholder or a partnership shareholder, the corporate seal or the partnership seal shall be affixed.

If the power of attorney for proxy voting is signed by a person authorized by the principal, the authorization letter or other authorization documents shall be notarized. The notarized authorization letter or other authorization documents and the power of attorney for proxy voting shall be kept at the Company's domicile or another place designated in the notice of the meeting.

If the Shareholders' meeting requires Directors and senior management members to attend the meeting, the Directors and senior management members shall attend and accept shareholders' inquiries.

The Shareholders' meeting shall be presided over by the chairman of the Board of Directors. If the chairman is unable or unwilling to perform his duties, a Director elected by more than half of the Directors shall preside. The Shareholders' meeting convened by the Audit Committee shall be presided over by the convener of the Audit Committee. If the convener of the Audit Committee is unable or unwilling to perform his duties, an Audit Committee member elected by more than half of the Audit Committee members shall preside. The Shareholders' meeting convened by shareholders shall be presided over by the convener or a representative elected by the convener. If the meeting chairperson violates the rules of procedure during the Shareholders' meeting, making it impossible to continue the meeting, the Shareholders' meeting may elect a person to act as the meeting chairperson with the consent of more than half of the voting rights held by the shareholders present at the meeting, and continue the meeting.

Voting and Resolutions at the Shareholders' Meeting

Resolutions of the Shareholders' meeting are divided into ordinary resolutions and special resolutions. An ordinary resolution of the Shareholders' meeting shall be passed by more than half of the voting rights held by the shareholders (including shareholder proxies) present at the meeting. A special resolution of the Shareholders' meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including shareholder proxies) present at the meeting.

The following matters shall be passed by the Shareholders' meeting as ordinary resolutions:

- (i) The work report of the Board of Directors;
- (ii) The profit distribution plan and loss recovery plan proposed by the Board of Directors;

- (iii) The appointment and dismissal of board members and their remuneration and payment methods;
- (iv) Other matters except those that, as stipulated by laws, administrative regulations, the securities regulatory rules of the Company's stock listing place, or the Articles of Association, shall be passed by a special resolution.

The following matters shall be passed by the Shareholders' meeting as special resolutions:

- (i) The increase or decrease of the Company's registered capital;
- (ii) The division, split, merger, dissolution, and liquidation of the Company;
- (iii) Amendments to the Articles of Association;
- (iv) The Company's purchase or sale of major assets or provision of guarantees to others exceeding 30% of the Company's total assets as of the latest audited financial statements within one year;
- (v) Equity incentive plans;
- (vi) Variation or abrogation of the rights of class shareholders;
- (vii) Other matters stipulated by laws, administrative regulations, or the Articles of Association, as well as matters that the Shareholders' meeting deems to have a significant impact on the Company and require a special resolution.

Shareholders shall exercise their voting rights based on the number of voting shares they represent, with each share having one vote.

When the Shareholders' meeting reviews major matters affecting the interests of small and medium investors, the votes of small and medium investors shall be counted separately. The results of the separate vote count shall be disclosed in a timely manner.

The Company's own shares held by the Company do not have voting rights, and such shares shall not be counted in the total number of voting shares present at the Shareholders' meeting.

If a shareholder purchases the Company's voting shares in violation of the provisions of Article 63, Paragraphs 1 and 2 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after purchase and shall not be counted in the total number of voting shares present at the Shareholders' meeting.

The Company's Board of Directors, independent non-executive Directors, shareholders holding more than 1% of the voting shares, or investor protection institutions established in accordance with laws, administrative regulations, or the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall fully disclose specific voting intentions and other information to the solicited parties. It is prohibited to solicit shareholders' voting rights in a paid or disguised paid manner. Except for statutory conditions, the Company shall not impose a minimum shareholding ratio restriction on the solicitation of voting rights.

When the Shareholders' meeting reviews related party transactions, related shareholders shall not participate in the voting, and the number of voting shares they represent shall not be counted in the total number of valid votes; the announcement of the Shareholders' meeting resolution shall fully disclose the voting situation of non-related shareholders.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions on Directors

The Directors of the Company may include executive Directors and independent non-executive Directors.

Directors of the Company shall be individuals. A person with any of the following circumstances shall not serve as a Director of the Company:

- (i) Having no capacity for civil conduct or limited capacity for civil conduct;

- (ii) Having been sentenced to a criminal penalty for embezzlement, bribery, infringement of property, misappropriation of property, or disrupting the socialist market economic order, or having had his/her political rights deprived due to a crime, and less than 5 years have elapsed since the expiration of the execution period, or if on probation, less than 2 years have elapsed since the expiration of the probation period;
- (iii) Having served as a director, factory director, or manager of a company or enterprise undergoing bankruptcy liquidation and being personally liable for the bankruptcy of such company or enterprise, and less than 3 years have elapsed since the completion of the bankruptcy liquidation of such company or enterprise;
- (iv) Having served as the legal representative of a company or enterprise whose business license has been revoked or has been ordered to close down due to illegal activities and being personally liable, and less than 3 years have elapsed since the revocation of the business license or the order to close down of such company or enterprise;
- (v) Having a large-amount debt due but unpaid and being listed as a person subject to enforcement for bad credit by the people's court;
- (vi) Having been subject to measures restricting access to the securities market by the CSRC and the time limit has not expired;
- (vii) Having been subject to publicly recognized by the stock exchange as unsuitable to serve as a director, senior management, and so forth of a listed company for an unexpired period of time;
- (viii) Other circumstances stipulated by laws, administrative regulations, and departmental rules.

Elections or appointments of Directors that violate the provisions of this section shall be invalid. If a Director becomes subject to any of the circumstances listed in this section during their tenure, the Company shall terminate their position.

Directors shall be elected or replaced by the Shareholders' meeting and may be removed from their positions by an ordinary resolution of the Shareholders' meeting before the expiration of their term. The term of office for Directors is three years, and upon the expiration of their term, they may be re-elected.

The term of a Director is calculated from the date of assuming office until the expiration of the current Board of Directors' term. If the Directors are not timely re-elected upon the expiration of their term, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected Directors assume office. Subject to compliance with applicable laws, regulations, and regulatory rules in PRC and Hong Kong, any person appointed by the Board of Directors to fill a temporary vacancy or increase the number of Directors on the Board shall serve only until the first annual Shareholders' meeting after their appointment and shall be eligible for re-election at that time.

A Director may also hold the position of senior management positions, but the total number of Directors who also serve as senior management positions, as well as Directors who are employee representatives, shall not exceed half of the total number of Directors of the Company.

A Director may resign before the expiration of their term. A Director's resignation shall take effect on the date the Company receives the written resignation report, and the Company shall disclose the relevant information as soon as practicable (no later than 2 trading days). If the resignation of a Director results in the number of board members falling below the statutory minimum, the original Directors shall continue to perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, and the Articles of Association until the newly elected Directors assume office.

Board of Directors

The Board of Directors shall exercise the following powers and duties:

- (i) Convening the Shareholders' meeting and reporting to the Shareholders' meeting;
- (ii) Implementing the resolutions of the Shareholders' meeting;
- (iii) Deciding on the Company's business plans and investment proposals;

- (iv) Formulating the Company's profit distribution plans and loss recovery plans;
- (v) Formulating plans for the Company's increase or decrease of registered capital, issuance of bonds or other securities, and listing;
- (vi) Drafting plans for major acquisitions, repurchases of the Company's shares, mergers, divisions, dissolution, or changes in the Company's form;
- (vii) Deciding on matters such as external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related-party transactions, and external donations, within the scope authorized by the Shareholders' meeting;
- (viii) Deciding on the establishment of the Company's internal management structure;
- (ix) Deciding on the appointment or dismissal of the chief executive officer, secretary of the Board, and other senior management members, and determining their remuneration and reward (or punishment); based on the chief executive officer's nomination, deciding on the appointment or dismissal of the vice presidents, director of finance, and other senior management members, and determining their remuneration and reward (or punishment);
- (x) Formulating the Company's basic management systems;
- (xi) Drafting amendments to the Articles of Association;
- (xii) Managing the Company's information disclosure matters;
- (xiii) Proposing to the Shareholders' meeting the appointment or replacement of the accounting firm auditing the Company;
- (xiv) Listening to the work reports of the chief executive officer and reviewing the chief executive officer's work;
- (xv) Examining and approving the external guarantee matters other than those stipulated in Article 49 of the Articles of Association;
- (xvi) Examining and approving the transaction matters stipulated in Article 113 of the Articles of Association;
- (xvii) Examining and approving connected transaction matters that should be decided by the Board of Directors as stipulated by the Articles of Association or Administrative Measures on Connected Transactions;
- (xviii) Other powers and duties granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or the Shareholders' meeting.

The Board of Directors shall determine the authority for the Company's external investments, acquisition or disposal of assets, asset mortgages, external guarantees, entrusted wealth management, related party transactions, and external donations, and establish strict review and decision-making procedures. Major investment projects shall be evaluated by relevant experts and professionals and submitted to the Shareholders' meeting for approval.

The Board of Directors shall have one chairman. The chairman shall be elected by a majority vote of all Directors and shall serve a term of three years, with eligibility for reelection.

The chairman shall exercise the following powers and duties:

- (i) Presiding over the Shareholders' meeting and convening and presiding over board meetings;
- (ii) Supervising and inspecting the implementation of board resolutions;
- (iii) Other powers and duties granted by the Board of Directors.

The Board of Directors shall hold at least four meetings each year, convened by the chairman, with written notice provided to all Directors at least 14 days before the meeting. Shareholders representing more than one-tenth of the voting rights, one-third of the Directors, or the Audit Committee may propose the convening of an extraordinary board meeting. The chairman shall convene and preside over the board meeting within 10 days of receiving such a proposal.

Extraordinary board meetings shall be convened in writing or by email, with notice provided to all Directors at least three days before the meeting.

A board meeting shall require the attendance of more than half of the Directors to be valid. Resolutions of the Board of Directors shall require the approval of more than half of all Directors. Each Director shall have one vote in board resolutions.

If a Director has a relationship with the enterprise or individual involved in a board resolution, the Director shall promptly report in writing to the Board of Directors. The Director with such a relationship shall not vote on the resolution or act as a proxy for another Director to vote. The board meeting may proceed with the attendance of more than half of the non-related Directors, and resolutions shall require the approval of more than half of the non-related Directors. If the number of non-related Directors attending the board meeting is less than three, the matter shall be submitted to the Shareholders' meeting for review.

Board meetings shall be attended by Directors in person. If a Director is unable to attend, they may appoint another Director in writing to attend on their behalf. The written appointment shall specify the name of the proxy, the matters to be represented, the scope of authority, and the validity period, and shall be signed or sealed by the appointing Director. The proxy shall exercise the Director's rights within the scope of authority. If a Director does not attend the board meeting and does not appoint a proxy to attend, they shall be deemed to have waived their voting rights at that meeting.

Independent non-executive Directors

Independent non-executive Directors shall diligently perform their duties in accordance with laws, administrative regulations, the CSRC, the securities regulatory authorities and stock exchanges of the Company's stock listing place, and the Articles of Association. They shall play a role in decision-making, supervision, and professional consultation within the Board of Directors, safeguarding the overall interests of the Company and protecting the lawful rights and interests of minority shareholders.

Independent non-executive Directors must maintain independence. The following persons shall not serve as independent non-executive Directors:

- (i) Persons employed by the Company or its affiliated enterprises, as well as their spouses, parents, children, and close relatives;
- (ii) Natural persons who directly or indirectly hold more than 1% of the Company's issued shares or are among the top ten shareholders of the Company, as well as their spouses, parents, and children;
- (iii) Persons employed by shareholders who directly or indirectly hold more than 5% of the Company's issued shares or are among the top five shareholders of the Company, as well as their spouses, parents, and children;
- (iv) Persons employed by affiliated enterprises of the Company's Controlling Shareholders or actual controllers, as well as their spouses, parents, and children;
- (v) Persons who have significant business dealings with the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, or who are employed by entities that have significant business dealings with the Company, and their controlling shareholders or actual controllers;
- (vi) Persons who provide financial, legal, consulting, or underwriting services to the Company, its Controlling Shareholders, actual controllers, or their respective subsidiaries, including but not limited to project team members, reviewers, signatories, partners, Directors, senior management members, and principal responsible persons of intermediary institutions providing such services;
- (vii) Persons who have had any of the above-mentioned circumstances within the past 12 months;
- (viii) Other persons deemed not independent under laws, administrative regulations, the CSRC, the securities regulatory authorities and stock exchanges of the Company's stock listing place, or the Articles of Association.

Independent non-executive Directors shall conduct an annual self-assessment of their independence and submit the results to the Board of Directors. The Board of Directors shall annually evaluate the independence of incumbent independent non-executive Directors and issue a special opinion, which shall be disclosed together with the annual report.

The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all independent non-executive Directors:

- (i) Related party transactions that require disclosure;
- (ii) Proposals for the Company and related parties to change or waive commitments;
- (iii) Decisions and measures taken by the Board of Directors of an acquired listed company in response to the acquisition;
- (iv) Other matters stipulated by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Company shall establish a special meeting mechanism composed entirely of independent non-executive Directors. Matters such as related party transactions to be reviewed by the Board of Directors shall first be approved by the special meeting of independent non-executive Directors. The Company holds special meetings of independent non-executive Directors regularly or irregularly. Matters listed in items (i) to (iii) of paragraph 1 of Article 134 and Article 135 of the Articles of Association shall be reviewed by the special meeting of independent non-executive Directors. The special meeting of independent non-executive Directors may discuss other matters of the Company as needed.

The special meeting of independent non-executive Directors shall be convened and presided over by one independent non-executive Director jointly recommended by more than half of the independent non-executive Directors. If the convener fails to perform their duties or is unable to do so, two or more independent non-executive Directors may convene the meeting and recommend one representative to preside.

Special Committees under the Board

The Company's Board of Directors shall establish an Audit Committee, which shall exercise the powers and duties of the Board of Supervisors as stipulated in the PRC Company Law.

The Audit Committee shall comprise more than three members, all of whom must be non-executive directors, of whom the majority must be independent non-executive directors, at least one of whom must be an independent non-executive director with appropriate professional qualifications or appropriate accounting or related financial management expertise as required by the Hong Kong Listing Rules, with the chairperson (convener) being an independent non-executive Director with accounting expertise.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audits, and internal controls. The following matters shall be submitted to the Board of Directors for review after obtaining the approval of more than half of all Audit Committee members:

- (i) Disclosure of financial accounting reports and financial information in periodic reports, as well as internal control evaluation reports;
- (ii) Appointment or dismissal of the accounting firm auditing the listed company;
- (iii) Appointment or dismissal of the Company's director of finance;
- (iv) Changes in accounting policies, accounting estimates, or corrections of major accounting errors due to reasons other than changes in accounting standards;
- (v) Other matters stipulated by laws, administrative regulations, the CSRC, securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The Audit Committee shall hold at least one meeting per quarter. Extraordinary meetings may be convened upon the proposal of two or more members or if the chairperson deems it necessary. A meeting of the Audit Committee shall require the attendance of at least two-thirds of its members to be valid. Resolutions of the Audit Committee shall require the approval of more than half of its members. Each member shall have one vote in Audit Committee resolutions. Minutes of Audit Committee meetings shall be prepared, and attending members shall sign the minutes.

The working procedures of the Audit Committee shall be formulated by the Board of Directors.

The Board of Directors shall establish other special committees, such as the Nomination Committee, and the Remuneration and Appraisal Committee, which shall perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors. Proposals of these committees shall be submitted to the Board of Directors for review and decision. The working procedures of these special committees shall be formulated by the Board of Directors.

SENIOR MANAGEMENT MEMBERS

The Company shall have a general manager, also known as the chief executive officer, who shall be appointed or dismissed by the Board of Directors.

The chief executive officer, director of finance, and secretary of the Board shall constitute the senior management of the Company.

The provisions of the Articles of Association regarding the circumstances under which a person may not serve as a Director and the regulations on departure management shall also apply to senior management. The provisions of the Articles of Association regarding the fiduciary duties and diligence obligations of Directors shall also apply to senior management.

The chief executive officer shall be accountable to the Board of Directors and shall exercise the following powers and duties:

- (i) Presiding over the Company's production, operation, and management activities, implementing the resolutions of the Board of Directors, and reporting to the Board of Directors;
- (ii) Implementing the Company's annual business plans and investment proposals;
- (iii) Drafting proposals for the establishment of the Company's internal management structure;
- (iv) Drafting the Company's basic management systems;
- (v) Formulating the Company's specific regulations;
- (vi) Proposing to the Board of Directors the appointment or dismissal of the vice managers, director of finance and other senior management;
- (vii) Deciding on the appointment or dismissal of management personnel other than those whose appointment or dismissal is to be decided by the Board of Directors;
- (viii) The chairman of the Board of Directors or the chief executive officer examining and approving the transaction matters outside the scope of authority of the Board of Directors as stipulated in the Articles of Association in accordance with the authorization of the Board of Directors;
- (ix) Other powers and duties granted by the Articles of Association or the Board of Directors.

The chief executive officer shall attend meetings of the Board of Directors.

FINANCIAL ACCOUNTING SYSTEM, DISTRIBUTION OF PROFITS AND AUDIT

Financial Accounting System

The Company shall establish its financial accounting system in accordance with laws, administrative regulations, and the provisions of relevant national authorities.

Within four months after the end of each fiscal year, the Company shall submit and disclose its annual report to the local office of the CSRC (if necessary) and the stock exchange where the Company's shares are listed. Within two months after the end of the first half of each fiscal year, the Company shall submit and disclose its interim report to the local office of the CSRC (if necessary) and the stock exchange where the Company's shares are listed. The Company shall submit and disclose its quarterly report in accordance with the regulations of the stock exchange where the Company's shares are listed.

The Company shall not establish separate accounting books in addition to the statutory accounting books. The Company's assets shall not be stored in accounts opened in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of the profits to the Company's statutory reserve fund. If the cumulative amount of the Company's statutory reserve fund exceeds 50% of the Company's registered capital, the Company may cease to make further allocations. If the Company's statutory reserve fund is insufficient to cover the losses of previous years, the Company shall use the current year's profits to cover the losses before allocating the statutory reserve fund as stipulated above. After allocating the statutory reserve fund from the after-tax profits, the Company may also allocate a discretionary reserve fund from the after-tax profits upon a resolution of the Shareholders' meeting.

After covering losses and allocating reserve funds, the remaining after-tax profits shall be distributed according to the proportion of shares held by shareholders, unless otherwise stipulated in the Articles of Association. If the Shareholders' meeting violates the PRC Company Law by distributing profits to shareholders, the shareholders must return the profits distributed in violation of the regulations to the Company; if the Company suffers losses as a result, the shareholders and the responsible Directors and senior management shall bear the liability for compensation. The Company's own shares held by the Company shall not participate in the distribution of profits.

The Company's reserve funds shall be used to cover the Company's losses, expand the Company's production and operation, or convert into additional capital. When using reserve funds to cover the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be used first; if the losses cannot be fully covered, the capital reserve fund may be used in accordance with regulations. When converting the statutory reserve fund into additional registered capital, the remaining statutory reserve fund shall not be less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement an internal audit system, specifying the leadership structure, responsibilities and authorities, staffing, funding, application of audit results, and accountability for internal audit work.

The Company's internal audit system shall be implemented after approval by the Board of Directors and shall be disclosed to the public.

Appointment of Accounting Firms

The Company shall engage an accounting firm that complies with the Securities Law to conduct audits of financial statements, verification of net assets, and other related consulting services. The engagement term shall be one year and may be renewed.

The appointment or dismissal of an accounting firm shall be decided by the Shareholders' meeting. The Board of Directors shall not appoint an accounting firm before the decision of the Shareholders' meeting.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, accounting books, financial accounting reports, and other accounting materials, and shall not refuse, conceal, or misreport such materials.

The audit fees of the accounting firm shall be decided by the Shareholders' meeting.

When the Company dismisses or does not renew the engagement of an accounting firm, it shall notify the accounting firm 30 days in advance. When the Shareholders' meeting votes on the dismissal of an accounting firm, the accounting firm shall be allowed to present its opinions.

If the accounting firm resigns, it shall explain to the Shareholders' meeting whether there are any improper circumstances in the Company.

MERGER, DIVISION, CAPITAL INCREASE, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase, and Capital Reduction

The Company's merger can be in the form of an absorption merger or a consolidation merger. When one company absorbs other companies, it is an absorption merger, and the absorbed companies are dissolved. When two or more companies merge to form a new company, it is a consolidation merger, and all the merging companies are dissolved.

For a company merger, the merging parties shall sign a merger agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within 10 days from the date of adopting the merger resolution and make an announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may, within 30 days from the date of receiving the notice, or within 45 days from the date of the announcement if they have not received the notice, request the Company to pay off its debts or provide corresponding guarantees.

When the Company merges, the credits and debts of the merging parties shall be succeeded by the surviving company after the merger or the newly established company.

When the Company divides, its assets shall be divided accordingly. When the Company divides, it shall prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the division resolution and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days. The debts of the Company before the division shall be jointly assumed by the companies after the division, unless otherwise agreed in a written agreement between the Company and its creditors before the division.

When the Company needs to reduce its registered capital, it must prepare a balance sheet and a detailed inventory of assets. The Company shall notify its creditors within 10 days from the date of the Shareholders' meeting resolution on the capital reduction and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days. Creditors may request the Company to settle its debts or provide corresponding guarantees within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice.

When the Company merges or divides, and the registration matters change, it shall apply for a change of registration with the Company registration authority in accordance with the law; when a company is dissolved, it shall apply for cancellation of registration in accordance with the law; when a new company is established, it shall apply for establishment registration in accordance with the law. When the Company increases or reduces its registered capital, it shall apply for a change of registration with the Company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

- (i) The business term stipulated in the Articles of Association expires or other dissolution reasons stipulated in the Articles of Association arise;
- (ii) The Shareholders' meeting resolves to dissolve the Company;
- (iii) The Company needs to be dissolved due to a merger or division;
- (iv) The Company is legally revoked its business license, ordered to close, or revoked;
- (v) The Company's operation and management encounter serious difficulties, and its continued existence would cause significant losses to shareholders' interests, and no other solutions can be found. Shareholders holding 10% or more of the Company's total voting rights may request the people's court to dissolve the Company.

When the Company has the dissolution reasons mentioned above, it shall publicize the dissolution reasons through the National Enterprise Credit Information Publicity System within ten days.

If the Company has the circumstances mentioned in items (i) and (ii) above and has not yet distributed its assets to shareholders, it may continue to exist by amending its Articles of Association or through a resolution of the Shareholders' meeting. To amend the Articles of Association or pass a resolution of the Shareholders' meeting in accordance with the preceding paragraph, it must be approved by more than two-thirds of the voting rights held by shareholders present at the Shareholders' meeting.

If a company is dissolved due to the circumstances mentioned in items (i), (ii), (iv), and (v) above, it shall be liquidated. The Directors are the liquidation obligors and shall establish a liquidation group within 15 days from the date the dissolution reason arises to commence liquidation. The liquidation group shall consist of Directors, unless otherwise stipulated in the

Articles of Association or the Shareholders' meeting resolves to appoint others. If the liquidation obligors fail to perform their liquidation obligations in a timely manner, causing losses to the Company or creditors, they shall bear the liability for compensation.

During the liquidation period, the liquidation group shall exercise the following powers and duties:

- (i) Cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets;
- (ii) Notifying and announcing to creditors;
- (iii) Handling the Company's unfinished business related to the liquidation;
- (iv) Paying off the taxes owed and the taxes incurred during the liquidation process;
- (v) Cleaning up claims and debts;
- (vi) Distributing the remaining assets after the Company's debts are settled;
- (vii) Representing the Company in civil litigation activities.

The liquidation group shall notify creditors within 10 days from the date of its establishment and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 60 days. Creditors shall declare their claims to the liquidation group within 30 days from the date of receiving the notice or within 45 days from the date of the announcement if they have not received the notice. When declaring claims, creditors shall explain the relevant matters of the claims and provide supporting materials. The liquidation group shall register the claims.

During the claim declaration period, the liquidation group shall not settle claims with creditors.

After cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the Shareholders' meeting or the people's court for confirmation. After paying off the liquidation expenses, employees' wages, social insurance fees, and statutory compensation, paying off the taxes owed, and settling the Company's debts, the remaining assets shall be distributed to shareholders according to the proportion of shares held. During the liquidation period, the Company shall continue to exist but shall not engage in business activities unrelated to the liquidation. The Company's assets shall not be distributed to shareholders before being settled in accordance with the preceding paragraph.

After cleaning up the Company's assets and preparing a balance sheet and a detailed inventory of assets, if the liquidation group finds that the Company's assets are insufficient to settle its debts, it shall apply to the people's court for bankruptcy liquidation in accordance with the law. After the people's court accepts the bankruptcy application, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator designated by the people's court.

After the Company's liquidation is completed, the liquidation group shall prepare a liquidation report, submit it to the Shareholders' meeting or the people's court for confirmation, and submit it to the Company registration authority to apply for cancellation of the Company's registration.

If the Company is legally declared bankrupt, it shall implement bankruptcy liquidation in accordance with the relevant enterprise bankruptcy laws.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company shall amend the Articles of Association under the following circumstances:

- (i) After the PRC Company Law or relevant laws, administrative regulations, the provisions of the Articles of Association conflict with the amended laws, administrative regulations;
- (ii) The Company's circumstances change and are inconsistent with the matters recorded in the Articles of Association;
- (iii) The Shareholders' meeting resolves to amend the Articles of Association.

If the amendment of the Articles of Association passed by a resolution of the Shareholders' meeting requires approval by the competent authority, it shall be submitted to the competent authority for approval; if it involves company registration matters, the change of registration shall be processed in accordance with the law.

The Board of Directors shall amend the Articles of Association in accordance with the resolution of the Shareholders' meeting on the amendment of the Articles of Association and the approval opinions of the competent authority.

If the amendment of the Articles of Association involves information required to be disclosed by laws and regulations, it shall be announced in accordance with regulations.

A. FURTHER INFORMATION ABOUT OUR GROUP**1. Establishment of our Company**

Our Company was established under the laws of the PRC as a limited liability company on June 7, 2016 with an initial registered capital of RMB100,000. On November 15, 2024, our Company was converted to a joint stock company with limited liability under the PRC Company Law. As of the Latest Practicable Date, the registered share capital of our Company is RMB55,380,705.

We have established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong, and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on May 28, 2025. Ms. Jian Xuegen, one of our joint company secretaries, has been appointed as the authorized representatives for the acceptance of service of process and notice in Hong Kong. The address for service of process on our Company in Hong Kong is the same as our principal place of business in Hong Kong as set out above.

As our Company was incorporated in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of the relevant aspects of laws and regulations of the PRC and our Articles of Association is set out in "Regulatory Overview" and "Appendix IV — Summary of Articles of Association", respectively.

2. Changes in Share Capital of our Company

Save as disclosed in "History, Development and Corporate Structure — Our Group" and "History, Development and Corporate Structure — Pre-IPO Investments", there has been no alteration in our share capital within the two years immediately preceding the date of this prospectus.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in "History, Development and Corporate Structure" and Note 1 to the Accountants' Report as set out in Appendix I to this prospectus.

Save for (i) the increase of registered capital of WX BASiC from RMB400 million to RMB450 million in March 2026 and (ii) the increase of registered capital of SZ Packaging from RMB10 million to RMB210 million in July 2025 and the further increase to RMB310 million in December 2025, there has been no alteration or expected alternation in the share capital of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. Resolutions of our Shareholders in relation to the Global Offering

Pursuant to the resolutions passed at a duly convened general meeting of our Shareholders on May 10, 2025, it was resolved, among others:

- (a) the issue by our Company of H Shares of nominal value of RMB0.20 each and such H Shares to be listed on the Stock Exchange;
- (b) the number of H Shares to be issued pursuant to the Global Offering, and the grant to the Overall Coordinators of the Over-allotment Option of not more than 15% of the number of H Shares issued pursuant to the Global Offering;
- (c) the net proceeds from the Global Offering shall be applied for the purposes as disclosed in "Future Plans and Use of Proceeds";
- (d) subject to the CSRC's approval, upon completion of the Global Offering, 16,755,283 Domestic Unlisted Shares in aggregate of our Company will be converted into H Shares;
- (e) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association which shall become effective upon the Listing; and
- (f) authorization of our Board or its authorized persons to handle all matters relating to, among other things, the Global Offering and the Listing.

5. Restrictions on Repurchase

See “Appendix IV — Summary of Articles of Association” for details.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

- (a) the capital increase agreement dated April 25, 2025 entered into between our Company, Dr. Wang, Dr. He Weiwei, Zhongshan Investment Promotion and Development Fund of Funds (Limited Partnership)* (中山市招商引資發展母基金(有限合夥)) (currently known as Zhongshan Entrepreneur Development Fund of Funds (Limited Partnership)* (中山市創業發展母基金合夥企業(有限合夥))) (“**Zhongshan Fund**”), Zhongshan Torch High-Tech Equity Investment Partnership (Limited Partnership)* (中山火炬高新股權投資合夥企業(有限合夥)) (“**Torch High-Tech**”), Zhongshan Torch Huaying High-Tech Venture Investment Partnership (Limited Partnership)* 中山火炬華盈高新創業投資合夥企業(有限合夥) (“**Torch Huaying**”), Bronze Group, BASiC Innotech LP, BASiC Entrepreneur LP, BASiC Creation LP, BASiC Principle LP, BASiC Cretenjoy LP and ZS BASiC in respect of the subscription of RMB804,952, RMB590,298 and RMB214,654 registered capital in our Company at a consideration of RMB75 million, RMB55 million and RMB20 million, respectively, by Zhongshan Fund, Torch High-Tech, and Torch Huaying;
- (b) the capital increase agreement in respect of SZ Packaging dated May 23, 2025 entered into between our Company, Dr. Wang, Dr. He Weiwei, SZ NEV Fund, and SZ Packaging in respect of the subscription of RMB150 million and RMB150 million registered capital in SZ Packaging at a consideration of RMB150 million and RMB150 million, respectively, by our Company and SZ NEV Fund;
- (c) the capital increase agreement in respect of WX BASiC dated January 28, 2026 entered into between our Company, WX BASiC and WX Innovation in respect of the subscription of RMB50 million registered capital in WX BASiC at a consideration of RMB50 million by WX Innovation; and
- (d) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights of Our Group

(a) Patents

See “Business — Intellectual Property Rights” for registered patents which we consider to be or may be material to our business.

(b) Trademarks

As of the Latest Practicable Date, we were the registered owner of the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period (yyyy/mm/dd)
1. . .		9	PRC	76832425	Bronze Tech	2024/08/21 to 2034/08/20
2. . .	NB Semiconductor	9	PRC	66425874	Our Company	2023/08/28 to 2033/08/27
3. . .	NBS	9	PRC	66438909	Our Company	2023/05/07 to 2033/05/06

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period (yyyy/mm/dd)
4. . .	BASiC	9	PRC	64698945	Our Company	2023/02/14 to 2033/02/13
5. . .	P²cell	9	PRC	55741619	Our Company	2022/01/28 to 2032/01/27
6. . .	Pcell	9	PRC	55742250	Our Company	2022/03/07 to 2032/03/06
7. . .	Pcore	9	PRC	55754449	Our Company	2022/02/14 to 2032/02/13
8. . .		9	PRC	52330309	Our Company	2021/10/14 to 2031/10/13
9. . .	BASICSEMI	9	PRC	49896129	Our Company	2021/04/21 to 2031/04/20
10. . .		9	PRC	49894292	Our Company	2021/06/28 to 2031/06/27
11. . .	SmartMOS	9	PRC	32927198	Our Company	2019/09/28 to 2029/09/27
12. . .	UltraDiode	9	PRC	29761245	Our Company	2020/04/28 to 2030/04/27
13. . .	UltraMOS	9	PRC	29765634	Our Company	2020/02/07 to 2030/02/06
14. . .	BASICSEMI	9	Hong Kong	306779116	Our Company	2025/01/09 to 2035/01/08
15. . .		9	Hong Kong	306779125	Our Company	2025/01/09 to 2035/01/08
16. . .		9	Hong Kong	306779143	Our Company	2025/01/09 to 2035/01/08
17. . .		9	Hong Kong	306779792	Our Company	2025/01/10 to 2035/01/09
18. . .		9	Hong Kong	306779837	Our Company	2025/01/10 to 2035/01/09
19. . .		9	Hong Kong	306802830	Our Company	2025/02/07 to 2035/02/06
20. . .		9	Hong Kong	306802849	Our Company	2025/02/07 to 2035/02/06
21. . .		9	Hong Kong	306802821	Our Company	07/02/2025 to 06/02/2035

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period (yyyy/mm/dd)
22. .	 BASiC	9	Hong Kong	306907654	Our Company	22/05/2025 to 21/05/2035
23. .	 基本半导体	9	Hong Kong	306907663	Our Company	22/05/2025 to 21/05/2035
24. .	 基本	9	Hong Kong	306907726	Our Company	22/05/2025 to 21/05/2035
25. .	 基本半导体 BASIC Semiconductor	9	Hong Kong	306907735	Our Company	22/05/2025 to 21/05/2035
26. .	 BASiC Semiconductor	9	Hong Kong	306907753	Our Company	22/05/2025 to 21/05/2035

See “Continuing Connected Transactions — Fully-Exempt Continuing Connected Transactions — Trademark Licensing Agreement” for trademarks which we consider to be or may be material to our business. Further details are set out below:

No.	Trademark	Class	Place of Registration	Registration No.	Registered Owner	Validity Period (yyyy/mm/dd)
1. . .	青铜剑	35	PRC	11764227	Bronze Group	2024/04/28 to 2034/04/27
2. . .	青铜剑	36	PRC	11764455	Bronze Group	2024/04/28 to 2034/04/27
3. . .	青铜剑	42	PRC	11764443	Bronze Group	2024/04/28 to 2034/04/27
4. . .	青铜剑	9	PRC	7946782	Bronze Group	2021/03/07 to 2031/03/06
5. . .		9	PRC	11348610	Bronze Group	2024/01/14 to 2034/01/13

(c) *Copyrights*

As of the Latest Practicable Date, we were the registered owner of the following copyrights in the PRC which we consider to be or may be material to our business:

No.	Copyright Name	Owner	Copyright Number	Place of Registration
1. . .	BASiC Motor Host Computer Monitoring Software [Abbreviation: BASiC Motor Monitoring Software] Software V1.0 (深圳基本半導體電機上位機監控軟件[簡稱：深圳基本半導體電機監控軟體] V1.0)	Our Company	2024SR0415621	PRC

No.	Copyright Name	Owner	Copyright Number	Place of Registration
2. . .	Bronze Tech IGBT Driver Tester Software V1.0 (青銅劍科技IGBT驅動器測試機軟件V1.0)	Bronze Tech	2019SR1148426	PRC
3. . .	Bronze Tech IGBT Driver Tester Software V2.0 (青銅劍科技IGBT驅動器測試機軟件V2.0)	Bronze Tech	2019SR1131478	PRC

(d) Domain Names

As of the Latest Practicable Date, we had registered the following domain names which we consider to be or may be material to our business:

No.	Domain	Owner	Expiry Date (yyyy/mm/dd)
1. . . .	<u>www.basicsemi.com</u>	Our Company	2028/03/04
2. . .	<u>qtjtec.com</u>	Bronze Tech	2027/10/22
3. . .	<u>qtjtech.com</u>	Bronze Tech	2026/10/09
4. . .	<u>basicsemi.co.jp</u>	Our Company	2026/10/09

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Particulars of Directors' Service Contracts

Each of our Directors has entered into a service contract with our Company for an initial term of three years. The service contracts are subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

Save as disclosed above, none of our Directors has entered, or has proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation other than statutory compensation).

2. Remuneration of Directors

Save as disclosed in “Directors and Senior Management” and Note 8 to the Accountants' Report, no Director received other remuneration or benefits in kind from our Company in 2023, 2024 and 2025.

3. Disclosure of interests

(a) Disclosure of interests of Directors and chief executive of our Company

Save as disclosed below, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised), so far as our Directors are aware, none of our Directors or chief executive has any interests or short positions in our Shares, underlying shares and debentures of our Company or any associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(i) Interests in our Company

Name of Shareholder	Nature of interest	As of the date of this prospectus		Immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised)	
		Number of Domestic Unlisted Shares	Shareholding percentage (Approximate %)	Number of Shares	Shareholding percentage (Approximate %)
Dr. Wang ⁽¹⁾	Interest in controlled corporation	127,320,916	45.98%	123,034,655 H Shares	40.43
				4,286,261 Domestic Unlisted Shares	1.41
					41.84

Notes:

(L) All the interests stated are long positions.

- (1) Dr. Wang is deemed to be interested in the Shares held by (i) Bronze Group due to his direct interests, the interests held by Bronze Holding LP (in which he serves as the general manager), his concert party arrangement with InteBridge Tech, and the interests of his mother, Ms. Wang Yongmiao (王永苗); and (ii) BASiC Principle LP, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP, and BASiC Entrepreneur LP and BASiC Original LP due to his role as the general partner in each of the aforesaid entities under the SFO.

*(b) Disclosure of interests of substantial shareholders**(i) Interests in our Company*

Save as disclosed in “Substantial Shareholders”, immediately following the completion of the Global Offering and assuming that the Over-allotment Option is not exercised, our Directors are not aware of any person (not being a Director or chief executive of our Company) who will have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying the rights to vote in all circumstances at general meetings of our Company.

(ii) Interests in other members of our Group

As of the Latest Practicable Date, so far as our Directors are aware, the following persons (other than our Directors or chief executive of our Company) were interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of other member of our Group:

Name of our subsidiary	Name of interested party	Nature of Interest	Shareholding percentage in subscribed capital contribution in the associated corporation (Approximate %)
BASiC Zhongke LP	Nanjing Pukou Development Zone High-Tech Investment Co., Ltd.* (南京浦口 開發區高科技投資有 限公司)	Beneficial owner	30.0

4. Agency Fees or Commissions Received

Save as disclosed in “Underwriting”, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital or security of any member of our Group.

5. Disclaimers

- (a) save as disclosed in “Substantial Shareholders” and this appendix, none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules once the H Shares are listed;
- (b) save as disclosed in “Continuing Connected Transactions” and “Relationship with Our Controlling Shareholders”, none of our Directors or any of the experts referred to under “E. Other Information — 12. Qualification of Experts” in this appendix is:
 - (i) interested in our promotion, or in any assets which have been, within two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group; or
 - (ii) materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to our business; and
- (c) none of our Directors or their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. EMPLOYEE SHAREHOLDING PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP were established as our employee shareholding platforms. As of the Latest Practicable Date, BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP held approximately 6.38%, 4.33%, 4.15% and 3.52% of our total issued Shares, respectively. BASiC Innotech LP and BASiC Entrepreneur LP are governed by their respective partnership agreements, while BASiC Createnjoy LP and BASiC Creation LP are governed by their respective incentive schemes. None of these partnership agreements or incentive schemes are subject to the provisions of Chapter 17 of the Listing Rules, as they do not involve the grant of new Shares or awards by the Company after the Listing.

1. BASiC Createnjoy Plan**(a) Purposes**

Pursuant to the employee share incentive scheme adopted on May 10, 2025 (the “**BASiC Createnjoy Plan**”), the purposes of the BASiC Createnjoy Plan are to:

- (i) strengthen corporate governance and incentive mechanisms to cultivate a strong sense of responsibility and mission among the management team and key employees, and
- (ii) promote the sustainable and profitable development of the company.

(b) Eligible Participants

Eligible participants shall be employees of our Group and are determined after taking into account their position, years of service and performance. Eligible participants under the BASiC Cretenjoy Plan include: (i) management staff such as deputy director, senior manager, senior chief accountant, senior chief engineer or above who has served our Group for not less than 6 months, (ii) mid-level staff such as assistant specialist, assistant accountant, team leader, senior operator, engineer or above who has served our Group for not less than a year, and (iii) support staff including warehouse manager, operator or above who has served our Group for not less than three years.

(c) Adjustments

In the event of any capital reserve conversion into Shares of the Company, the number of the awarded Shares indirectly held by the participants through BASiC Cretenjoy LP will be adjusted accordingly.

(d) Lock-up

Participants of the BASiC Cretenjoy Plan are subject to lock-up period pursuant to the applicable PRC laws and the Listing Rules commencing on the date of the BASiC Cretenjoy Plan and ending on the expiry of 12 months following the Listing Date. During this period, participants may not transfer, pledge, or use the shares as collateral.

(e) Treatment under Special Circumstances

If a participant (i) resigns voluntarily, (ii) passes away, (iii) violates any applicable laws and regulations or the employment contract, or (iv) is dismissed due to any misconduct or negligence, the general partner of BASiC Cretenjoy LP or any person designated by the general partner of BASiC Cretenjoy LP has the right to repurchase all awards held by the participant.

2. BASiC Creation Plan

(a) Purposes

Pursuant to the employee share incentive scheme adopted on May 10, 2025 (the “**BASiC Creation Plan**”), the purposes of the BASiC Creation Plan are to enhance corporate governance and establish a structured long-term incentive system. It aims to strengthen the sense of responsibility and mission among the management and core staff, promote stable growth, and support the company’s long-term strategic goals.

(b) Eligible Participants

Eligible participants shall be employees of our Group who have held positions of manager or chief engineer or above for at least one year, or any employee who is deemed eligible by the general partner of the BASiC Creation LP.

(c) Adjustment

In the event of any capital reserve conversion into Shares of the Company, the number of the awarded Shares indirectly held by the participants through BASiC Creation LP will be adjusted accordingly.

(d) Lock-up

Participants of the BASiC Creation Plan are subject to lock-up period pursuant to the applicable PRC laws and the Listing Rules commencing on the date of the BASiC Creation Plan and ending on the expiry of 12 months following the Listing Date. During this period, participants may not transfer, pledge, or use the shares as collateral.

(e) *Treatment under Special Circumstances*

If a participant (i) resigns voluntarily, (ii) passes away, (iii) violates any applicable laws and regulations or the employment contract, or (iv) is dismissed due to any misconduct or negligence, the general partner of BASiC Creation LP or any person designated by the general partner of BASiC Creation LP has the right to repurchase all awards held by the participant.

3. BASiC Innotech Plan

(a) *Purposes*

Pursuant to the partnership agreement of BASiC Innotech LP dated September 23, 2020 and the supplemental partnership agreements dated December 1, 2020 and May 10, 2025 (the “**BASiC Innotech Plan**”), the BASiC Innotech Plan was established to collaborate on technical consulting, services and related work.

(b) *Administration*

The general partner has been authorized to act as the scheme administrator, and has the authority to, among others, determine the eligible participants of the scheme, the number of shares to be granted, the grant price, and the repurchase of shares from grantees. The general partner is authorized to represent BASiC Innotech LP at our Company’s shareholders’ meetings and to independently exercise voting rights.

(c) *Lock-up*

Participants of the BASiC Innotech Plan are subject to lock-up period pursuant to the applicable PRC laws and the Listing Rules ending on the expiry of 12 months following the Listing Date. During this period, participants may not transfer, pledge, or use the shares as collateral.

(d) *Treatment under Special Circumstances*

If a participant passes away, the general partner of BASiC Innotech LP or any person designated by the general partner of BASiC Innotech LP has the right to repurchase all awards held by the participant.

4. BASiC Entrepreneur Plan

(a) *Purposes*

Pursuant to the partnership agreement of BASiC Entrepreneur LP dated July 8, 2020 and the supplemental partnership agreements dated July 8, 2020 and May 10, 2025 (the “**BASiC Entrepreneur Plan**”), the BASiC Entrepreneur Plan was established to collaborate on consulting, services and related work.

(b) *Administration*

The general partner has been authorized to act as the scheme administrator, and has the authority to, among others, determine the eligible participants of the scheme, the number of shares to be granted, the grant price, and the repurchase of shares from grantees. The general partner is authorized to represent BASiC Entrepreneur LP at our Company’s shareholders’ meetings and to independently exercise voting rights.

(c) *Lock-up*

Participants of the BASiC Entrepreneur Plan are subject to lock-up period pursuant to the applicable PRC laws and the Listing Rules ending on the expiry of 12 months following the Listing Date. During this period, participants may not transfer, pledge, or use the shares as collateral.

(d) Treatment under Special Circumstances

If a participant passes away, the general partner of BASiC Entrepreneur LP or any person designated by the general partner of BASiC Entrepreneur LP has the right to repurchase all awards held by the participant.

5. Details of the awards granted

Details of the participants of our employee shareholding platforms as of the date of this prospectus are set out as follows:

			As of the date of this prospectus	
Name of participants	Position(s) held within our Group	Shareholding Platforms	Approximate number of Shares corresponding to the interests held in the relevant platform	Approximate shareholding percentage in the total number of Shares in issue corresponding to the interests held in the relevant platform
Directors				
Dr. Wang Zhihan (汪之涵)	Founder, chairman of the Board and executive Director	BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP	16,333,947	5.90%
Dr. He Weiwei (和巍巍)	Executive Director and chief executive officer	BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP	7,878,143	2.85%
Mr. Fu Junyin (傅俊寅)	Executive Director	BASiC Createnjoy LP, BASiC Creation LP	2,259,679	0.82%
Ms. Yan Rui (閆瑞)	Executive Director and director of supply chain	BASiC Createnjoy LP, BASiC Creation LP	213,654	0.08%
Senior management				
Mr. Zhang Yongkun (張永坤)	Director of finance	BASiC Createnjoy LP, BASiC Creation LP	228,105	0.08%
Mr. Zhang Yu (張煜)	Secretary of the Board and joint company secretary	BASiC Createnjoy LP, BASiC Entrepreneur LP	402,724	0.15%
Other participants				
Other 163 participants . . .	Employees and former employees	BASiC Createnjoy LP, BASiC Innotech LP, BASiC Creation LP and BASiC Entrepreneur LP	23,598,888	8.52%
Total			50,915,140	18.39%

Note: For illustrating the indirect interests of grantees in our Company, the number of Shares are presented and calculated by multiplying their respective percentage of limited partnership interests by the total number of Shares held by the relevant employee shareholding platforms.

E. OTHER INFORMATION

1. Estate Duty

We have been advised that no material liability for estate duty under the PRC law is likely to fall upon the Group.

2. Litigation

Except as disclosed in “Business — Legal Proceedings and Compliance”, as of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against any member of our Group, that would have a material adverse effect on our Group’s results of operations or financial condition, taken as a whole.

3. Application for Listing

The Joint Sponsors have made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, (i) the Domestic Unlisted Shares to be converted into H Shares; and (ii) the H Shares to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

4. Joint Sponsors’ Independence

As the fair value of the shareholding of a director of the holding company (i.e., Sinolink Securities Co., Ltd.* (國金證券股份有限公司)) of Sinolink Securities (Hong Kong) Company Limited in the Company exceeds HK\$5 million, Sinolink Securities (Hong Kong) Company Limited does not satisfy the independence criteria applicable to sponsor set out in Rule 3A.07 of the Listing Rules.

BOCI Asia Limited satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The aggregate sponsor fees payable to the Joint Sponsors in connection with the Listing by our Company is USD0.8 million.

5. Compliance Advisor

Our Company has appointed Rainbow Capital (HK) Limited as our compliance advisor in compliance with Rules 3A.19 and 19A.05 of the Listing Rules.

6. Preliminary Expenses

As of the Latest Practicable Date, our Company had not incurred material preliminary expenses.

7. Promoter

See “History, Development and Corporate Structure” for details of our promoters when we were established as a joint stock limited company.

Save as disclosed in “History, Development and Corporate Structure”, within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit have been paid, allotted or given or have been proposed to be paid, allotted or given to the above promoter in connection with the Global Offering or related transactions herein.

8. Consents of Experts

Each of the experts as referred to in “E. Other Information — 12. Qualification of Experts” in this appendix has given and has not withdrawn its consent to the issuance of this prospectus with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

9. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. Bilingual document

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

This prospectus is written in the English language and contains a Chinese translation for information purposes only. Should there be any discrepancy between the English language of this prospectus and the Chinese translation, the English language version of this prospectus shall prevail.

11. Taxation of Holders of H Shares

(a) Hong Kong

The sale, purchase and transfer of H Shares are subject to Hong Kong stamp duty if such sale, purchase and transfer are affected on the H Share register of members of our Company, including in circumstances where such transactions are effected on the Stock Exchange. The current rate of Hong Kong stamp duty for such sale, purchase and transfer is 0.1% of the consideration or, if higher, the fair value of the H Shares being sold or transferred.

(b) Consultation with Professional Advisers

Intending holders of the H Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the H Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of H Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the H Shares or exercise of any rights attaching to them.

12. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained herein:

Name	Qualifications
Sinolink Securities (Hong Kong) Company Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
BOCI Asia Limited	A licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO
King & Wood	Legal advisers as to PRC laws and international sanctions
JunZeJun Law Offices	PRC litigation counsel

Name	Qualifications
Ernst & Young	Certified Public Accountants and Registered Public Interest Entity Auditor
Frost & Sullivan	Independent industry consultant

13. No Material Adverse Change

Our Directors believe that there has been no material adverse change in the financial or trading position since December 31, 2025 (being the date to which the latest audited consolidated financial statements of the Group were prepared).

14. Miscellaneous

- (a) Save as disclosed in “History, Development and Corporate Structure”, within the two years immediately preceding the date of this prospectus, our Company has not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (c) our Company has not issued nor agreed to issue founder, management or deferred shares or any deferred debentures;
- (d) our Company has no outstanding convertible debt securities or debentures;
- (e) within the two years immediately preceding the date of this prospectus, no commission, discount, brokerage or other special term has been granted or agreed to be granted in connection with the issue or sale of any capital of our Company or any of our subsidiaries;
- (f) within the two years immediately preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription for any share in or debentures of our Company;
- (g) there is no arrangement under which future dividends are waived or agreed to be waived;
- (h) there has been no interruption in our business which may have or have had a significant effect on the financial position in the last 12 months; and
- (i) our Company is not presently listed on any stock exchange or traded on any trading system.

APPENDIX VI DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES AND AVAILABLE ON DISPLAY

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the material contracts referred to in “B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix V to this prospectus; and
- (b) the written consents referred to in “E. Other Information — 8. Consents of Experts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be available on display on the website of our Company at www.basicsemi.com and on the website of the Stock Exchange at www.hkexnews.hk during a period of 14 days from the date of this prospectus:

- (a) the Articles of Association;
- (b) the accountants’ report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;
- (c) the audited consolidated financial statements of our Group for the years ended December 31, 2023, 2024 and 2025;
- (d) the unaudited pro forma financial information of our Group from Ernst & Young, the text of which is set forth in Appendix II to this prospectus;
- (e) the industry report issued by Frost & Sullivan, our industry consultant;
- (f) the PRC legal opinions issued by King & Wood, our PRC Legal Adviser;
- (g) the memorandum of advice issued by King & Wood, our legal advisers as to international sanctions;
- (h) the PRC legal opinion issued by JunZeJun Law Offices, our legal advisers as to an ongoing PRC litigation;
- (i) the material contracts referred to in “B. Further Information about Our Business — 1. Summary of Material Contracts” in Appendix V to this prospectus;
- (j) the service contracts referred to in “C. Further Information about Our Directors and Substantial Shareholders — 1. Particulars of Directors’ Service Contracts” in Appendix V to this prospectus;
- (k) the written consents referred to in “E. Other Information — 8. Consents of Experts” in Appendix V to this prospectus; and
- (l) the PRC Company Law, and the Trial Measures for the Administration on Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof.

