**China International Capital Corporation Hong Kong Securities Limited**
29/F, One International Finance Centre
1 Harbour View Street
Central, Hong Kong

March 20, 2026

**The Board of Directors**

**Epiworld International Co., Ltd.**
**(瀚天天成电子科技(厦门)股份有限公司)**
No. 198-1, East 2nd Road
Tongxiang High-tech City
Torch Hi-tech Zone
Xiamen, Fujian
PRC

Dear Sirs,

**Re: Consent to the Issue of the Prospectus of Epiworld International Co., Ltd. (瀚天天成电子科技(厦门)股份有限公司) (the "Company") in connection with the Global Offering**

We, China International Capital Corporation Hong Kong Securities Limited, as the sole sponsor in respect of the proposed global offering and listing of the H shares of the Company (the "**Global Offering**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), refer to the prospectus of the Company dated March 20, 2026 (the "**Prospectus**") in connection with the Global Offering.

We hereby give, and confirm we have not withdrawn, (i) our written consent to the issue of the Prospectus by the Company, with the inclusion therein of, and all references thereto, our name, qualifications and opinions, in the form and context in which they respectively appear in the Prospectus; and (ii) our consent to include a statement of the aforesaid in the Prospectus.

We hereby consent to a copy of this letter being made available for display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display – Documents Available on Display" in Appendix VI to the Prospectus. We also consent to a copy of this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of the registration of the Prospectus.

*[Signature pages to follow]*

Very truly yours,

By: CHINA INTERNATIONAL CAPITAL CORPORATION
HONG KONG SECURITIES LIMITED

By: _____

Name: Chen Ding
Title: Executive Director

**Jingtian & Gongcheng**
34/F, Tower 3, China Central Place, 77 Jianguo Road
Chaoyang District, Beijing, China

**The Board of Directors**

**Epiworld International Co., Ltd.**
**(瀚天天成电子科技(厦门)股份有限公司)**
No. 198-1, East 2nd Road
Tongxiang High-tech City
Torch Hi-tech Zone
Xiamen, Fujian
PRC

March 20 , 2026

Dear Sirs,

**Re: Consent to the Issue of the Prospectus of Epiworld International Co., Ltd. (瀚天天成电子科技(厦门)股份有限公司) (the "Company") in connection with the Global Offering**

We, Jingtian & Gongcheng, refer to the proposed global offering and listing of the H shares of the Company (the "**Global Offering**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the prospectus of the Company dated March 20, 2026 (the "**Prospectus**") in connection with the Global Offering.

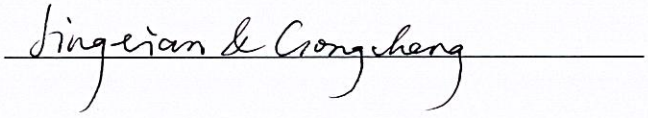
We hereby give, and confirm that we have not withdrawn, our written consent (i) to the issue of the Prospectus by the Company, with the inclusion of all references to our name and our legal opinions and matters advised by us in respect of, among other things, the general corporate matters and property interests of the Company and its subsidiaries in the area of People's Republic of China and under the law of the People's Republic of China (the "**Legal Opinions**") in the form and context in which they respectively appear in the Prospectus.

We hereby consent to a copy of this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of the registration of the Prospectus.

We also hereby consent to copies of our Legal Opinions and this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VI to the Prospectus.

*[Signature page to follow]*

For and on behalf of
**Jingtian & Gongcheng**



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

The Board of Directors

Epiworld International Co., Ltd.
瀚天天成电子科技（厦门）股份有限公司
No. 198-1, East 2nd Road
Tongxiang High-tech City
Torch Hi-tech Zone
Xiamen, Fujian
PRC

20 March 2026
Our ref: 082819/IP1224/0320

Dear Sirs

**Epiworld International Co., Ltd. (the "Company")**
**Consent letter**

We refer to the prospectus dated 20 March 2026 (the "Prospectus") in connection with the proposed initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited, a final proof of which is attached and initialled by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our accountants' report dated 20 March 2026 on the historical financial information for the years ended 31 December 2022, 2023 and 2024 and nine months ended 30 September 2025 and our assurance report dated 20 March 2026 on the unaudited pro forma financial information as at 30 September 2025 in the Prospectus, and the references to our name in the form and context in which they are included.

Yours faithfully
BDO Limited

AKL/OHL/el (Project Solis - Consent Letter)

Encl.

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

# 瀚天天成电子科技（厦门）股份有限公司

# Epiworld International Co., Ltd.

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

**Stock Code : 2726**

## GLOBAL OFFERING

Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager

CICC 中金公司

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

ICBC 工银国际　东方证券 DFZQ 國際

Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers

ABCI 農銀國際　華升證券　富途證券 FUTU Securities International　建银国际 CCB International

Joint Bookrunners and Joint Lead Managers

道口證券　興證國際　富澤國際　金利豐證券 Kingston Securities　元宇宙(國際)證券

**IMPORTANT:** If you are in any doubt about any of the contents of this Prospectus, you should obtain independent professional advice.

# Epiworld International Co., Ltd.

# 瀚天天成电子科技(厦门)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** | : | **21,492,050 H Shares** |
| **Number of Hong Kong Offer Shares** | : | **2,149,250 H Shares (subject to reallocation)** |
| **Number of International Offer Shares** | : | **19,342,800 H Shares (subject to reallocation)** |
| **Offer Price** | : | **HK$76.26 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, subject to refund)** |
| **Nominal value** | : | **RMB1.00 per H Share** |
| **Stock code** | : | **2726** |

*Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner and Joint Lead Manager*

CICC 中金公司

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

ICBC 工银国际　东方证券 DFZQ 國際

*Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers*

ABCI 農銀國際　華升證券　富途證券 FUTU Securities International　建银国际 CCB International

*Joint Bookrunners and Joint Lead Managers*

道口證券　興證國際　富瀚國際　金利豐證券 Kingston Securities

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 the section headed "Documents Delivered to the Registrar of Companies in Hong Kong 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 will be HK$76.26 per Offer Share, unless otherwise announced. Applicants for the Hong Kong Offer Shares may be required to pay (subject to application channels), on application, the Offer Price of HK$76.26 for each Hong Kong Offer Share together with brokerage fee of 1.0%, SFC transaction levy of 0.0027%, the AFRC transaction levy of 0.00015% and Hong Kong Stock Exchange trading fee of 0.00565%.

The Sponsor-Overall Coordinator, on behalf of the Underwriters, may, where considered appropriate and with the Company's consent, reduce the number of Hong Kong Offer Shares and/or the Offer Price which is 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 a case, an announcement will be published on the website of our Company at **http://www.epiworld.com.cn/** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** and the offer will be canceled and relaunched at the revised number of Offer Shares and/or the revised Offer Price in accordance with the requirements under Rule 11.13 of the Listing Rules (which include the issue of a supplemental or a new prospectus (as appropriate)) 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 the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this Prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sponsor-Overall Coordinator (on behalf of the Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. Please refer to the section headed "Underwriting" in this Prospectus.

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.

**ATTENTION**

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this Prospectus to the public in relation to the Hong Kong Public Offering. This Prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** and our website at **http://www.epiworld.com.cn/**. If you require a printed copy of this Prospectus, you may download and print from the website addresses above.

HLB LIMITED 香港立信德豪會計師事務所有限公司

March 20, 2026

## 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 printed copies of this prospectus in relation to the Hong Kong Public Offering.**

**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 http://www.epiworld.com.cn/. You may download and print from these website addresses if you want a printed copy of this prospectus.**

The Company 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 prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

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

(1) apply online via 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 an 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 stated above.

Please refer to the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 50 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as 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 Hong Kong Offer Share 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.

**Epiworld International Co., Ltd.**
**(HK$76.26 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$* | | *HK$* |
| 50 | 3,851.46 | 700 | 53,920.36 | 5,000 | 385,145.41 | 200,000 | 15,405,816.42 |
| 100 | 7,702.91 | 800 | 61,623.27 | 6,000 | 462,174.49 | 300,000 | 23,108,724.64 |
| 150 | 11,554.37 | 900 | 69,326.17 | 7,000 | 539,203.57 | 400,000 | 30,811,632.85 |
| 200 | 15,405.81 | 1,000 | 77,029.08 | 8,000 | 616,232.66 | 500,000 | 38,514,541.06 |
| 250 | 19,257.27 | 1,500 | 115,543.62 | 9,000 | 693,261.74 | 600,000 | 46,217,449.25 |
| 300 | 23,108.72 | 2,000 | 154,058.17 | 10,000 | 770,290.82 | 700,000 | 53,920,357.46 |
| 350 | 26,960.18 | 2,500 | 192,572.71 | 20,000 | 1,540,581.64 | 800,000 | 61,623,265.68 |
| 400 | 30,811.63 | 3,000 | 231,087.25 | 30,000 | 2,310,872.46 | 900,000 | 69,326,173.89 |
| 450 | 34,663.09 | 3,500 | 269,601.79 | 40,000 | 3,081,163.29 | 1,074,600(1) | 82,775,451.62 |
| 500 | 38,514.54 | 4,000 | 308,116.33 | 50,000 | 3,851,454.10 | | |
| 600 | 46,217.46 | 4,500 | 346,630.87 | 100,000 | 7,702,908.21 | | |

(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 such an application is liable to be rejected.

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **http://www.epiworld.com.cn/**.*

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Friday, March 20, 2026

Latest time for completing electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**[2] . . . . . 11:30 a.m. on Wednesday, March 25, 2026

Application lists of the Hong Kong Public Offering open[3] . . . . . 11:45 a.m. on Wednesday, March 25, 2026

Latest time to (a) completing payments of **White Form eIPO** applications by effecting internet banking transfer(s) and (b) giving **electronic application instructions** to HKSCC[4] . . . . . 12:00 noon on Wednesday, March 25, 2026

If you are instructing your broker or custodian who is a HKSCC Participant and will submit electronic application instruction on your behalf through HKSCC's FINI system in accordance with your instruction, you are advised to contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

Application lists of the Hong Kong Public Offering close[3] . . . . . 12:00 noon on Wednesday, March 25, 2026

Announcement of the level of indications 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 to be published on the websites of our Company at **http://www.epiworld.com.cn/**[5] and the Stock Exchange at **www.hkexnews.hk** . . . . . no later than 11:00 p.m. on Friday, March 27, 2026

Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on our website and the website of the Stock Exchange at **http://www.epiworld.com.cn/** and **www.hkexnews.hk** respectively . . . . . no later than 11:00 p.m. on Friday, March 27, 2026

- from the designated results of allocations website at **www.eipo.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from . . . . . 11:00 p.m. on Friday, March 27, 2026 to 12:00 midnight on Thursday, April 2, 2026

- from the allocation results telephone enquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. on . . . . . Monday, March 30, 2026, Tuesday, March 31, 2026, Wednesday, April 1, 2026 and Thursday, April 2, 2026

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[6] . . . . . Friday, March 27, 2026

**White Form** e-Refund payment instructions/refund cheques to be dispatched on or before[7] . . . . . Monday, March 30, 2026

Dealings in the H Shares on the Main Board of the Stock Exchange to commence at . . . . . 9:00 a.m. on Monday, March 30, 2026

*Notes:*

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.

(2) You will not be permitted to submit your application under the **White Form eIPO** service 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 the application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a "black" rainstorm warning signal, a tropical cyclone warning signal number 8 or above and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon Wednesday, March 25, 2026, the application lists will not open and close on that day. See the section headed "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements".

(4) Applicants who apply for Hong Kong Offer Shares by instructing broker/custodian to give **electronic application instructions** to HKSCC via HKSCC's FINI system should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Applications for Hong Kong Offer Shares — 2. Application Channels".

(5) None of the websites or any of the information contained on the websites forms part of this prospectus.

(6) The H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional 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 the H Shares on the basis of publicly available allocation details 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.

(7) **White Form** e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport 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 Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Individuals must produce evidence of identity acceptable to our H Share Registrar at the time of collection.

Applicants who have applied for Hong Kong Offer Shares through **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.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund checks by ordinary post at their own risk.

Further information is set out in the paragraph 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. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares", respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, our Company will make an announcement as soon as practicable thereafter.

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**IMPORTANT NOTICE TO PROSPECTIVE INVESTORS**

*This Prospectus is issued by us 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 buy any security other than the Hong Kong Offer Shares offered by this Prospectus pursuant to the Hong Kong Public Offering. This Prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this Prospectus in any jurisdiction other than Hong Kong. The distribution of this Prospectus for purposes of a public offering and the offering and sale of the Hong Kong 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. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this Prospectus. 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 contained nor made in this Prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, any of the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.*

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*This summary aims to give you an overview of the information contained in this Prospectus. As this is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by, and should be read in conjunction with, the full text of this Prospectus. You should read the entire Prospectus before you decide to invest in the Offer Shares.*

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

*Various expressions used in this section are defined in the sections headed "Definitions" and "Glossary of Technical Terms" in this Prospectus.*

## OVERVIEW

We are a global leader in the silicon carbide (SiC) epitaxy industry. We have been primarily engaged in the research and development, mass production and sales of SiC epitaxial wafers, components used in the manufacturing of SiC semiconductor devices. Our customers utilize our SiC epitaxial wafers to manufacture their power devices for a wide range of downstream applications including EVs, charging infrastructure, renewable energy, ESS, among others. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume, with a market share exceeding 30% in 2024.

**Market Leadership**

**Largest**

World's largest SiC epitaxial foundry[1]

**First**

in the commercialization of 8-inch SiC epitaxial wafer in the open market[2]

**Leader**

of setting industry standards[3]

**Commercial Success**

**599,700**

SiC epitaxial wafers delivered during the Track Record Period

**4/5 8/10**

Choice of world's top power device providers[4]

**Net Profits**

of RMB127.5m, RMB107.5m, and RMB165.1m in 2022, 2023 and 2024, respectively[5]

*Notes:*

1. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume.

2. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers, according to CIC.

3. We led the writing and establishment of the world's first and only Semiconductor Equipment and Materials International (SEMI) industry standard for SiC epitaxy.

4. Four of the world's top five SiC power device providers and eight of the top ten power device providers, by volume, are our customers, according to CIC.

5. In addition, we recorded net profits of RMB118.4 million and RMB21.1 million for the nine months ended September 30, 2024 and 2025, respectively; and adjusted net profits (Non-IFRS measure) of RMB171.9 million, RMB383.8 million, RMB323.5 million, RMB263.4 million and RMB163.3 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively.

6. We operate within a specialized segment of the broader global power semiconductor market. Given the complexity, vast scale, and diverse range of participants in the global power semiconductor value chain, our share of the overall market remains relatively limited.

We had revenue of RMB440.7 million, RMB1,142.5 million, RMB974.3 million, RMB808.3 million and RMB535.1 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. From 2023 to 2025, the semiconductor industry witnessed a sequential inventory adjustment across its downstream applications. According to CIC, this process started in the consumer electronics segment in 2022 before impacting semiconductors power devices, particularly in automotive, in 2023. Given the intricate industry chain, this de-stocking wave gradually moved upstream to our segment of the value chain, leading to a decline in our sales and revenue. Semiconductor inventory cycles, typically lasting three to four years, are primarily driven by shifts in downstream demand, capacity expansion cycles, and macroeconomic factors. The current adjustment is anticipated to end in the second half of 2026 and is seen as a cyclical adjustment during the semiconductor industry cycle instead of a structural market deterioration. According to CIC, the recent cyclical fluctuations have been driven primarily by adjustments in downstream supply and demand as well the impact from the transition from 4-inch to 6-inch and 8-inch wafers. Against this industry backdrop, we have faced pricing pressure, as our product pricing is influenced by downward industry-wide prices since 2023, resulted in a decrease in our revenue from 2023 to 2024. However, from a long-term perspective, demand for SiC and SiC epitaxial wafers remains on a solid growth trajectory, driven by strong potential in sectors including EVs, charging infrastructure, renewable energy, ESS, as well as emerging applications such as home appliances, AI computing power and data centers, smart grids, and eVTOL. As the world's largest SiC epitaxial foundry by annual sales volume since 2023, we believe that we are well-positioned to capture the future growth. Our business is underpinned by competitive advantages, including technological expertise, cost efficiency, stable supply chain and customer loyalty, which allow us to navigate industry cycles resiliently. We are prepared to capture future growth and solidify our financial performance as the global SiC epitaxial market regains momentum.

Our deep knowledge of SiC epitaxy technology enables us to stay at the frontline of the SiC epitaxy industry and provide high quality and reliable products to our customers. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers and the first in China to commercialize and mass-produce 3-inch, 4-inch, 6-inch, and 8-inch SiC epitaxial wafers. We led the writing and establishment of the world's first and only Semiconductor Equipment and Materials International (SEMI) industry standard for SiC epitaxy. In 2024, our cumulative sales, combining sales under Turnkey and Consign models, exceeded 164,000 SiC epitaxial wafers. During the Track Record Period, we have delivered a total of over 599,700 SiC epitaxial wafers.

During the Track Record Period, we had 134 customers. Our customers included four of the world's top five SiC power device providers and eight of the top ten power device providers, according to CIC. SiC power devices fabricated using our epitaxial wafers exhibit stable performance in high-temperature and high-power use. Our customers utilize our SiC epitaxy wafers to manufacture their products, typically power devices, for a wide range of downstream industrial applications, such as EVs, charging infrastructure, renewable energy, ESS, as well as emerging applications such as home appliances, AI computing power and data centers, smart grids, and eVTOL. For example, our products can be adopted in EVs to enable smaller, lighter and more power-efficient devices such as 800V powertrains, particularly in inverters and converters. This application allows high-voltage operations with minimal energy loss for EVs, which translate into longer range, faster charging and reduced cooling demands. During the Track Record Period, we acquired new customers primarily through active market engagement efforts, including participation in industry exhibitions and academic conferences, as well as through customer referrals. Our technical expertise, large production capacity, systematic quality assurance procedure, consistent delivery, and reliable customer services have earned us long-term recognition and loyalty from customers. These qualities not only strengthen customer retention but also provide us with unique growth opportunities.

Our founder, Dr. Zhao Jianhui, is a renowned scientist with over 35 years of dedicated R&D experience in SiC technology development. He is the first scientist elected as an IEEE Fellow based on significant contributions to the R&D and application of SiC technologies. The expertise of Dr. Zhao and our R&D team formed the core of our technological competitiveness. We successfully developed a proprietary platform for SiC epitaxy, covering the entire epitaxial growth process, including pre-growth preparation, epitaxial growth, cleaning, and inspection.

Among SiC epitaxial foundries worldwide, we achieved reliable performance in terms of product quality, yield rates and consistency. According to CIC, our products lead the industry in key performance metrics for SiC epitaxial products, including epitaxial thickness, doping concentration, epitaxial defect and yield rates. For example, for our Consign service provided to a leading global SiC device manufacturer, the yield rate of our epitaxial wafer products reached 99%. Our success is also demonstrated by our profitability and cash flow in the Track Record Period. In 2024, our revenue, adjusted net profit (Non-IFRS measure) and operating cash flow reached RMB974.3 million, RMB323.5 million and RMB640.6 million, respectively. Since 2024, our financial performance deteriorated due to market competition driving down our selling prices, together with reduced customer demand as a result of a market downturn experienced by our downstream customers.

## OUR MARKET OPPORTUNITIES

Amid the global wave of energy revolution, electricity is rapidly replacing traditional fossil fuels, emerging as the driver for electrification and growth in industrial automotive and renewable energy sectors. In this transformative shift, SiC power devices serve as the "intelligent heart" of various power systems utilizing electricity, according to CIC.

The SiC industry is inherently evolving toward a highly specialized division of labor, because of its total addressable market potential and the need for technological excellence and operational efficiency. As the sector expands, companies are increasingly focusing on their core competencies within the value chain, fostering a collaborative ecosystem characterized by specialization. In terms of revenue in the open market, the five largest SiC epitaxial foundries obtained 93.4% of the global market share in 2024, a concentration significantly outpacing the substrate segment and the power device segment, where the top five players in each segment hold a market share of approximately 80%, according to CIC. We, as a global leader in the SiC epitaxy industry, are uniquely positioned to capitalize on this inevitable development. By leveraging our advanced technology, scale advantages, and established reputation in third-party epitaxial wafer supply, we are strategically equipped to capture emerging market opportunities, strengthen client partnerships, and solidify our market share in the rapidly advancing SiC era.

According to CIC, SiC power device market size has reached US$2.6 billion in 2024 and is expected to grow at a CAGR of 39.9% between 2024 and 2029, reaching US$13.6 billion by 2029. This positions SiC as a core material for the upcoming energy revolution and the rise of intelligent industry. See "Business — Overview — Industry tailwinds and our opportunities" for further details. In the extensive global semiconductor market, traditional silicon materials still dominate while emerging materials such as SiC gradually earning their market presence. As an enterprise focus on the next-generation materials, we obtained approximately 0.1% of the total semiconductor market share in 2024, according to CIC.

## OUR PRODUCTS AND BUSINESS MODELS

### Overview

We have been primarily engaged in the research and development, mass production and sales of SiC epitaxial wafers. SiC epitaxial wafers offer a multitude of advantages over traditional Si wafers, including but not limited to enhanced temperature stability, higher breakdown voltage, and superior thermal conductivity. These unique properties make SiC wafers a key enabler of various applications. Our customers utilize our SiC epitaxy wafers to manufacture their products, typically power devices, for a wide range of downstream industrial applications, such as EVs, charging infrastructure, renewable energy, and ESS.

To address the different needs of our customers, we offer Turnkey and Consign business models, both of which enable our customers to rely on our cumulative expertise in the production of SiC epitaxial wafers. For details, see "Business — Our Products and Business Models — Our Business Models."

### Our Technologies

SiC epitaxial wafer is a critical component of the SiC value chain, where its quality is of paramount importance for downstream applications. The manufacturing process of SiC power devices differs from that of traditional Si power devices. SiC power devices cannot be fabricated directly on the SiC substrate; instead, a high-quality single-crystal epitaxial layer must first be grown on the supportive substrate, and various devices are then manufactured on this epitaxial layer.

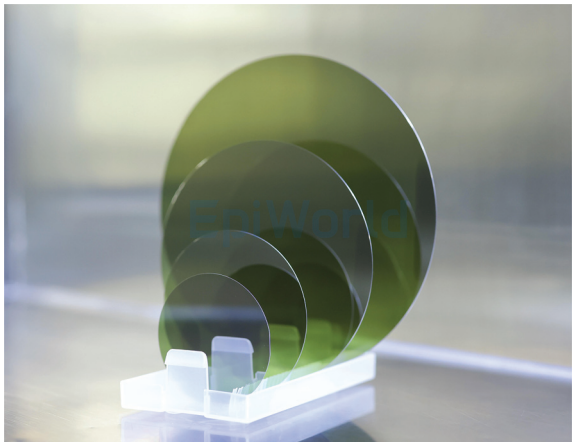
According to CIC, the production of SiC epitaxial wafers is still facing several hurdles: (i) defect control, (ii) uniformity and consistency, and (iii) high costs.

To address these industry challenges and provide high quality products that our customers are looking for, we have developed targeted proprietary technologies, such as 8-inch SiC epitaxial wafer production technology, basal plane dislocations (BPD)-free epitaxial growth technology, high-concentration uniformity epitaxial growth technology, low defect density epitaxial growth technology, and thick-film epitaxial growth technology. For more details, see "Business — Research and Development — Our Technologies and R&D Process."

These innovative technologies have enabled us to produce SiC epitaxial wafers with high uniformity and low defect density. Additionally, we have developed proprietary multi-layer epitaxial technology to satisfy customers' customized needs. Our product quality has earned recognition globally, including "Perfect Quality Award" from one of the top five global SiC power device manufacturers.

### Our Products — SiC epitaxial wafers

We offer various sizes of SiC epitaxial wafers, including 4-inch, 6-inch and 8-inch. SiC wafers are typically categorized by size, primarily because the size directly impacts manufacturing efficiency, yield, and production scalability, with larger wafers typically delivering lower cost. During the Track Record Period, 6-inch SiC epitaxial wafers made up the majority of our sales. We also have a first-mover advantage as the first company in the world to mass-produce and commercially supply 8-inch SiC epitaxial wafers in the open market, according to CIC. Although 6-inch wafers currently dominate the market and is expected to grow continuously, the market size for 8-inch SiC wafers is expected to expand significantly. We continue to invest in the R&D and production of both 6-inch to 8-inch wafers, and expect 8-inch wafers to account for a growing share of our sales. The following photo shows samples of our SiC epitaxial wafers.



The following table sets forth a breakdown of our sales volume of SiC epitaxial wafers by sizes for the years and periods indicated.

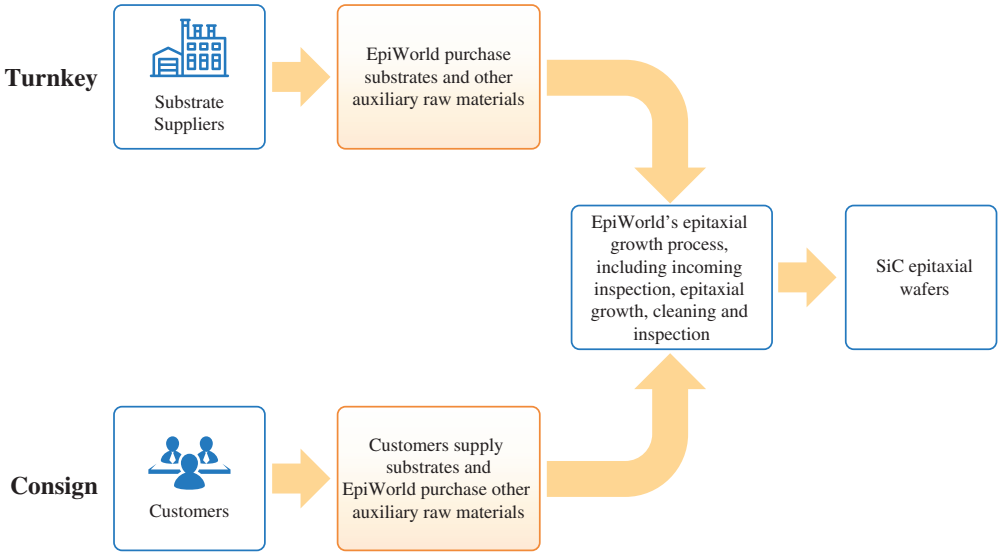
| | Year Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* |
| | *(pieces of wafers, except for percentages)* | | | | | | | | | |
| **Sales volume** | | | | | | | | | | |
| 3-inch | – | – | – | – | – | – | – | – | 2 | 0.0 |
| 4-inch | 3,733 | 4.4 | 610 | 0.3 | 383 | 0.2 | 318 | 0.2 | 1,328 | 0.9 |
| 6-inch | 81,633 | 95.6 | 199,708 | 99.6 | 156,584 | 95.2 | 126,648 | 95.2 | 137,184 | 91.9 |
| 8-inch | – | – | 285 | 0.1 | 7,466 | 4.5 | 6,057 | 4.6 | 10,788 | 7.2 |
| **Total sales volume** | **85,366** | **100.0** | **200,603** | **100.0** | **164,433** | **100.0** | **133,023** | **100.0** | **149,302** | **100.0** |

For a detailed discussion, see "Business — Our Products and Business Models — Our Products — SiC Epitaxial Wafers."

We price our SiC epitaxial wafers based on a number of factors, including (i) the sizes and structures (thickness and doping types) of wafers; (ii) product specifications; (iii) purchase volume and (iv) prevailing market condition and competitive landscape. We regularly adjust our pricing strategies to maintain competitiveness. For customized products, such as specially doped or uniquely thick epitaxial wafers, prices are typically higher.

## Our Business Models

We have two kinds of business models, namely Turnkey and Consign, based on whether we purchase substrates on our own or use the substrates provided by our customers, as illustrated by the following chart.




***Turnkey***

Under the Turnkey model, we purchase the raw material including substrates ourselves and upon the completion of production process, deliver the final products, SiC epitaxial wafers, to our customers. The price of our wafer products thereby takes into account the full costs of substrates as well as our production costs. When dealing with customers with large and recurring purchase orders, prices are typically negotiated based on production volume, prevailing market conditions and length of relationships. Through the Turnkey model, we could provide an integrated and convenient solution to our customers, allowing them to rely on our established quality control process.

***Consign***

Under the Consign model, our customers supply us with the substrates. We would purchase other auxiliary raw materials, grow the SiC epitaxy and deliver the final epitaxial wafers to our customers. We charge the customers for the auxiliary raw materials and the foundry services for growing SiC epitaxy on substrates. The base processing fee depends on the size, doping type, and thickness of the epitaxial wafer and the additional service fees include charges for special process requirements, and other services. For large-volume orders, we from time to time apply tiered pricing where the larger the order quantity, the lower the unit process fee. Our pricing strategy enhances customer loyalty and increases long-term collaboration opportunities.

Our manufacturing capacity and flexible business model allow us to adapt to such customized requests swiftly. The following table sets forth a breakdown of our sales volume of SiC epitaxial wafers by types of service for the years and periods indicated.

| | Year Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* |
| | *(pieces of wafers, except for percentages)* | | | | | | | | | |
| **Sales volume** | | | | | | | | | | |
| Turnkey | 31,339 | 36.7 | 96,428 | 48.1 | 122,283 | 74.4 | 92,006 | 69.2 | 137,763 | 92.3 |
| Consign | 54,027 | 63.3 | 104,175 | 51.9 | 42,150 | 25.6 | 41,017 | 30.8 | 11,539 | 7.7 |
| **Total sales volume** | **85,366** | **100.0** | **200,603** | **100.0** | **164,433** | **100.0** | **133,023** | **100.0** | **149,302** | **100.0** |

During the Track Record Period, our sales volumes under the Turnkey model increased, primarily due to our supply chain management capabilities. In particular, we were able to source substrates with quality and cost-effectiveness. Our leading market position and our expanding presence in China enhance our supplier bargaining power, enabling us to source substrates more cost-effectively. This contributed to a 27% year-over-year increase in sales volume for our Turnkey services in 2024 compared to 2023 and enabled us to remain profitable throughout the Track Record Period. Our stable, integrated offering under the Turnkey model helps customers reduce supply chain management costs, shorten lead times, and avoid issues such as raw substrate shortages or inventory backlogs. For our customers, our competitiveness is rooted in our cost-effective substrate supplies, dedicated focus on the epitaxy technologies, as well as broad and comprehensive customer base both domestically and internationally, reflecting the wide market acceptance of our products.

The following table sets forth a breakdown of our average selling price by product and by type of services during the Track Record Period.

| | Years Ended December 31, | | | Nine Months Ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB)* | | | |
| Turnkey | 8,863 | 8,791 | 6,866 | 3,508 |
| 3-inch | – | – | – | 1,770 |
| 4-inch | 5,140 | 3,647 | 4,493 | 3,027 |
| 6-inch | 9,360 | 8,787 | 6,433 | 3,209 |
| 8-inch | – | 21,000 | 13,620 | 7,072 |
| Consign | 2,898 | 2,810 | 2,873 | 2,073 |
| 4-inch | 11,854 | 27,418 | 2,856 | 1,789 |
| 6-inch | 2,891 | 2,810 | 2,873 | 2,032 |
| 8-inch | – | – | – | 2,862 |

The average selling price of 8-inch wafers decreased from RMB21,000 to RMB13,620 from 2023 to 2024 and further to RMB7,072 for the nine months ended September 30, 2025. Such decrease was primarily attributable to lower substrate costs. Additionally, during the initial introduction of 8-inch wafers, some products were provided as trial samples free of charge, which temporarily lowered the average selling price. However, the mainstream price for 8-inch wafers remains robust, at above US$1,000 per wafer. Sales of 8-inch wafers will continue to support our profitability. The increase in the average selling price of 4-inch wafers from 2022 to 2023 was mainly due to customers' customization requirements. These 4-inch wafers were characterized by ultra-thick films and high voltage ratings, making the manufacturing process highly complex.

## OUR COMPETITIVE STRENGTHS

We believe that the following strengths have contributed to our success and differentiated us from our competitors:

- We are a global leader in the SiC epitaxy industry;
- We possess strong R&D capabilities driving technological advancement in the SiC epitaxy industry;
- We have industry-leading production capacity that can be expanded in a disciplined manner to meet the rapidly growing demand from downstream customers;
- We have established a large customer base by hyper focusing on SiC epitaxy; and

- We are led by a dedicated and seasoned leadership team with strategic foresight.

For details, see "Business — Our Competitive Strengths."

## OUR GROWTH STRATEGIES

We plan to execute the following strategies to drive our future growth:

- Sustained investment in R&D to strengthen and enhance our technological leadership;
- Expand production capacity with discipline to capture market opportunities;
- Dual growth engine — penetrate domestic and overseas markets and execute a globalized strategy;
- Enhance and upgrade existing product portfolio to deliver solutions with superior performance and enhanced cost efficiency; and
- Attract top talents to enhance our multi-dimensional talent pool.

For details, see "Business — Our Growth Strategies."

## CUSTOMERS AND SUPPLIERS

We provide SiC epitaxial wafers to power device companies, which then fabricate the wafers into devices for their customers. During the Track Record period, we had served 134 customers. Our customers are primarily global leaders of semiconductor power devices. Our sales to the five largest customers in each period during the Track Record Period were RMB381.5 million, RMB938.0 million, RMB790.6 million and RMB331.0 million, respectively, and accounted for 86.5%, 82.1%, 81.2% and 61.9% of the total revenue for the respective periods. Our sales to the largest customer in each period during the Track Record Period were RMB246.6 million, RMB614.6 million, RMB393.6 million and RMB163.0 million, respectively, and accounted for 56.0%, 53.8%, 40.4% and 30.5% of our total revenue for the respective periods. As of the Latest Practicable Date, none of our Directors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each period during the Track Record Period.

Our purchase from the five largest suppliers in each period during the Track Record Period were RMB430.3 million, RMB1,342.8 million, RMB376.5 million and RMB220.5 million, respectively, and accounted for 65.4%, 72.1%, 83.3% and 79.1% of the total cost of revenues for the respective periods. Our purchase from the largest supplier in each period during the Track Record Period were RMB215.3 million, RMB718.7 million, RMB129.4 million and RMB79.2 million, respectively, and accounted for 32.7%, 38.6%, 28.6% and 28.4% of the total cost of revenues for the respective periods. As of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year/period during the Track Record Period. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, each of our top five suppliers are independent from each other.

## RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors." You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face include:

- Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and production processes and to penetrate new markets;
- We face substantial competition;
- The price of our products and our profit margin may be materially and adversely affected as the overall production capacity continues to increase in the future;
- Our performance is subject to the development and condition of our downstream industries that adopt our products. Any slowdown in the growth of these downstream industries could adversely affect our business, financial condition and results of operations;
- A fluctuation in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs, delay deliveries of our products to customers and affect our market price, which would further affect our business, financial condition and results of operations;
- 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 relationship with us;
- Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions, international trade policies, international export controls and economic sanctions; and
- If we are unable to offer high-quality products, it may reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims.

## OUR SINGLE LARGEST SHAREHOLDER

Immediately following the completion of the Global Offering, Dr. Zhao will control 27.39% of our total issued share capital and he will be our Single Largest Shareholder upon Listing. For more details, see "Relationship with the Single Largest Shareholder."

## OUR PRE-IPO INVESTORS

We have undergone multiple rounds of Pre-IPO Investments. For further details of the identity and background of the Pre-IPO Investors and the principal terms of the Pre-IPO Investments, see "History, Development and Corporate Structure — Pre-IPO Investments."

## PREVIOUS A SHARE LISTING ATTEMPT

We submitted our A share listing application to the Shanghai Stock Exchange in December 2023. In January 2024, we received our first comment letter from the CSRC with common comments including but not limited to shareholding changes of the Company, key products and market competitiveness, top customers and suppliers, financial performance, employee share incentive scheme, related party transactions and corporate governance. Considering the time required for completing the A-share listing applications, the Company's fundraising demand for business expansion, and financing opportunities in the second half of 2024, based on our latest

corporate development strategies, we withdrew our A share listing application in June 2024. We have not submitted our responses to the CSRC comment letter before the withdrawal of our A share listing application. Considering a listing on the Stock Exchange would (a) provide our Company with an international platform to promote our market awareness worldwide, (b) gain access to international capital and optimize our capital structure, and (c) further raise our market profile and help us to attract international talents, we commenced our H share listing application preparation. Our Directors confirm that, to their best knowledge, there are no other material matters relating to the A share listing attempt that would affect the Company's suitability for listing on the Stock Exchange and are necessary to be disclosed in this Prospectus for investors to form an informed assessment of our Company. Considering the independent due diligence conducted by the Sole Sponsor, nothing relating to the A share listing attempt has come to the attention of the Sole Sponsor which would materially and adversely affect the Company's suitability for the Listing.

## SUMMARY OF HISTORICAL FINANCIAL INFORMATION

### Summary of Consolidated Statements of Profit or Loss

The table below sets forth our consolidated statements of profit or loss for the years and periods indicated derived from the Accountant's Report included in Appendix I to this Prospectus:

| | Years Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| **Revenue** | **440,691** | **1,142,502** | **974,316** | **808,250** | **535,063** |
| Cost of sales | (243,754) | (697,103) | (642,007) | (522,542) | (397,982) |
| **Gross profit** | **196,937** | **445,399** | **332,309** | **285,708** | **137,081** |
| Other income and other gains, net | 21,534 | 63,451 | 168,402 | 107,583 | 132,621 |
| Selling and distribution expenses | (1,866) | (48,776) | (5,513) | (6,770) | (8,224) |
| Administrative and other expenses | (48,136) | (162,749) | (175,575) | (147,142) | (155,126) |
| Research and development costs | (43,829) | (101,786) | (79,992) | (62,096) | (50,374) |
| (Impairment loss)/reversal of impairment loss on financial assets, net | (901) | 149 | (1,253) | (200) | (2,116) |
| Finance costs | (20,281) | (32,535) | (30,197) | (21,595) | (9,636) |
| **Profit before taxation** | **103,458** | **163,153** | **208,181** | **155,488** | **44,226** |
| Income tax credit/(expense) | 24,085 | (55,648) | (43,114) | (37,075) | (23,081) |
| **Profit for the year/period** | **127,543** | **107,505** | **165,067** | **118,413** | **21,145** |

For accounting treatment and details of pre-IPO investments, see Note 30 to the Accountants' Report.

**Non-IFRS Measure**

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net profit (Non-IFRS measure) for the year/period as additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company and provides useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of adjusted net profit (Non-IFRS measure) for the years/periods may not be comparable to similarly titled measure presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted net profit (Non-IFRS measure) for the year/period as profit for the year/period adjusted by adding back (i) equity-settled share-based payment expenses, which are non-cash in nature, (ii) interest expenses for redemption right, which will be converted into equity of the Company upon the Listing, and (iii) listing expense, which are related to the Global Offering.

The following table reconciles our adjusted net profit (Non-IFRS measures) for the year/period presented in accordance with IFRSs, namely profit for the year:

| | Years Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| **Profit for the year/period** | **127,543** | **107,505** | **165,067** | **118,413** | **21,145** |
| *Adjustment by adding back:* | | | | | |
| Equity-settled share-based payment | 28,575 | 256,210 | 154,249 | 141,163 | 124,484 |
| Interest expenses for redemption right | 15,825 | 14,387 | 1,334 | 1,000 | 344 |
| Listing expense for previous listing application | – | 5,678 | 2,853 | 2,853 | – |
| Listing expense for the Listing | – | – | – | – | 17,368 |
| **Adjusted net profit (Non-IFRS measure)** | **171,943** | **383,780** | **323,503** | **263,429** | **163,341** |

**Adjusted Net Profit (Non-IFRS measure)**

We had adjusted net profit (Non-IFRS measure) of RMB171.9 million, RMB383.8 million, RMB323.5 million, RMB263.4 million and RMB163.3 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. Our adjusted net profit (Non-IFRS measure) is adjusted by adding back equity-settled share-based payment to profit for the year/period.

**Revenue**

We generate revenue from sales of SiC epitaxial wafers through Turnkey and Consign models. The key difference between the two models is the source of the substrates: we procure substrates under the Turnkey model and our customers supply substrates to us under the Consign model. Our revenue mainly consists of sales from SiC epitaxial wafers by type of services from Turnkey service and Consign service. See "Business — Our Products and Business Models — Our Business Models" for details of our Turnkey and Consign services.

The following table sets forth a breakdown of our revenue by product/type of service for the years and periods indicated, in absolute amounts and as percentages of revenue.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *(RMB in thousands, except for percentages)* | | | | | | *(unaudited)* | | | |
| **Turnkey** | | | | | | | | | | |
| 3-inch | – | – | – | – | – | – | – | – | 4 | 0.0 |
| 4-inch | 18,961 | 4.3 | 2,217 | 0.2 | 1,671 | 0.2 | 1,348 | 0.2 | 9 | 0.0 |
| 6-inch | 258,802 | 58.7 | 839,477 | 73.5 | 736,223 | 75.6 | 593,814 | 73.5 | 407,702 | 76.2 |
| 8-inch | – | – | 5,985 | 0.5 | 101,683 | 10.4 | 83,981 | 10.4 | 75,689 | 14.1 |
| **Subtotal** | **277,763** | **63.0** | **847,679** | **74.2** | **839,577** | **86.2** | **679,143** | **84.0** | **483,403** | **90.3** |
| **Consign** | | | | | | | | | | |
| 4-inch | 522 | 0.1 | 55 | 0.0 | 31 | 0.0 | 8 | 0.0 | 2,370 | 0.4 |
| 6-inch | 156,047 | 35.4 | 292,695 | 25.6 | 121,072 | 12.4 | 118,092 | 14.6 | 20,579 | 3.8 |
| 8-inch | – | – | – | – | – | – | – | – | 246 | 0.0 |
| **Subtotal** | **156,569** | **35.5** | **292,750** | **25.6** | **121,103** | **12.4** | **118,100** | **14.6** | **23,194** | **4.3** |
| Others[(1)] | 6,359 | 1.4 | 2,073 | 0.2 | 13,636 | 1.4 | 11,007 | 1.4 | 28,466 | 5.3 |
| **Total** | **440,691** | **100.0** | **1,142,502** | **100.0** | **974,316** | **100.0** | **808,250** | **100.0** | **535,063** | **100.0** |

*Note:*
(1) Others mainly include sales of SiC substrate.

Our revenue decreased from RMB808.3 million for the nine months ended September 30, 2024 to RMB535.1 million for the same period in 2025, primarily due to the decrease in our revenue from Turnkey service. Our revenue decreased by RMB168.2 million, or 14.7%, from RMB1,142.5 million in 2023 to RMB974.3 million in 2024, primarily due to the revenue from our Consign service decreased, caused by the decrease in our sales volume under Consign model. Our revenue increased by RMB701.8 million, or 159.3%, from RMB440.7 million in 2022 to RMB1,142.5 million in 2023, primarily driven by the growing demand for SiC power devices, fueled by the global rise in EV, ultrafast charging facilities, and other downstream applications. Additionally, the realization of our expanded production capacity contributed to the increase in our sales volume.

By type of service, revenue from Turnkey service decreased from RMB679.1 million for the nine months ended September 30, 2024 to RMB483.4 million for the same period in 2025, primarily due to our competitive pricing strategy in response to the general downward pricing trend across the industry. As the decrease in raw material prices provided more spaces for us to adjust our prices downward while maintaining profitability, we proactively passed savings to our customers, thereby strengthening client loyalty and securing market share in a competitive environment. Our sales volume from Turnkey service increased from 92,006 pieces for the nine months ended September 30, 2024 to 137,763 pieces for the same period in 2025. The revenue generated from Consign service decreased from RMB118.1 million for the nine months ended September 30, 2024 to RMB23.2 million for the same period in 2025, primarily due to the decrease in our sales volume under Consign service as certain of our major customers experienced fluctuations in their business operations and reduced their procurement volume, combined with our competitive pricing strategy. Our sales volume from Consign service decreased from 41,107 pieces for the nine months ended September 30, 2024 to 11,539 pieces for the same period in 2025. As of the Latest Practicable Date, we have no plans to phase out our Consign service despite the decline in its revenue and sales volume.

Our revenue from Turnkey service slightly decreased from RMB847.7 million in 2023 to RMB839.6 million in 2024, primarily due to we offered competitive price adjustment in resulted of the decrease in the price of key raw material, including substrate, partially offset by our increased sale volume from Turnkey service from 96,428 pieces in 2023 to 122,283 pieces in 2024. The revenue generated from Consign service decreased from RMB292.8 million in 2023 to RMB121.1 million in 2024, primarily due to the decrease in our sales volume under Consign model and our competitive pricing strategy. The sales volume under Consign service decreased from 104,175 wafers in 2023 to 42,150 wafers in 2024, due to certain customer from Consign service reduced their demand driven by large amount of purchase in previous year.

Our revenue from Turnkey service increased from RMB277.8 million in 2022 to RMB847.7 million in 2023, primarily due to an increase in sales volume for Turnkey service from 31,339 wafers in 2022 to 96,428 wafers in 2023. The revenue generated from sales from Consign service increased from RMB156.6 million in 2022 to RMB292.8 million in 2023, primarily due to an increase in sales volume for Consign service from 54,027 wafers in 2022 to 104,175 wafers in 2023.

***Revenue by Region***

During the Track Record Period, we derived revenues from sales to customers in various regions, mainly Asia and Europe. Our revenue from Asia and Europe markets accounted for 96.4%, 93.5%, 96.6%, 96.4% and 97.2% of our total revenue in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. In addition, the revenue from Greater China amounted to RMB167.7 million, RMB307.2 million, RMB207.7 million, RMB161.3 million and RMB340.0 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. We record revenue from our customers by region based on the customer's registered address or place of incorporation.

By region, revenue from Asia decreased from RMB544.0 million for the nine months ended September 30, 2024 to RMB455.9 million for the same period in 2025, primarily due to the continued downward price trend. The revenue from Europe decreased from RMB235.0 million for the nine months ended September 30, 2024 to RMB64.2 million for the same period in 2025, primarily due to the fluctuation in production demand of some customers. The revenue from Asia decreased from RMB745.2 million in 2023 to RMB672.4 million in 2024, primarily due to we offered competitive price adjustment in resulted of the decrease in the price of key raw material, including substrate, partially offset by our increased sale volume in Asia. The revenue from Europe decreased from RMB323.3 million in 2023 to RMB268.9 million in 2024, primarily due to decreased sales volume in such region in 2024. The revenue from Asia increased from RMB275.5 million in 2022 to RMB745.2 million in 2023, and revenue from Europe increased from RMB149.3 million in 2022 to RMB323.3 million in 2023, primarily driven by the growth of SiC power device demands across the regions.

The following table sets forth a breakdown of revenue by region, based on the locations of our direct contracting customers, for the years and periods indicated, in absolute amount and as percentage of total revenues.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| **Revenue by region** | | | | | | | | | | |
| Asia[(1)] | 275,470 | 62.5 | 745,221 | 65.2 | 672,429 | 69.0 | 543,971 | 67.3 | 455,961 | 85.2 |
| Greater China | 167,703 | 38.1 | 307,249 | 26.9 | 207,656 | 21.3 | 161,343 | 20.0 | 340,026 | 63.5 |
| Europe [(2)] | 149,339 | 33.9 | 323,343 | 28.3 | 268,943 | 27.6 | 235,014 | 29.1 | 64,160 | 12.0 |
| North America [(3)] | 14,083 | 3.2 | 73,938 | 6.5 | 32,944 | 3.4 | 29,265 | 3.6 | 14,942 | 2.8 |
| Others[(4)] | 1,799 | 0.4 | – | – | – | – | – | – | – | – |
| **Total** | **440,691** | **100.0** | **1,142,502** | **100.0** | **974,316** | **100.0** | **808,250** | **100.0** | **535,063** | **100.0** |

*Notes:*

(1) Asia primarily comprises Greater China, South Korea and Japan.

(2) Europe primarily comprises Austria, Switzerland and the U.K.

(3) North America primarily comprises the U.S.

(4) Other primarily comprises Australia.

**Government Grants**

During the Track Record Period, besides profits from operations, we had government grants of RMB13.5 million, RMB47.4 million, RMB111.9 million, RMB95.7 million and RMB103.0 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively, which were a major and increasing contributor to our profit for the year/period during the Track Record Period. For the nine months ended September 30, 2025, our net profit was primarily attributable to the one-off government grants of RMB103.0 million, and we would have incurred loss for the period without the grants. Majority of our government grants were one-off in nature, although the actual grants can be by allotments and subject to certain conditions, such as our financial performance, capital investments and local tax contributions. For details, see "Financial Information — Description of Key Components of Consolidated Statements of Profit or Loss — Other Income and Other Gains, Net."

**Profit for the Year/Period**

Our profit for the year decreased from RMB127.5 million in 2022 to RMB107.5 million in 2023, and then increased to RMB165.1 million in 2024. The lower net profit in 2023 was primarily due to increased in share-based payment for employees in 2023. The higher net profit in 2024 was primarily due to the one-off government grants we received in 2024. Our profit for the period decreased from RMB118.4 million in the nine months ended September 30, 2024 to RMB21.1 million in the nine months ended September 30, 2025, primarily due to decreased in the profit and total comprehensive income for the period in 2025.

**Summary of Consolidated Balance Sheets**

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountant's Report included in Appendix I to this Prospectus:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Non-current assets | 956,390 | 2,043,223 | 2,054,279 | 1,958,168 |
| Current assets | 497,208 | 1,030,375 | 2,448,665 | 2,408,456 |
| **Total assets** | **1,453,598** | **3,073,598** | **4,502,944** | **4,366,624** |
| Non-current liabilities | 271,013 | 1,048,943 | 1,084,318 | 1,020,199 |
| Current liabilities | 599,083 | 560,488 | 605,142 | 368,961 |
| **Total liabilities** | **870,096** | **1,609,431** | **1,689,460** | **1,389,160** |
| **Net assets** | **583,502** | **1,464,167** | **2,813,484** | **2,977,464** |

Our net asset increased from RMB2,813.5 million as of December 31, 2024 to RMB2,977.5 million as of September 30, 2025, primarily due to our recognition of equity-settled share-based payments of RMB124.5 million, profit and comprehensive income for the period of RMB21.1 million, and derecognition due to termination of redemption rights of RMB18.4 million for the nine months ended September 30, 2025.

Our net asset increased from RMB1,464.2 million as of December 31, 2023 to RMB2,813.5 million as of December 31, 2024, primarily due to our share issued of RMB1,030.0 million, profit and comprehensive income of the year of RMB165.1 million and recognition of equity-settled share-based payment of RMB154.2 million in 2024.

Our net asset increased from RMB583.5 million as of December 31, 2022 to RMB1,464.2 million as of December 31, 2023, primarily due to our share issued of RMB280.0 million, recognition of equity-settled share-based payment of RMB256.2 million and profit and comprehensive income of the year of RMB107.5 million in 2023.

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

| | As of December 31, | | | As of September 30 | As of January 31, |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| | *(RMB in thousands)* | | | | |
| Inventories | 91,404 | 351,086 | 247,640 | 270,945 | 306,378 |
| Trade and bills receivables | 106,796 | 78,666 | 129,645 | 268,964 | 383,550 |
| Prepayments, deposits and other receivables | 15,527 | 7,992 | 7,468 | 21,169 | 40,456 |
| Value-added tax (VAT) recoverable | 8,564 | 22,488 | 33,259 | 14,591 | 1,918 |
| Term deposits | 500 | 20,622 | – | – | 608,920 |
| Cash and cash equivalents | 274,417 | 549,521 | 2,030,653 | 1,832,787 | 1,211,486 |
| **Total current assets** | **497,208** | **1,030,375** | **2,448,665** | **2,408,456** | **2,552,709** |
| Trade and bills payables | 54,863 | 32,912 | 71,883 | 154,964 | 213,138 |
| Other payables and accruals | 182,077 | 191,731 | 145,089 | 109,489 | 141,954 |
| Contract liabilities | 5,757 | 3,730 | 6,795 | 736 | 378 |
| Derivative financial instruments | – | – | – | 2,140 | 3,303 |
| Lease liabilities | 344 | 261 | 67 | 66 | 67 |
| Borrowings | 142,405 | 315,181 | 303,536 | 65,025 | 6,401 |
| Redemption liabilities | 213,637 | 16,673 | 18,007 | – | – |
| Income tax payable | – | – | 59,765 | 36,541 | 36,571 |
| **Total current liabilities** | **599,083** | **560,488** | **605,142** | **368,961** | **401,811** |
| **Net current (liabilities)/assets** | **(101,875)** | **469,887** | **1,843,523** | **2,039,495** | **2,150,898** |

Our net current assets increased from RMB2,039.5 million as of September 30, 2025 to RMB2,086.8 million as of January 31, 2026, primarily due to (i) an increase of trade and bills receivables of RMB114.6 million, (ii) an increase in inventories of RMB35.4 million, and (iii) an decrease in current borrowings of RMB58.6 million; partially offset by (i) a increase in trade and bills payables of RMB58.2 million, and (ii) an increase of other payables and accruals of RMB32.5 million.

Our net current assets increased from RMB1,843.5 million as of December 31, 2024 to RMB2,039.5 million as of September 30, 2025, primarily due to (i) a decrease of borrowings of RMB238.5 million, (ii) a decrease of income tax payable of RMB23.2 million, (iii) a decrease of other payables and accruals of RMB35.6 million, (iv) a decrease of redemption liabilities of

RMB18.0 million, and (v) an increase of prepayments, deposits and other receivables of RMB13.7 million; partially offset by (i) a decrease of cash and cash equivalents of RMB197.9 million, (ii) a decrease of inventories of RMB23.3 million, and (iii) an increase of trade and bills payables of RMB83.1 million.

Our net current assets increased from RMB469.9 million as of December 31, 2023 to RMB1,843.5 million as of December 31, 2024, primarily due to (i) an increase of cash and cash equivalents of RMB1,481.2 million in relation to share issuance of RMB1,030.0 million from certain shareholders, (ii) an increase of trade and bills receivables of RMB51.0 million, (iii) a decrease of borrowings of RMB11.6 million, and (iv) an increase of VAT recoverable of RMB10.8 million, partially offset by (i) a decrease of inventories of RMB103.4 million, (ii) an increase of tax payable of RMB59.8 million, and (iii) a decrease of time deposits of RMB20.6 million.

Our net current liabilities of RMB101.9 million as of December 31, 2022 changed to net current assets of RMB469.9 million as of December 31, 2023, primarily due to (i) an increase of cash and cash equivalents of RMB275.1 million, (ii) an increase of inventories of RMB259.7 million, and (iii) a decrease in redemption liabilities of RMB197.0 million; partially offset by (i) an increase of borrowings of RMB172.8 million, (ii) a decrease of trade and bills payables of RMB22.0 million, and (iii) a decrease of trade and bills receivables of RMB28.1 million.

**Summary of Consolidated Statement of Cash Flow**

The following table presents our consolidated cash flow data for the years and periods indicated.

| | Year Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | **2022** | **2023** | **2024** | **2024** | **2025** |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Net cash generated from operating activities | 169,985 | 415,175 | 640,638 | 470,931 | 176,241 |
| Net cash used in investing activities | (505,270) | (1,140,458) | (144,332) | (144,539) | (21,462) |
| Net cash generated from/(used in) financing activities | 459,072 | 1,000,387 | 984,826 | 289,564 | (352,645) |
| **Net increase/(decrease) in cash and cash equivalents** | **123,787** | **275,104** | **1,481,132** | **615,956** | **(197,866)** |
| Cash and cash equivalents at beginning of the year/period | 150,630 | 274,417 | 549,521 | 549,521 | 2,030,653 |
| **Cash and cash equivalents at end of the year/period** | **274,417** | **549,521** | **2,030,653** | **1,165,477** | **1,832,787** |

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash generated from operating activities and borrowings from banks.

## KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios for the dates indicated.

| | As of/Years Ended December 31, | | | As of/ Nine Months Ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| Gross profit margin[(1)] | 44.7% | 39.0% | 34.1% | 25.6% |
| Current ratio[(2)] | 0.8 | 1.8 | 4.0 | 6.5 |
| Quick ratio[(3)] | 0.7 | 1.2 | 3.6 | 5.8 |
| Debt-to-asset ratio[(4)] | 59.9% | 52.4% | 37.5% | 31.8% |

*Notes:*

(1) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(2) Current ratio equals current assets divided by current liabilities as of the relevant year/period end.

(3) Quick ratio equals current assets excluding inventories divided by current liabilities as of the relevant year/period end.

(4) Debt-to-Asset Ratio equals total liabilities divided by total assets multiplied by 100%.

### Gross Profit Margin

Our gross profit margin decreased from 44.7% in 2022 to 39.0% in 2023, 34.1% in 2024 and further to 25.6% for the nine months ended September 30, 2025, primarily due to the changes in the offering mix and proportion of different service categories among each period. See "Financial Information — Discussion of Results of Operations" for more details on our gross profit margin.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see "Financial Information — Discussion of Results of Operations."

## FINANCIAL STRATEGIES

We had the following financial strategies to continue to grow our business and tackle potential market fluctuations:

### Expand Our Customer Base and Drive Revenue Growth

To maintain our sustained profitable growth in the long term, we intend to take the following measures to drive revenue growth:

- *Continue to strengthen and enhance our technologies.* We intend to continue to address the evolving needs of end customers. Through targeted R&D efforts, we aim to enhance product performance and overcome technical bottlenecks. Specifically, we have been pursuing advancements and improvements in technologies such as composite substrate epitaxy, trench filling epitaxy, multi-layer epitaxy and ultra-thick epitaxy to further improve the quality of our products and enhance their market competitiveness. The table below sets forth the details about our certain ongoing R&D projects.

| | Projects | Targets |
|---|---|---|
| 1 . . | SiC trench epitaxial refiling process | Develop trench epitaxial refiling technology to enable void-free SiC epitaxy in trenches with a certain depth-to-width ratio |
| 2 . . | High-quality SiC thick-film homoepitaxial technology | Develop high-quality thick-film epitaxial technologies to improve the performance of our epitaxial wafers in various aspects such as thickness variation, doping concentration, doping uniformity and surface defect density |
| 3 . . | High-quality 6-inch multi-layer SiC epitaxy technology | Develop high-quality 6-inch multi-layer epitaxy technology and achieve multiple epitaxial layers per wafer with controlled interface transition sharpness |
| 4 . . | High-uniformity 8-inch SiC epitaxial wafer | Refine 8-inch epitaxial growth technologies to improve the performance of our epitaxial wafers in various aspects, such as all-point thickness tolerance, thickness uniformity, all-point doping tolerance, doping uniformity and surface defect density |

- *Strategic focus on 8-inch SiC epitaxial wafers.* We seek to strengthen our leadership in the 8-inch SiC epitaxial wafer market, recognizing its growing importance in the industry. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers. Our sales volume for 8-inch SiC epitaxial wafers increased from 285 pieces in 2023 to 7,466 pieces in 2024 and further increased from 6,057 pieces for the nine months ended September 30, 2024 to 10,788 pieces for the same period in 2025. This growth reflects the industry's accelerating adoption of 8-inch wafers, driven by their clear advantages: 1.8 times increase in wafer area, a reduction in edge die ratio from 14% to 7%, and a 90% boost in the number of bare dies per wafer. To meet the market's growing demand for 8-inch SiC epitaxial wafers, we are strategically allocating additional manufacturing capacity to expand production of 8-inch SiC epitaxial wafers. This approach not only positions us to capture greater market share but also enables us to reduce fixed unit costs, further enhancing our competitiveness in the market. Our Directors are of the view that, having achieved the commercialization capabilities for 8-inch SiC epitaxial wafers, we are able to leverage our first-mover advantage to mass produce 8-inch SiC epitaxial wafers, meet the growing market demand and turn around our financial performance to enhance profitability in the future.

- *Continuously expanding market share for 6-inch SiC epitaxial wafers.* Our sales volume for 6-inch SiC epitaxial wafers increased from 81,633 pieces in 2022 to 199,708 pieces in 2023, primarily due to the growth of downstream applications and demands from our customers. Our sales volume for 6-inch SiC epitaxial wafers decreased from 199,708 pieces in 2023 to 156,584 pieces in 2024, primarily due to the larger stocking of our downstream customers in 2023. Our sales volume for 6-inch SiC epitaxial wafers increased from 126,648 pieces for the nine months ended September 30, 2024 to 137,184 pieces for the same period in 2025. According to CIC, this inventory adjustment cycle,

expected to conclude by the second half of 2026, reflects a cyclical rebalancing of supply and demand as well as impact from the transition from 4-inch to 6-inch and 8-inch wafers rather than a structural decline in the market. From a long-term perspective, the demand for SiC and SiC epitaxial wafer is expected to maintain strong growth, driven by the significant potential of downstream industries. According to CIC, the sales value generated by 6-inch epitaxial wafers is expected to increase from US$0.8 billion in 2024 to US$1.3 billion by 2029, with a CAGR of 9.4% from 2024 to 2029. To strengthen our position in the 6-inch SiC epitaxial wafer market, we are actively pursuing multiple strategic initiatives. These include implementing targeted marketing efforts. In particular, we intend to strengthen our sales outreach by deploying a dedicated field engagement team to build deeper relationships with key accounts and prospects. In parallel, we plan to actively participate in leading industry exhibitions and academic forums, both domestically and globally, to expand our market presence, capture emerging opportunities, and strengthen customer relationships. These efforts will enable us to better understand evolving market demands, identify new opportunities, and solidify our position with existing customers, which will eventually lead to better sales and operation results.

- *Implement targeted market expansion plan to reach new customers.* We seek to expand our market presence through targeted strategies in order to connect with a broader customer base. In the domestic market, our focus is on steadily growing our customer base, deepening strategic partnerships with key accounts, developing innovative downstream industry applications, and delivering increasingly competitive products as we scale efficiently. In the international market, we aim to strengthen relationships with global industry leaders by elevating product and service quality, ultimately bolstering customer loyalty, and to offer agile, tailored solutions that maintain our competitive edge. This dual approach could allow us to reach a broader customer pool both domestically and internationally.

- *Collaborate closely with downstream customers in joint R&D projects.* By partnering with customers on customized early-stage R&D projects, we seek to strengthen our customer relationships and foster loyalty. This approach not only aligns our R&D focus with customer-specific needs but also positions us as a trusted partner, enhancing customer loyalty and long-term revenue potential. The table below sets forth the details about our certain future R&D plans.

| | Projects | Targets |
|---|---|---|
| 1 . . | SiC superjunction device epitaxial technology | Develop and refine trench etching and epitaxial refiling process. |
| 2 . . | 8-inch SiC epitaxial wafers with low defect density | Develop SiC epitaxial growth technologies with lower defect density for 8-inch wafers. |

- *Explore new downstream market applications.* Tapping into industries that have yet to adopt SiC materials on a large scale, such as home appliances, AI computing power and data centers, smart grids, energy storage and eVTOL, presents significant growth opportunities. By tapping into these emerging markets, we could expand downstream market applications, unlocking new revenue streams.

- *Actively participate in promoting SiC and drive the adoption of SiC materials.* We intend to actively participate in market education initiatives to accelerate the adoption of SiC materials in various use scenarios. Through publishing industry white papers and standards, hosting technical seminars, attending industry exhibition and advocating the advantages of SiC, we seek to raise awareness, shape industry standards, and drive the

market's transition toward SiC solutions, fueling future growth. During the Track Record Period, our efforts on participating industry exhibitions and initiatives in the development of industry standards bolstered our industry recognition. This heightened visibility strengthened our brand authority and played a role in translating market interest into tangible business opportunities, supporting our order conversion efforts. Looking ahead, we remain committed to sustaining and expanding these efforts. By continuing to showcase our expertise through high-impact exhibitions and contributing to the development of forward-looking industry standards, we aim to accelerate the widespread adoption of SiC materials. This approach can help us to solidify our position and drive scalable growth, enabling us to capture new market segments and expand our business footprint strategically.

**Improve Operational Efficiency and Enhance Operating Leverage**

We aim to improve operating efficiency in every key aspect of our business. We expect to improve our operational efficiency by implementing the following:

- *Optimizing raw material costs.* Our raw material costs amounted to RMB180.0 million, RMB495.0 million, RMB411.3 million, RMB327.3 million and RMB214.2 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, representing for 73.9%, 71.0%, 64.1%, 62.6% and 53.8%, respectively, of our total cost of sales in the same periods. By periodically tracking market changes, we could monitor and record raw material price fluctuations, timely recognize price trends and flexibly adjust procurement plan in advance. We plan to continue to strengthen collaborations with upstream suppliers to secure more favorable terms and develop a more cost-effective raw material procurement strategy. Furthermore, improved process efficiency and production yield rate also mitigate raw material expenditure on each wafer, and we intend to implement targeted initiatives to integrate cost saving strategies with our enhancing product quality and supply chain stability.

- *Order-based production and inventory optimization.* We plan to continue our order-based production strategy, focusing on optimizing raw material stocking mechanisms to enhance turnover efficiency and minimize inventory backlogs. By aligning production closely with demand, we aim to streamline operations, reduce excess inventory, and establish an efficient supply chain. For example, we intend to coordinate our upstream suppliers for shorter procurement cycles, so as to increase storage flexibility and reduce inventory backlogs. We also plan to categorize our inventories to realize refined management. For critical materials with high value and low quantity, we intend to implement frequent stocktaking and stringent management policy. For low-value bulk materials, we intend to simplify the management procedure and maintain necessary secure inventory level.

- *Enhancing operational efficiency through advanced production line automation.* We plan to prioritize production line automation upgrades to enhance per capita output and reduce unit labour costs, driving operational efficiency and improving utilization rates. For example, in the manual labor-dependent processes of precise substrate loading and epitaxial wafer unloading, we plan to utilize an integrated multi-axis robotic system with vision positioning to achieve highly precise automated operations. Higher level of automation can reduce our unit cost and improve production efficiency. We believe these efforts establish a scalable automation model for future production expansion, while supporting our long-term operational efficiency.

Based on the foregoing, our Directors believe that the aforementioned measures will be effective and sustainable in improving our operating and financial performance. Considering the independent due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor which would cause them to cast reasonable doubt on the Company's view above.

## WORKING CAPITAL

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net proceeds from the Global Offering, our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Prospectus.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net proceeds we will receive from the Global Offering.

## GLOBAL OFFERING STATISTICS

All statistics in the following table are based on the assumptions that (i) the Global Offering has been completed and 21,492,050 Offer Shares are issued pursuant to the Global Offering; and (ii) 425,584,810 Shares are issued and outstanding following the completion of the Global Offering.

| | **Based on an Offer Price of HK$76.26 per Offer Share** |
|---|---|
| Market capitalization of our Shares[(1)] | HK$32,455.1 million |
| Unaudited pro forma adjusted consolidated net tangible assets per Offer Share[(2)] | HK$11.37 |

*Notes:*

(1) The calculation of the market capitalization of our Shares is based on 425,584,810 Shares expected to be in issue immediately after completion of the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share as of September 30, 2025 has been arrived at after adjustments referred to in "Unaudited Pro Forma Financial Information" in Appendix II to this Prospectus.

## DIVIDENDS

During the Track Record Period, no dividends have been declared and paid by us.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

## LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

According to our PRC Legal Adviser, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

## FUTURE PLANS AND USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,560.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, based on an Offer Price of HK$76.26 per Offer Share.

In line with our strategies, we intend to use the net proceeds for the following purposes, subject to changes with respect to our evolving business needs and changing market conditions:

- approximately 71% of the net proceeds, or HK$1,107.7 million, will be used to expand our production capacity of the SiC epitaxial wafers in a disciplined and prudent manner over the next five years, in response to the growing market demands;

- approximately 19% of the net proceeds, or HK$296.4 million, will be used in the R&D of SiC epitaxial wafers to enhance our technical capabilities and solidify our technical advantages; and

- approximately 10% of the net proceeds, or HK$156.0 million, will be used as working capital and for general corporate purposes.

For details, please see "Future Plans and Use of Proceeds."

## LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors, consultants and Reporting Accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Based on the Offer Price of HK$76.26, the total listing expenses (including underwriting commissions) payable by our Company are estimated to be approximately HK$78.9 million (equivalent to approximately RMB72.0 million), of which HK$31.4 million had been and is expected to be charged to our consolidated statements of profit or loss and HK$47.5 million is expected to be charged against equity upon the Listing. These listing expenses mainly comprise professional fees paid and payable to the professional parties, and commissions payable to the Underwriters, for their services rendered in relation to the Listing and the Global Offering. During the Track Record Period, we had recognized listing expenses in relation to the Listing of approximately RMB17.4 million to our consolidated statements of profit or loss and had prepaid listing expenses and deferred issue costs of RMB6.2 million to our consolidated statement of financial position. During the Track Record Period, we also recognized an additional amount of RMB8.5 million expenses in relation to our prior A share listing application, accounting for an aggregate of RMB25.9 million listing-related expenses.

We estimate that additional listing expenses of RMB48.4 million (including underwriting commissions of RMB37.4 million, based on an Offer Price of HK$76.26 per Offer Share), accounting for 2.95% of our gross proceeds, will be further incurred by our Group, of which RMB11.3 million is expected to be charged to our consolidated statements of profit or loss and RMB37.1 million is expected to be charged against equity upon the Listing.

## RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

In December 2025, we announced the world's first launch of 12-inch SiC epitaxial wafers. With their larger diameter, the 12-inch wafers can significantly increase the number of chips (devices) produced per wafer under the same manufacturing processes, reducing the unit manufacturing cost of SiC chips.

We expect a significant decrease in net profit for the year ending December 31, 2025 and net loss in the fourth quarter of 2025, despite our continued efforts in expanding customer base, enhancing the competitiveness of our products, and improving gross margin. The decrease in our net profit is attributable to a number of factors including: (i) average selling prices of SiC epitaxial wafers are lower in 2025 as compared to 2024 and if the inventory de-stocking of downstream industry of SiC industry persists, which may continue to exert pricing pressure on us, we may continue to experience significant decrease in our net profit; (ii) share-based payment expenses remained and will remain an ongoing expense from 2025 to 2029, as we provide long-term incentive programs to employees to motivate and retain talent; and (iii) we incurred larger amount of listing expenses in 2025, whereas the listing expenses in 2024 were relatively minimal. We expect to continue to be adversely affected if the depressing industry trend persists in the near future, while in the long-term, we have implemented a range of measures to enhance our profitability. For details on our concrete plan to expand our revenue, see "Financial Information — Financial Strategies."

Our Directors confirm that, as of the date of the Prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2025, the end of the period reported on the Accountant's Report included in Appendix I to this Prospectus; and there has been no event since September 30, 2025 which would materially affect the information presented in the Accountant's Report set out in Appendix I to this Prospectus.

The unaudited financial information as of and for the year ended December 31, 2025 have been agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants. Our unaudited financial information for the year ended December 31, 2025 is set out in Appendix III to this Prospectus.

## IMPACT OF THE TARIFFS

On November 1, 2025, the U.S. government released a fact sheet that documents the latest actions to be taken by the U.S. and Chinese governments to relax tariff and other trade controls as a result of a trade and economic deal reached between the two sides. The U.S. will, among other measures, lower the tariffs on Chinese imports by removing 10 percentage points of the cumulative rate, effective November 10, 2025, and will maintain its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. The U.S. will further extend the expiration of certain Section 301 tariff exclusions, currently due to expire on November 29, 2025, until November 10, 2026. The U.S. also will suspend for one year, starting on November 10, 2025, the implementation of the interim final rule titled Expansion of End-User Controls to Cover Affiliates of Certain Listed Entities. These are all measures to relax tariff and other trade controls, and therefore the Directors and legal adviser engaged in connection with the foregoing matters are of the view that these recent regulatory developments do not have any material adverse impact on the Group's business operations and financial performance. Our Directors will continue to monitor developments regarding relevant tariffs.

For a detailed discussion of tariffs applicable to us and the related risks, see "Risk Factors — Risks Relating to Our Business and Industry — Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions, international trade policies, international export controls and economic sanctions" and "Regulatory Overview — Latest Outlook on U.S. Tariff."

## UPDATES ON FINANCIAL INFORMATION

Save as disclosed in the section headed "Financial Information" and the Accountants' Report included in Appendix I to this Prospectus, our Directors confirm that, as of the date of this Prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects of our Group since September 30, 2025, the end of the period reported on in the Accountants' Report set out in Appendix I to this Prospectus.

The unaudited financial information as of and for the year ended December 31, 2025 have been agreed with the Reporting Accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants. Our unaudited financial information for the year ended December 31, 2025 is set out in Appendix III to this Prospectus.

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

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| "Accountants' Report" | the accountants' report of our Company prepared by BDO Limited, the text of which is set out in Appendix I to this Prospectus |
| "affiliate(s)" | with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person |
| "AFRC" | the Accounting and Financial Reporting Council of Hong Kong |
| "Articles" or "Articles of Association" | the articles of association of our Company, as amended from time to time, which shall become effective upon the Listing Date, a summary of which is set out in Appendix IV to this Prospectus |
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Audit Committee" | the audit committee of the Board |
| "Board" or "our Board" | the board of Directors |
| "Business Day" | a day on which banks in Hong Kong are generally open to the public for normal business and which is not a Saturday, Sunday or public holiday in Hong Kong |
| "Capital Market Intermediary(ies)", "capital market intermediary(ies)" or "CMI(s)" | the capital market intermediaries participating in the Global Offering, with the meaning ascribed thereto under the Listing Rules |
| "CCASS" | the Central Clearing and Settlement System established and operated by HKSCC |
| "Chantou Juxiang Xinhan" | Xiamen Chantou Juxiang Xinhan Technology Investment Partnership Enterprise (Limited Partnership) (廈門產投炬翔芯瀚科技投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 20, 2024 |
| "China", "mainland China", or "PRC" | the People's Republic of China, which, for the purposes of this Prospectus and for geographical reference only, excludes Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan Region |

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| "China Resources Microelectronics" | China Resources Microelectronics Holdings Company Limited (華潤微電子控股有限公司), a limited liability company established in the PRC on June 30, 2017 |
| "CIC" | China Insights Industry Consultancy Limited, an independent professional market research and consulting company, which is an Independent Third Party |
| "CIC Report" | an independent market research report commissioned by us and prepared by CIC for the purposes of this Prospectus |
| "close associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Companies Ordinance" | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Companies (Winding Up and Miscellaneous Provisions) Ordinance" | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Company", "our Company" or "the Company" | Epiworld International Co., Ltd. (瀚天天成电子科技(厦门)股份有限公司), formerly known as Hantian Tiancheng Electronics Technology (Xiamen) Co., Ltd. (瀚天天成電子科技(廈門)有限公司) and Hantian Taicheng Electronics Technology (Xiamen) Co., Ltd. (瀚天泰成電子科技(廈門)有限公司), a limited liability company established in the PRC on March 31, 2011 and converted into a joint stock company with limited liability on May 25, 2023 |
| "Compliance Adviser" | Rainbow Capital (HK) Limited |
| "connected person(s)" | has the meaning ascribed thereto under the Listing Rules |
| "connected transaction(s)" | has the meaning ascribed thereto under the Listing Rules |
| "core connected person(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Corporate Governance Code" | the Corporate Governance Code set out in Appendix C1 to the Listing Rules |
| "CSDCC" | 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) |
| "Dangfeng Technology" | Xiamen Dangfeng Technology Co., Ltd. (廈門市當豐科技有限公司), a limited liability company established in the PRC on November 21, 2014 |

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| "Director(s)" or "our Director(s)" | the director(s) of our Company |
| "Dongzheng Ruikun" | Zhuji Dongzheng Ruikun Equity Investment Partnership (Limited Partnership) (諸暨東證睿坤股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on October 30, 2020 |
| "Dr. Zhao" | Dr. Zhao Jianhui (趙建輝), our founder, chairman of the Board, an executive Director and our Single Largest Shareholder |
| "EIT" | the PRC enterprise income tax |
| "EIT Law" | the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) |
| "Epiworld Core" | Xiamen Hantian Nuclear Core Enterprise Management Partnership (Limited Partnership) (廈門瀚天核芯企業管理合夥企業(有限合夥)), formerly known as Xiamen Hantian Nuclear Core Equity Investment Partnership (Limited Partnership) (廈門瀚天核芯股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 2, 2020, details of which are set out in "History, Development and Corporate Structure — Employee Shareholding Platform" in this Prospectus |
| "Epiworld Hong Kong" | EPINOVA LIMITED, a private limited company incorporated in Hong Kong on December 10, 2025, and a wholly owned subsidiary of the Company |
| "Epiworld Malaysia" | EPICENTER SDN. BHD., a limited liability company established in Malaysia, and an indirectly wholly owned subsidiary of the Company |
| "Epiworld Materials" | Epiworld Semiconductor Materials (Xiamen) Co., Ltd. (瀚天天成半導體材料(廈門)有限公司), a limited liability company established in the PRC on May 31, 2024, and a wholly owned subsidiary of the Company |
| "Epiworld Singapore" | APEXIV INTERNATIONAL PTE. LTD., a limited liability company established in Singapore, and a wholly owned subsidiary of the Company |
| "Exchange Participant" | a person (a) who, in accordance with the Listing Rules, may trade on or through the Hong Kong Stock Exchange; and (b) whose name is entered in a list, register or roll kept by the Hong Kong Stock Exchange as a person who may trade on or through the Hong Kong Stock Exchange |
| "Extreme Conditions" | extreme conditions as announced by the government of Hong Kong in the case where a super typhoon or other natural disaster of a substantial scale seriously affects the working public's ability to resume work or brings safety concern for a prolonged period |

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| "FINI" | "Fast Interface for New Issuance", the 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 the Listing |
| "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 |
| "Global Coordinators" | the global coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this Prospectus |
| "Global Offering" | the Hong Kong Public Offering and the International Offering |
| "Greater China" | the People's Republic of China, which, for the purposes of this Prospectus and for geographical reference only, includes Hong Kong, the Macao Special Administrative Region of the People's Republic of China, and Taiwan Region |
| "Group", "our Group", "our", "we", or "us" | our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any) |
| "Guide for New Listing Applicants" | the Guide for New Listing Applicants issued by the Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time |
| "Hainan Zhentai" | Hainan Zhentai Venture Capital Partnership (Limited Partnership) (海南臻泰創業投資合夥企業(有限合夥)) formerly known as Hainan Zhentai Venture Capital Investment Fund Partnership (Limited Partnership) (海南臻泰創業投資基金合夥企業(有限合夥)) and Hangzhou Zhentai Equity Investment Partnership (Limited Partnership) (杭州臻泰股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 14, 2020 |
| "H Share(s)" | listed ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange |
| "H Share Registrar" | Computershare Hong Kong Investor Services Limited |
| "Hefei Tiancheng" | Hefei Chantou Tiancheng Equity Investment Partnership (Limited Partnership) (合肥產投天成股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 22, 2022 |

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| "HK$", "HKD" or "Hong Kong dollars" | Hong Kong dollar(s), the lawful currency of Hong Kong |
| "HKSCC" | Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| "**HKSCC EIPO**" | the application for 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 Hong Kong Offer Shares on your behalf |
| "HKSCC Nominees" | HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC |
| "HKSCC Operational Procedures" | the operational procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operation and functions of CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as in force from time to time |
| "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 PRC |
| "Hong Kong Offer Shares" | 2,149,250 H Shares (subject to reallocation as described in the section headed "Structure of the Global Offering" in this Prospectus) initially offered by our Company for subscription at the Offer Price pursuant to the Hong Kong Public Offering |
| "Hong Kong Public Offering" | the offering of the Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price (plus brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee), on and subject to the terms and conditions described in "Structure of the Global Offering — The Hong Kong Public Offering" in this Prospectus |
| "Hong Kong Stock Exchange" or "Stock Exchange" | The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |

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| "Hong Kong Takeovers Code" or "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 |
| "Hong Kong Underwriters" | the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — The Hong Kong Underwriters" in this Prospectus |
| "Hong Kong Underwriting Agreement" | the underwriting agreement dated March 19, 2026 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Sponsor-Overall Coordinator and the Hong Kong Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Hong Kong Public Offering — Hong Kong Underwriting Agreement" in this Prospectus |
| "Huajin Mingjiade" | Ningbo Huajin Mingjiade Venture Capital Partnership (Limited Partnership) (寧波華錦銘嘉德創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on April 13, 2023 |
| "Huajin Yuxing" | Ningbo Huajin Yuxing Venture Capital Partnership (Limited Partnership) (寧波華錦煜興創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on April 10, 2023 |
| "Huangshan Saifu" | Huangshan Saifu Tourism Culture Industry Development Fund (Limited Partnership) (黃山賽富旅遊文化產業發展基金(有限合夥)), a limited partnership established in the PRC on January 5, 2018 |
| "Hubble Technology" | Hubble Technology Venture Capital Co., Ltd. (哈勃科技創業投資有限公司)), formerly known as Hubble Technology Investment Co., Ltd. (哈勃科技投資有限公司), a limited liability company established in the PRC on 23 April 2019 |
| "Huiyou Chuangjia" | Shenzhen Huiyou Chuangjia Venture Investment Partnership (L.P.) (Limited Partnership) (深圳市惠友創嘉創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 31, 2017 |
| "Huzhou Runxu" | Huzhou Runxu Equity Investment Partnership (Limited Partnership) (湖州潤煦股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 24, 2021 |
| "ICBC Investment" | ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司), a company with limited liability established in the PRC on September 26, 2017 |

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| "IFRSs" | the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by IASB and the International Accounting Standards (IAS) and interpretations issued by the International Accounting Standards Committee (IASC) |
| "IIT Law" | the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) |
| "Independent Third Party(ies)" | any person(s) or entity(ies) who is not a connected person of the Company within the meaning of the Listing Rules |
| "International Offer Shares" | the 19,342,800 H Shares offered by our Company pursuant to the International Offering (subject to reallocation as described in the section headed "Structure of the Global Offering" in this Prospectus) |
| "International Offering" | the conditional placing of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, in each case on and subject to the terms and conditions of the International Underwriting Agreement, as further described in the section headed "Structure of the Global Offering — The International Offering" in this Prospectus |
| "International Underwriters" | the group of international underwriters who are expected to enter into the International Underwriting Agreement to underwrite the International Offering |
| "International Underwriting Agreement" | the underwriting agreement relating to the International Offering expected to be entered into on or about March 26, 2026 by our Company and the International Underwriters, as further described in the section headed "Underwriting — Underwriting Arrangements and Expenses — The International Offering" in this Prospectus |
| "Jiadong Wuyuan" | Xiamen Jiadong Wuyuan Investment Partnership (Limited Partnership) (廈門嘉棟物院投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 28, 2022 |
| "Jiangyin Yinrun" | Jiangyin Yinrun Equity Investment Partnership (Limited Partnership) (江陰銀潤股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on November 25, 2022 |
| "Joint Bookrunners" | the joint bookrunners as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this Prospectus |

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| "Joint Lead Managers" | the joint lead managers as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this Prospectus |
| "Latest Practicable Date" | March 10, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this Prospectus prior to its publication |
| "Liaoning Haitong" | Liaoning Haitong New Kinetic Energy Equity Investment Fund Partnership (Limited Partnership) (遼寧海通新動能股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on January 20, 2020 |
| "Listing" | listing of the H Shares on the Main Board of the Hong Kong Stock Exchange |
| "Listing Committee" | the listing committee of the Hong Kong Stock Exchange |
| "Listing Date" | the date, expected to be on or about Monday, March 30, 2026, on which our H Shares are to be listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange |
| "Listing Rules" | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| "Main Board" | the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operates in parallel with the GEM of the Hong Kong Stock Exchange |
| "MOF" | the Ministry of Finance of the PRC (中華人民共和國財政部) |
| "MOFCOM" | the Ministry of Commerce of the PRC (中華人民共和國商務部) |
| "NDRC" | the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會) |
| "Ningbo Fuchi" | Ningbo Fuchi Enterprise Management Consulting Partnership (Limited Partnership) (寧波富池企業管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on December 19, 2018 |
| "Ningbo Fuwurong" | Ningbo Fuwurong Wuxiali Equity Investment Fund Partnership (Limited Partnership) (寧波芙五蓉物廈理股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on October 8, 2022 |

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| "Ningbo Qiaowang" | Ningbo Meishan Bonded Port Zone Qiaowang Equity Investment Partnership (Limited Partnership) (寧波梅山保税港區僑旺股權投資合夥企業(有限合夥)), a limited partnerships established in the PRC on June 15, 2017 |
| "Nomination Committee" | the nomination committee of the Board |
| "NPC" | the National People's Congress of the PRC (中華人民共和國全國人民代表大會) |
| "Offer Price" | HK$76.26, being the price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) at which the Offer Shares are to be subscribed for and issued pursuant to the Global Offering as described in the section headed "Structure of the Global Offering" in this Prospectus |
| "Offer Share(s)" | the Hong Kong Offer Shares and the International Offer Shares |
| "Overall Coordinators" | the overall coordinators as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this Prospectus |
| "Overseas Listing Trial Measures" | the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies and five supporting guidelines (《境內企業境外發行證券和上市管理試行辦法》及五項配套指引) promulgated by the CSRC on February 17, 2023 which became effective on March 31, 2023 |
| "PBOC" | the People's Bank of China (中國人民銀行), the central bank of the PRC |
| "PRC Company Law" | the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time |
| "PRC GAAP" | generally accepted accounting principles of the PRC |
| "PRC Legal Adviser" | Jingtian & Gongcheng, the PRC legal adviser to our Company in connection with the Global Offering |
| "PRC Securities Law" | the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time |
| "Pre-IPO Investment(s)" | the investment(s) in our Group undertaken by the Pre-IPO Investors prior to this initial public offering, details of which are set out in "History, Development and Corporate Structure" in this Prospectus |

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| "Pre-IPO Investor(s)" | the investor(s) making investments in our Group prior to this initial public offering as set out in "History, Development and Corporate Structure" in this Prospectus |
| "Prospectus" | this prospectus being issued in connection with the Hong Kong Public Offering |
| "Puyuan Pengyuan" | Puyuan Pengyuan (Xiamen) Investment Partnership (Limited Partnership) (樸原鵬遠(廈門)投資合夥企業(有限合夥)) formerly known as Puyuan (Xiamen) Investment Partnership (Limited Partnership) (樸原(廈門)投資合夥企業(有限合夥)), a limited partnership established in the PRC on April 25, 2018 |
| "Qingda Runyu" | Xiamen Qingda Runyu Venture Capital Partnership (Limited Partnership) (廈門市清大潤玉創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 12, 2022 |
| "Qingda Xinsheng" | Xiamen Qingda Xinsheng Venture Capital Partnership (Limited Partnership) (廈門市清大芯盛創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on August 1, 2022 |
| "Qingyue Jingfu" | Xiamen Qingyue Jingfu Investment Partnership (Limited Partnership) (廈門清悅京福投資合夥企業(有限合夥)), a limited liability partnership established in the PRC on October 31, 2022 |
| "Regulation S" | Regulation S under the U.S. Securities Act |
| "Remuneration Committee" | the remuneration committee of the Board |
| "RMB" or "Renminbi" | Renminbi, the lawful currency of the PRC |
| "SAFE" | the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局) |
| "Saifu Jinzuan" | Xiamen Saifu Jinzuan Equity Investment Partnership (Limited Partnership) (廈門賽富金鑽股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on May 22, 2017 |
| "SAMR" | the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局) |
| "SAT" | the State Taxation Administration of the PRC (中華人民共和國國家税務總局) |
| "SFC" | the Securities and Futures Commission of Hong Kong |

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| "SFO" or "Securities and Futures Ordinance" | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| "Shanghai Minshenshi" | Shanghai Minshenshi Management Consulting Partnership (Limited Partnership) (上海敏申實管理諮詢合夥企業(有限合夥)), a limited partnership established in the PRC on May 9, 2023 |
| "Shanghai Tianli" | Shanghai Tianli Enterprise Management Center (Limited Partnership) (上海天禮企業管理中心(有限合夥)), a limited partnership established in the PRC on August 30, 2019 |
| "Shanghai Zhezhong" | Shanghai Zhezhong Group Co., Ltd. (上海柘中集團股份有限公司), formerly known as Shanghai Zhezhong Construction Co., Ltd. (上海柘中建設股份有限公司) and Shanghai Zhezhong Large-scale Pipe Pile Co., Ltd. (上海柘中大型管樁有限公司) (stock code: 002346.sz), a company listed on the Shenzhen Stock Exchange |
| "Share(s)" | ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares |
| "Shareholder(s)" | holder(s) of the Share(s) |
| "Single Largest Shareholder" | refers to Dr. Zhao Jianhui (趙建輝) |
| "Sole Sponsor" and "Sponsor-Overall Coordinator" | the sole sponsor and sponsor-overall coordinator as named in the section headed "Directors, Supervisors and Parties Involved in the Global Offering" in this Prospectus |
| "State Council" | the State Council of the PRC (中華人民共和國國務院) |
| "subsidiary(ies)" | has the meaning ascribed thereto under the Listing Rules |
| "substantial shareholder(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Supervisor(s)" | supervisor(s) of the Company |
| "Supervisory Committee" | the committee of the Supervisors |
| "Torch Capital" | Xiamen Torch Group Venture Capital Co., Ltd. (廈門火炬集團創業投資有限公司), a limited liability company established in the PRC on April 5, 2004 |
| "Track Record Period" | the period comprising the three financial years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025 |
| "treasury shares" | has the meaning ascribed thereto under the Listing Rules |

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| "U.S. dollars", "US$" or "USD" | United States dollars, the lawful currency of the United States |
| "U.S. persons" | U.S. persons as defined in Regulation S |
| "U.S. Securities Act" | the U.S. Securities Act of 1933, as amended, supplemented or otherwise modified from time to time |
| "Underwriters" | the Hong Kong Underwriters and the International Underwriters |
| "Underwriting Agreements" | the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the context may require |
| "United States" or "U.S." | the United States of America, its territories and possessions, any State of the United States, and the District of Columbia |
| "Unlisted Share(s)" | ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange |
| "VAT" | value-added tax |
| "Wangrui Hancheng" | Xiamen Wangrui Hancheng Enterprise Management Partnership (Limited Partnership) (廈門望睿瀚成企業管理合夥企業(有限合夥)), a limited partnership established in the PRC on July 10, 2025 |
| "**White Form eIPO**" | the application process for Hong Kong Offer Shares with applications issued in the applicant's own name and submitted 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 |
| "Xiamen Chantou Gongrong" | Xiamen Chantou Gongrong Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (廈門產投工融新興產業股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on December 16, 2024. |
| "Xiamen Gongrong Industry" | Xiamen Gongrong Industry Investment Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (廈門工融產投新興產業股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on December 16, 2024 |

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| "Xiamen Hi-Tech Investment" | Xiamen Hi-tech Innovation Angel Investment Co., Ltd. (廈門高新科創天使創業投資有限公司), a limited liability company established in the PRC on March 11, 2013 |
| "Xiamen Hongyuan" | Xiamen Zhongnan Hongyuan Equity Investment Fund Partnership (L.P.) (廈門中南弘遠股權投資基金合夥企業(有限合夥)), a limited partnership established in the PRC on April 13, 2017 |
| "Xiamen Hongxing" | Xiamen Hongxing Equity Investment Partnership (Limited Partnership) (廈門弘行股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on June 4, 2019 |
| "Xiamen Jushenghua" | Xiamen Jushenghua Venture Capital Partnership (Limited Partnership) (廈門炬盛華創業投資合夥企業(有限合夥)), a limited partnership established in the PRC on September 5, 2019 |
| "Xiamen Spark" | South China (Xiamen) Spark Venture Capital (廈門中南星火股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 9, 2018 |
| "Xike Zhongheng" | Xiamen Xike Zhongheng Investment Partnership (Limited Partnership) (廈門希科眾恒投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 7, 2013 |
| "Xincheng Zhongchuang" | Xiamen Xincheng Zhongchuang Investment Partnership Enterprise (Limited Partnership) (廈門芯成眾創投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 24, 2017 |
| "%" | per cent |

*This glossary contains definitions of certain technical terms used in this Prospectus in connection with us and our business. These may not correspond to standard industry definitions and may not be comparable to similarly terms adopted by other companies.*

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| "AC" | alternating current |
| "BPD" | basal plane dislocation, a type of crystal defect in SiC and other semiconductor materials, where a slip or disruption occurs along the basal plane of the crystal structure, creating a localized region of structural imperfection |
| "BPD conversion" | a technology that converts BPDs existing in the substrate into electrically benign threading edge dislocations (TEDs) during specific SiC epitaxial growth |
| "CAGR" | compound annual growth rate |
| "CIM system" | computer integrated manufacturing system, a system used to integrate and control the entire production process |
| "CVD" | chemical vapor deposition, a process in which gaseous chemicals react on a heated wafer surface to form solid film |
| "C/Si ratio" | the proportion of carbon to silicon atoms in the gas mixture used during epitaxial growth of SiC layers that affects crystal quality, defect levels and doping in SiC epitaxy |
| "DC-DC converters" | an electronic circuit that converts a source of direct current (DC) from one voltage level to another |
| "doping" | the intentional introduction of impurities into the semiconductor material to modify its electrical properties |
| "EAP" | equipment automation program system, acts as the interface between manufacturing systems (MES) and production equipment (such as CVD reactors), ensuring precise and automated wafer processing |
| "epitaxial foundry" | An epitaxial foundry is a company that specializes in manufacturing epitaxial wafers and providing epitaxial wafer growth services for external customers, which does not include those who produce epitaxial wafers for large-scale self-use |
| "epitaxial growth" | a process of crystal growth or material deposition where new crystalline layers are formed with well-defined orientations on a substrate enhancing the performance of semiconductor devices |

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| "ERP system" | enterprise resource planning system, a system that organizations use to manage and integrate various business processes |
| "ESS" | energy storage system, which stores energy for use at a later time, helping to balance supply and demand in energy systems |
| "EV" | electric vehicle, a type of vehicle that is powered entirely or partially by electricity |
| "eVTOL" | electric vertical take-off and landing, a technology that enables flying vehicle to take off and land vertically and powered by electricity |
| "FDC" | fault detection and classification, a critical real-time monitoring and analytics platform that tracks equipment sensor data (such as temperature, pressure, radio frequency power) to detect process deviations, classify fault types, preventing wafer scrap and improving yield |
| "foundry" | a manufacturer specializing in the production and manufacture of chips in the field of integrated circuits |
| "frequency" | the rate at which a power electronic device, such as a switch or rectifier, operates. It is a crucial factor influencing the performance and efficiency of power systems |
| "GaAs" | Gallium Arsenide, a compound made from gallium and arsenic used in electronics and optoelectronics |
| "GaN" | Gallium Nitride, a compound made from gallium and nitrogen used in electronics |
| "IDM" | integrated device manufacturer |
| "IATF16949" | international technical specification of automotive industry quality management system, which is prepared by International Automotive Task Force (IATF) |
| "inch" | the standard unit of measurement used to denote the diameter of substrates. In the semiconductor industry, the common sizes for substrates include 3-inch (76.2mm), 4-inch (100mm), 6-inch (150mm) and 8-inch (200mm) |
| "integrated circuit" | integrated circuit, 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 |
| "inverter" | a power electronic device that converts direct current electricity into alternating current electricity |

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| "maximum available production capacity" | the maximum available operational capacity of manufacturing equipment calculated based on the maximum hourly capacity and working hours in a given year. The maximum available production capacity is subject to the timing of completion of installation and tuning of each piece of our reactors in that year |
| "MES" | manufacturing execution system, a system used in manufacturing to track and document the transformation of raw materials to finished goods |
| "OBC" | on board charger, a power electronics device on EVs, which converts alternating current (AC) power from external sources, such as residential outlets, into DC power to charge the vehicle's battery pack |
| "PMS" | predictive maintenance system, a system that uses time series historical and failure data to predict the future potential health of equipment and anticipate problems in advance |
| "power density" | the amount of power processed per unit volume or unit area |
| "power device(s)" | a type of semiconductor component that is used as a switch or rectifier in power electronics, and serves as the core component of power supplies |
| "production capacity" | the theoretical output of manufacturing equipment under optimal conditions |
| "RMS" | recipe management system, a system used to manage the relationships and processes related to production recipes |
| "R&D" | research and development |
| "SiC" | silicon carbide, a compound semiconductor made of silicon and carbon, known for its high thermal conductivity, wide bandgap, and exceptional hardness |
| "SiC epitaxial wafer" | a silicon carbide (SiC) wafer that has been produced using an epitaxial growth process. In this process, a thin layer of SiC is deposited on a substrate, typically made of the same material (SiC) |
| "SPC" | statistical process control |
| "sq.m." | square meter(s) |
| "substrate" | a semiconductor material used to support the epilayer |
| "UPS" | uninterruptible power supply, a backup battery system that provides emergency power |

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| "wafer" | a thin slice of semiconductor material, used in the manufacture of integrated circuits and other microelectronic devices |
| "WMS" | warehouse management system, a system used to manage and control daily warehouse operations |
| "4H-SiC" | specific polytype of silicon carbide (SiC) characterized by its hexagonal crystal structure. The "4H" designation indicates that the crystal structure has four Si-C bilayers in a specific repeating sequence, which gives it distinct electrical, thermal, and mechanical properties |

We have included in this Prospectus forward-looking statements. Statements that are not historical facts, including but not limited to statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements. When used in this Prospectus, the words "aim", "anticipate", "believe", "could", "expect", "going forward", "intend", "ought to", "project", "seek", "should", "will", "would", "vision", "aspire", "target", "schedule", and the negative of these words and other similar expressions, as they relate to us 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, 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 risk factors as described in this Prospectus, some of which are beyond our control and may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing us 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 relationship with, and the actions and developments affecting, our customers and suppliers;
- future developments, trends and conditions in the industries and markets in which we operate or plan to operate;
- general economic, political and business conditions in the markets in which we operate;
- changes to the regulatory environment in the industries and markets in which we operate;
- our ability to maintain our market position;
- the actions and developments of our competitors;
- our ability to effectively contain costs and optimize pricing;
- the ability of third parties to perform in accordance with contractual terms and specifications;
- our ability to retain senior management and key personnel and recruit qualified staff;
- our business strategies and plans to achieve these strategies;
- the effectiveness of our quality control systems;
- change or volatility in interest rates, foreign exchange rates, equity prices, trading volumes, commodity prices and overall market trends; including those pertaining to the PRC and the industry and markets in which we operate; and
- capital market developments.

By their nature, certain disclosures relating to these and other risks are only estimates and should one or more of these uncertainties or risks, among others, materialize, actual results may vary materially from those estimated, anticipated or projected, as well as from historical results. Specifically but without limitation, sales could decrease, costs could increase, capital costs could increase, capital investment could be delayed and anticipated improvements in performance might not be fully realized.

Subject to the requirements of applicable laws, rules and regulations, we do not have any or undertake no obligation to update or otherwise revise the forward-looking statements in this Prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this Prospectus might not occur in the way we expect or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this Prospectus are qualified by reference to the cautionary statements in this section as well as the risks and uncertainties discussed in the section headed "Risk Factors."

In this Prospectus, statements of or references to our intentions or those of our Directors were made as of the date of this Prospectus. Any such information may change in light of future developments.

*An investment in our H Shares involves significant risks. You should carefully consider all of the information in this Prospectus, including the risks and uncertainties described below, as well as our financial statements and the related notes, and the "Financial Information" section, before deciding to invest in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material adverse effect on our business, financial condition, results of operations and growth prospects. In any such case, the market price of our H Shares could decline, and you may lose all or part of your investment. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our business operations.*

*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" in this Prospectus.*

## RISKS RELATED TO OUR BUSINESS AND INDUSTRY

### Our business growth and prospects are affected by our ability to continuously innovate and upgrade our technologies and production processes and to penetrate new markets.

Our future success significantly depends on our ability to continue to innovate and upgrade our technologies and production processes. Product design, development, innovation and upgrade is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. The technological advancement in the downstream industries has been accelerating continuously, and the downstream market is constantly proposing higher requirements and demands for upgraded technologies and processes. There can be no assurance that we will be able to develop and introduce new and upgraded products in a timely or efficient manner or that new and upgraded products, if developed, will achieve market acceptance and generate sufficient revenue to offset costs incurred for such development and further achieve profitability. Failure to timely innovate and upgrade our technologies and production processes could materially delay our development of new and enhanced products, which could result in loss of competitiveness and market share.

Our growth is also dependent on the ability of us to identify and penetrate new markets where we have limited experience yet require significant investments, resources and technological advancements in order to compete effectively. Our success in these markets is subject to a number of factors such as marketing and selling efforts, competitiveness of our existing and new products, customer preference and acceptance of our products and end products in which our products are used, and competitive landscape. There can be no assurance that we will achieve success in these markets and that the markets we serve and/or target based on our business strategy will grow in the future.

### We face substantial competition.

We expect that the competition among providers of different SiC epitaxial wafer products may increase in the future and we face intense technological and pricing competition in the markets in which we operate. The introduction of new products, technologies and production processes by our competitors, the market acceptance of products based on our new or alternative technologies and production processes, or our failure to anticipate or timely develop new or enhanced products, technologies or production processes in response to changing market demand, whether due to technological shifts or otherwise, could result in a decrease of customers and reduced competitiveness. For example, in the early stage of our research and development of 8-inch SiC epitaxial wafers, we experienced relatively long development cycles and high levels of uncertainty.

This was primarily due to our limited familiarity with the epitaxial equipment and substrates at the time, which necessitated systematic evaluation and optimization of the production process. Certain competitors that possess more sufficient financial, technical and management resources to develop and market products may compete favorably against our products, and business integration among our competitors may allow them to compete more effectively. In the event that we are unable to overcome pricing pressure or achieve cost efficiencies, or match the technological, product, support or manufacturing advancements of our competitors, we may lose our current market share and experience decreases in sales volume, thereby adversely affecting our business, financial condition and results of operations.

**The price of our products and our profit margin may be materially and adversely affected as the overall production capacity continues to increase in the future.**

The global SiC epitaxial wafer industry is experiencing significant capacity expansion, coupled with rapid technology advancements. The selling price of our epitaxial wafer products may be adversely affected by the increasing production capacity and there is a downward trend in the selling price of our epitaxial wafer products. We consider costs of raw materials and manufacturing costs, technical specifications (such as complexity and yield rate), sales volume, and industry prevailing prices of SiC epitaxial wafer when pricing our products and services. In the event where prevailing industry prices are clearly declining, it is unlikely that we can maintain independent pricing, which means that we will need to adjust our average selling prices accordingly, thereby adversely affecting our financial performance. We cannot predict that if the production capacity of epitaxial wafer products will continue to grow rapidly in China and worldwide and to what extent that the technological development may reduce costs of production and accelerate the capacity expansion. During the Track Record Period, the average selling price of our SiC epitaxial wafers experienced downward pressure. Specifically, the average price of 6-inch SiC epitaxial wafers declined year by year during the Track Record Period, while the average price of 4-inch wafers initially declined before subsequently rising. These pricing pressures we experienced during the Track Record Period adversely affected our financial performance. If, in the future, supply of epitaxial wafer products significantly outpaces demand, we may experience further price reduction, which could adversely affect our profitability and results of operations.

**Our performance is subject to the development and condition of our downstream industries that adopt our products. Any slowdown in the growth of these downstream industries could adversely affect our business, financial condition and results of operations.**

Our performance is subject to the fluctuations of demands from downstream industries. Our SiC epitaxial wafer products are primarily offered to downstream customers operating across various industries. Our customers utilize our SiC epitaxy wafers to manufacture their products, typically power devices, for a wide range of downstream industrial applications, such as EVs, charging infrastructure, renewable energy, ESS, as well as emerging applications such as home appliances, AI computing power and data centers, smart grids, and eVTOL. Demand for our products largely depends on growth within the markets for the end products, which is impacted by factors beyond our control. These factors include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of downstream industries;
- a downturn in general economic conditions in the PRC and worldwide;
- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of the downstream industries from the PRC;
- the inability of our customers to dedicate necessary resources to promote and commercialize their products;

- the inability of our customers to adapt to changing technological demands;
- the failure of our customers' end products in which our products are used to meet evolving industry requirements or achieve market acceptance;
- delays and project cancellations as a result of design flaws in the products developed by our customers;
- increased costs associated with potential disruptions to our customers' supply chain and other manufacturing and production operations;
- the deterioration of our customers' financial condition; and
- the effects of catastrophic and other disruptive events at our customers' offices or facilities including natural disasters, telecommunications failures, cyber-attacks, terrorist attacks, pandemics, epidemics or other outbreaks of infectious disease, breaches of security or loss of critical data.

In the event that any of the above events occur, the end product markets may not maintain stable growth and the demand for our products may be reduced. Therefore, our business, financial condition, results of operations and prospects could be materially and adversely affected.

**A fluctuation in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs, delay deliveries of our products to customers and affect our market price, which would further affect our business, financial condition and results of operations.**

We depend on our suppliers to provide a variety of materials necessary for the manufacturing of our SiC epitaxial wafers including conductive SiC substrates and other accessory materials such as graphite components, chemicals, packaging materials and special gases. In particular, a fluctuation in raw material costs may disrupt our supply chain and increase our production costs. Our raw material costs amounted to RMB180.0 million, RMB495.0 million, RMB411.3 million, RMB327.3 million and RMB214.2 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, representing for 73.9%, 71.0%, 64.1%, 62.6% and 53.8%, respectively, of our total cost of sales in the same periods. During the Track Record Period, we experienced a high single-digit percentage increase in average purchase price of raw material costs from 2022 to 2023, because certain orders required higher proportion of substrates with higher prices, despite that we benefited from the raw material price decline ever after. Such increase was partially offset by the improved yield rate of substrates. Going forward, in case of material changes in raw material costs, we may need to consider adjusting our pricing policy for our products, which could affect the sales volume of such products, thereby materially and adversely affecting our operational performance and financial condition.

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. Any fluctuation in prices of raw materials or shortage or delay in the supply of our raw materials could result in occasional price adjustments of our products or cause delays in our production and delivery to customers. We cannot guarantee we will not in the future experience price fluctuations and supply shortages of raw materials. In such event, we may be required to seek alternate sources of supply and there is no guarantee that we will be able to find alternate sources of supply in a timely manner and with reasonable price, or at all. If we are unable to keep up with demand for our products due to the failure to supply the raw materials we need, our customers may reduce, delay or cancel their orders and our business could be adversely affected.

**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 relationship with us.**

We primarily purchase raw materials from raw material production companies, and equipment and machinery from equipment supply companies. During the Track Record Period, we made purchases primarily from a limited number of our key strategic suppliers. In particular, our purchase from the five largest suppliers in each period during the Track Record Period were RMB430.3 million, RMB1,342.8 million, RMB376.5 million and RMB220.5 million, respectively, and accounted for 65.4%, 72.1%, 83.3% and 79.1% of the total cost of revenues for the respective years/periods. See "Business — Procurement and Supply Chain Management — Top Five Suppliers."

Our reliance on these major suppliers subjects us to the concentration and counterparty risk from these suppliers. We cannot assure you that we will be able to maintain relationships with our major suppliers in the future. Any decrease in purchases from, or loss of, one or more of our major suppliers would have negative impacts on our results of operations and financial condition. 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 our major suppliers cease to sell their products, or if the supply 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.

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

International trade frictions have been escalating continuously in recent years. 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. The United States and other jurisdictions or organization, including the European Union, the United Nations, the United Kingdom and Australia, have, through executive order, passing of legislation or other governmental means, implemented measures that impose economic sanctions against such countries or against targeted industry sectors, groups of companies or persons, and/or organization within such countries.

These uncertainties may be further exacerbated by shifting policy stances, new tariffs, trade restrictions, or changes to regulatory frameworks, particularly in environments where trade policy is frequently used as a tool of foreign policy and subject to sudden reversals. In particular, ongoing tensions between the U.S. and China have been characterized by frequent tariff actions, retaliatory measures, and abrupt policy changes that have affected global trade flows and supply chains. For instance, there have been changes in international trade policies and rising political tensions, particularly between the U.S. and China. The U.S. government has made statements and taken certain actions that may lead to potential changes to U.S. and international trade policies towards China. Starting from February 2025, the U.S. government imposed a series of tariff increases on imports from China. In response to the multiple rounds of tariff increases by the U.S. government, China also announced several rounds of retaliatory tariffs on goods imported from the U.S. For example, the United States government imposed a 20% tariff to address the fentanyl issue, and, temporarily, a 125% reciprocal tariff on Chinese-origin goods. In May 2025, following a meeting between U.S. and Chinese officials in Geneva, the U.S. government suspended the heightened retaliatory "reciprocal" tariffs on China for 90 days, reducing such "reciprocal" rate to 10%, which was extended for 90 days by mutual agreement in August, 2025. On November 1, 2025, the U.S. and China announced their agreement to relax certain tariff and other trade controls. The United States has lowered the tariffs on Chinese imports imposed to curb fentanyl flows by removing 10

percentage points of the cumulative rate of 20%, effective November 10, 2025, and continued its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. In addition, the U.S. Commerce Department has recently initiated multiple investigations under section 232 of the Trade Expansion Act (19 U.S.C. 1862) to determine whether imports of certain products impair U.S. national security. These include investigations on imports of semiconductors, critical minerals, and their derivative articles. Depending on the outcome of this investigation, it is possible that the United States will impose additional tariffs or other affecting our customers who export goods to the United States. Additionally, prolonged trade disputes may affect global economic conditions and supply chains, potentially impacting our business and growth prospects.

International trade policies and international export controls and economic sanctions laws and regulations are constantly evolving, and new persons and entities are regularly added to the list of Sanctioned Targets. Further, new requirements or restrictions could come into effect which might increase the scrutiny on our business or result in one or more of our business activities being deemed to have violated sanctions. We cannot provide any assurance that our future business will be free of sanctions risk, or our business will conform to the expectations and requirements of the authorities of U.S. or any other jurisdictions. On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the "**ANPRM**") providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "**Final Rule**"). 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 Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "covered transactions," and include acquisitions of equity interests that are not yet offer, certain debt financing, 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. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us. As advised by a legal adviser engaged by us in connection with the foregoing matters, we do not believe we would be defined as a Covered Foreign Person under the Final Rule, because we do not engage in a "covered activity" (as defined in the Final Rule) or otherwise meet the definition of Covered Foreign Persons provided in the Final Rule. A "covered activity" as defined by the Final Rule, 31 C.F.R. 850.208 means any of the activities referred to in the definition of notifiable transaction in §850.217 or prohibited transaction in §850.224. Of relevance to the semiconductor sector, "covered activities" include the design, fabrication or packaging of integrated circuits (ICs), as well as the development or production of certain front-end fabrication equipment.

We primarily engage in the research and development, mass production, and sales of silicon carbide (SiC) epitaxial wafers and offers 4-inch, 6-inch, and 8-inch SiC epitaxial wafers to a wide range of customers. A SiC epitaxial wafer is a SiC substrate wafer with a thin crystalline layer of SiC grown on top using epitaxy, often with tailored electrical characteristics. This SiC epitaxial wafer serves as the foundation structure for fabricating SiC semiconductor devices. An IC is a set of electronic circuits comprising various electronic components and their electrical interconnections. Fabrication of ICs generally means fully processing (i.e., doping, etching, metalization, and packaging) wafers into functioning chips such as logic ICs (e.g., CPUs, GPUs), memory ICs (e.g., DRAM, NAND), or analog or radio frequency ICs. In stark contrast, SiC epitaxial wafer production is a materials manufacturing step, before any semiconductor device or IC fabrication. The output is a raw or semi-processed material, not a circuit. Importantly, SiC epitaxial wafer does not involve photolithography, doping, etching, or metalization needed to create electrical circuits. It does not produce any logic gates, memory cells, or analog circuits. SiC

epitaxial wafers are important materials for manufacturing SiC semiconductor devices, offering superior efficiency and thermal conductivity compared to traditional silicon wafers. However, a SiC epitaxial wafer itself is not an IC as it lacks electrical interconnections. Accordingly, based on our understanding and as advised by our legal advisor, the R&D and production of SiC epitaxial wafers is not considered as a design, fabrication, or packaging of ICs. Therefore, the Company's business does not fall within the scope of a "covered activity." However, there is no assurance that the U.S. Department of the Treasury will take the same view as ours. If we were to be deemed a "covered foreign person," and if U.S. persons engaged in a "covered transaction" (each as defined under the Final Rule) that involves the acquisition of our equity interests, such U.S. persons may need to make a notification pursuant to the Final Rule. In addition, even though U.S. persons' acquisitions of certain offer securities (such as our H shares) will be exempted from the scope of covered transactions under the Final Rule, the Final Rule could still limit our ability to raise capital or contingent equity capital from U.S. investors after this offering given that relevant laws, regulations, and policies continue to evolve and we cannot rule out the possibility of being deemed a Covered Foreign Person in the future due to different views taken by the U.S. Department of the Treasury, potential amendments to the Final Rule or the introduction of similar regulations such as draft Comprehensive Outbound Investment National Security Act of 2024. If our ability to raise such capital is significantly and negatively affected, it could be detrimental to our business, financial condition and prospects.

**We are subject to the risks associated with sanctions and export controls laws and regulations, international trade policies, and developing domestic and foreign laws and regulations, and our business, financial condition and results of operations could be adversely affected.**

Our operations may be negatively affected by trade policies, sanctions and export controls regulations administered by the government authorities in the countries in and with which we operate, including, but not limited to, regulation of economic and labor conditions, increased duties, taxes and other costs. In addition to trade policy measures, the United States and certain other governments have imposed sanctions and export controls measures that directly or indirectly affect China-based technology companies. These types of laws and regulations may be subject to frequent changes, and their implementation, interpretation and enforcement involve substantial uncertainties, which may be heightened by potential national security concerns or other factors that are out of our control. Similar or more expansive restrictions may be imposed by different jurisdictions in the future. We will need to maintain heightened internal control and risk management policies to ensure sound compliance with such restrictions, which requires significant resources and efforts. Furthermore, such potential restrictions may materially and adversely affect our and our partners' abilities to acquire technologies, systems, devices or components that may be critical to business operations. Any of these developments could affect us, our customers and/or suppliers or economic conditions generally, any of which could adversely affect our business and financial condition.

Likewise, potential national security and foreign policy concerns may prompt governments to impose trade or other restrictions, which could make it more difficult to sell our products in, or restrict our access to, certain markets. In this regard, various trade, export controls, and economic sanctions laws and regulations may affect our businesses. For instance, in recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the "**EAR**"), administered by the Bureau of Industry and Security of the United States Department of Commerce (the "**BIS**"). In addition to the United States, Japan, the Netherlands and various other governments are also imposing controls, licensing requirements and restrictions applicable to exports to China. These types of restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products. Moreover, in August 2022, the United States enacted the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the "**CHIPS Act**"). The CHIPS Act aims to strengthen U.S. domestic semiconductor manufacturing, design and research, fortify the economy and national security, and to help the United States compete economically against China.

With respect to U.S. export controls, in October 2022, BIS issued an interim final rule (the "**BIS October 2022 IFR**") aimed at restricting China's ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced semiconductors. In October 2023, BIS issued another interim final rule (the "**BIS October 2023 IFR**") that updated and expanded U.S. export controls imposed by the BIS October 2022 IFR (collectively, the "**BIS 2022/23 IFRs**"). Among other measures, the BIS 2022/23 IFRs add to the Commerce Control List (which is a list of commodities, software, and technologies that are subject to the EAR's more restrictive controls) certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits, and impose new or expanded license requirements for items subject to the EAR destined for an end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in certain jurisdictions, including China. We neither purchase nor sell any products that were added to the restricted items list governed by the BIS 2022/23 IFRs which mainly includes certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits. We do not need these items for manufacturing our products and our products do not contain any items covered by the BIS 2022/23 IFRs.

In addition to the restrictions introduced by the BIS 2022/23 IFRs, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of legal persons. Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. Given the sudden and unpredictable nature of these determinations, it is difficult to predict developments in this area and we have no ability to influence such determinations.

During the Track Record Period, we had received items subject to the EAR that are classified as EAR99 or an ECCN subject only to anti-terrorism ("**AT**") control. No license is generally required for exporting EAR99 to most destinations except to certain embargoed destinations (e.g., Cuba, Iran, North Korea, and the Crimea, Donetsk, and Luhansk regions of the Ukraine) or where there may be additional license requirements, such as for prohibited end use/end user restrictions (e.g., parties on the Entity List). We confirm that we do not transfer any EAR99 items to such embargoed destinations or prohibited end users. In addition, China is not a country subject to AT control and we confirm that we do not transfer any AT-controlled items subject to the EAR to any third parties. In light of the above, based on consultation with our legal adviser, while the export of EAR99 items and items classified under an ECCN subject only to is subject to U.S. export controls, we are eligible to receive the above-described items subject to the EAR without a license.

During the Track Record Period, we did not have any business operations in or with entities and individuals in any countries or regions subject to comprehensive embargoes administered by the U.S. Department of the Treasury, Office of Foreign Assets Control ("**OFAC**"). Also, we did not have any business relationships with parties on any sanction lists, including those maintained by OFAC or another U.S. government agency and other major jurisdictions, such as China, European Union and United Kingdom. In addition, no member of our Group is on any sanctions list mentioned above. Therefore, based on consultation with our legal adviser, we are of the view that we are not subject to sanctions.

On December 23, 2024, the U.S. Trade Representative ("**USTR**") self-initiated a Section 301 investigation of China's acts, policies, and practices related to targeting of the semiconductor industry for dominance. The investigation would initially assess whether the impact of the PRC's acts, policies, and practices on the production of SiC substrates (or other wafers used as inputs into semiconductor fabrication) contribute to any unreasonableness or discrimination or burden or

restriction on U.S. commerce. On December 29, 2025, USTR published a *Federal Register* notice announcing its affirmative determination that, effective December 23, 2025, "China's acts, policies and practices are actionable under Section 301... and that the appropriate responsive action includes taking tariff action now on semiconductors from China." Based on its findings, USTR determined under Section 301(c) that responsive action is appropriate, including additional tariffs on semiconductors from China. However, the action will have a delayed effect, with a 0% additional tariff rate at the outset followed by an increase in 18 months on June 23, 2027, "to a rate to be announced not fewer than 30 days prior to that date." These tariffs will be in addition to the existing 50% tariffs on semiconductors under USTR's separate Section 301 action in response to China's technology transfer policies. The additional tariffs, effective June 23, 2027, will apply to the products and HTS subheadings listed in the Notice of Action, which covers the Company's products. Due to the delayed effect date, our products are not currently affected by these tariffs.

Aside from the above, based on consultation with our legal advisers, we are not aware of any other international trade policies that have a material impact on the business of our Company. However, as the Entity List and other sanctions and export controls laws and regulations continue to expand and evolve, future sanctions and export controls may materially affect or target some of our significant customers or suppliers, raw materials or key components or technologies necessary for our operations, in which event our business may be affected if we fail to promptly secure alternative customers or sources of supply on terms acceptable to us despite our effort to be law-abiding and rule compliant. Neither we nor our suppliers rely on particular materials imported/originated from the U.S. Nonetheless, we had procured certain materials from the U.S., amounting to RMB65.0 million, RMB124.7 million, RMB0.5 million and RMB0.4 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively, accounting for 9.9%, 6.7%, 0.1% and 0.1% of our total purchase for the respective years/periods. These export controls could adversely affect us and/or our supply chain, business partners, or customers, and our business, financial condition, and results of operations may be significantly affected by the continued international trade and political tensions. The CHIPS Act prohibits funding recipients from expanding semiconductor manufacturing in China and countries defined by U.S. law as posing a national security threat to the U.S. These restrictions would apply to any new facility, unless the facility produces legacy semiconductors predominately for that country's market. As such, the procurement by us of U.S.-origin materials for use in manufacturing our SiC epitaxial wafers is not subject to the CHIPS Act. In addition, since the materials we procure that are subject to the EAR are all classified as either (i) EAR99 or (ii) in an ECCN subject only to anti-terrorism controls (which do not apply to China), the export of these items to us by our suppliers does not require a license from the BIS.

If new sanctions and export controls measures were to include a complete or more restrictive ban on products sales to certain entities, it could impact not only our ability to continue supplying our products to affected customers, but could also negatively affect our customers' demand for our products, and could even lead to changes in supply chains of our products, to the extent they involve the use of items subject to the EAR or other applicable regulations. We do not rely on materials imported or originated from the U.S. in manufacturing our products. To the best of our knowledge, our suppliers do not rely on materials imported or originated from the U.S. Nonetheless, as our products become more technologically advanced, there is also a greater likelihood of sanctions and export controls regulations restricting our ability to obtain the components or technologies necessary to produce them or otherwise to export or transfer our products. Even if our products are not directly targeted by these types of sanctions and export controls, we may nonetheless face higher costs and expenses in our supply chain due to new sanctions and export controls measures as our customers and business partners may be negatively affected by sanctions and export controls measures directed at China. Any failure to comply with applicable sanctions or export controls rules may expose us to negative legal and business consequences, including civil or criminal penalties, and government investigations, which could be detrimental to our reputation and cooperations with our customers and suppliers despite our effort to be law-abiding and rule compliant.

Moreover, in response to Russia's conflict with Ukraine, the United States, the European Union, and various other jurisdictions have imposed far-reaching sanctions and export controls restrictions on Russia and many Russian entities and individuals such that sales to or other business in Russia or with such restricted entities or individuals are subject to heightened regulatory risks. These measures, as well as other economic and trade sanctions measures maintained by the United States, the European Union, and other jurisdictions, may prohibit or restrict our ability to, directly or indirectly, conduct activities or dealings in or with certain targeted countries and territories or involving certain targeted persons, or otherwise affect our business. New measures imposed by the United States, the European Union, or others could restrict certain of our operations and adversely affect our business, results of operations, and financial condition.

**If we are unable to offer high-quality products, it may reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims.**

Our customers generally have stringent requirements for quality, performance and reliability that our products must meet. Due to the complex product development and production process, we cannot ensure that our products do not contain undetected defects or failures. If our products have defects or fail to meet customers' quality requirements, we may need to bear corresponding compensation liabilities and may suffer adverse impacts on our business performance and financial conditions. We could experience lost 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. 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, and our 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.

**Taking into account our revenue decreased from RMB1,142.5 million in 2023 to RMB974.3 million in 2024 and from RMB808.3 million for the nine months ended September 30, 2024 to RMB535.1 million for the same period in 2025, our historical growth may not be indicative of our future performance, and we may not be able to manage our growth or execute our business strategies effectively.**

In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our revenue was RMB440.7 million, RMB1,142.5 million, RMB974.3 million, RMB808.3 million and RMB535.1 million, respectively. However, we cannot assure you that our future revenue will continue to increase or that we will continue to be profitable, taking into account our revenue decreased from RMB1,142.5 million in 2023 to RMB974.3 million in 2024, and from RMB808.3 million for the nine months ended September 30, 2024 to RMB535.1 million for the same period in 2025. We anticipate that our cost of sales and operating expenses will further increase in the foreseeable future as we continue to grow our business, expand geographically, invest and innovate our technology infrastructure, and further broaden our product and service offerings. Our revenue, expenses and profitability may vary from period to period due to various factors beyond our control, including the general economic growth, development of SiC epitaxial wafer industry, changes in laws, regulations and rules applicable to us, the expansion and performances of our existing business, our ability to control cost, competitive landscape and customer preference. Even if we recorded adjusted net profits (Non-IFRS measure) of RMB171.9 million, RMB383.8 million, RMB323.5 million, RMB263.4 million and RMB163.3 million, respectively, for the years ended December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, we cannot assure you that we may continue to achieve profitability in the future. Accordingly, investors should not rely on our historical results as an indication of our future financial or operating performance.

In addition, we plan to invest substantial financial, management and operational resources to sustain our growth. However, we cannot assure you that we will be able to obtain these resources consistently in the future. For instance, we may not be able to obtain additional internal and external capital to support our business growth on commercially acceptable terms or at all, or to retain and attract sufficient number of competent staff to support our business development. In such event, we may not execute our business strategies and maintain our growth.

**We may not grow our business as planned.**

Our growth depends on a number of factors beyond our control. Any unexpected circumstances could disrupt our business operations and divert our attention to original business plans. Such unpredictability inherent in the business operation is common in our industry. There is no assurance that we may grow our business as planned and become profitable. Even if we realized profits in the past, there can be no assurance that we can maintain profitability in subsequent periods. Our failure to become or remain profitable could impair our ability to raise capital, expand our business and continue our operations, which may adversely and materially affect our financial condition and results of operations.

**Our business depends on reliable and adequate transportation provided by third parties. Disruptions to the transportation could disrupt our deliveries and adversely affect our business, financial condition and results of operations.**

Our products are delivered through third-party service providers. We had not experienced any material disruption of transportation or deliveries during the Track Record Period and up to the Latest Practicable Date. However, we are unable to control the process of transportation, and it may be disrupted by a number of factors, such as traffic accidents, border control, natural disasters and bad weather conditions. If access to and from our production bases are significantly damaged, cut off, suspended for repair or maintenance for an extended period of time, the delivery of our products would be significantly affected, and we may fail to deliver our products on time and breach our sales contracts. Any difficulties experienced by us in transporting our products may reduce demand for our products and cause our customers to select suppliers closer to their operations and who are able to supply products with quality considerably similar to ours or to demand significant lower prices for our products. Any such adverse development could have a material adverse effect on our business, financial condition and results of operations.

**A significant portion of our revenue was derived from our major customers in each year/period comprising the Track Record Period. Any decrease in sales from, or loss of major customers may have negative impacts on our results of operations.**

Our sales to the five largest customers in each year/period during the Track Record Period were RMB381.5 million, RMB938.0 million, RMB790.6 million and RMB331.0 million, respectively, and accounted for 86.5%, 82.1%, 81.2% and 61.9% of the total revenue for the respective years/periods. See "Business — Sales and Marketing — Customers — Top Five Customers." In particular, Customer A was one of our five largest customers in 2022, 2023 and 2024. Our revenue generated from Customer A amounted to RMB246.6 million, RMB614.6 million, RMB104.4 million, and nil in each year/period during the Track Record Period, respectively, accounting for 56.0%, 53.8%, 10.7% and nil of our total revenue for the respective year/period. There can be no assurance that we will be able to develop new customers or maintain or increase collaboration with our existing customers. Given the significant revenue contribution by our major customers, any decrease in sales from, or loss of, one or more of our major customers may harm our business, financial condition and results of operations.

**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.**

As of the Latest Practicable Date, we had one production base in Xiamen. See "Business — Production — Production Facilities." The current and future operation of our production bases may be disrupted by natural disasters, such as floods, earthquakes, typhoons, and other events such as fires, 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 and safety-critical operations require substantial amounts of electricity, therefore any power outage, disruption or shortage in power supply could have a materially adverse impact on our production.

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 accidents 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 could disrupt the operation of our production bases and result in legal liability, and thus materially and adversely affect our financial condition and results of operations.

**Failure to successfully execute 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 the production capability and increase production capacity, either generally or with respect to demand from customers for particular products. To successfully upgrade our production capability and expand production capacity, we need to make cost-effective and efficient upgrade and expansion plans, expand and construct new facilities, maintain and purchase production equipment, and hire and train professionals necessary to operate such facilities or equipment, all of which may be affected by several factors including, but not limited to, the following:

- availability of working capital for constructing facilities or purchasing equipment;
- delays in completion of construction and shortages or delays in the delivery of equipment;
- difficulties or delays which may arise in installing the equipment; and
- implementation of new production processes.

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. Further, our Company has 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.

**Our business depends on our ability to protect our proprietary know-how and intellectual property rights.**

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. We had not experience any material infringement of intellectual property rights or know-how or misappropriation of patents or other intellectual property rights during the Track Record Period and up to the Latest Practicable Date. However, we still face various risks about our intellectual property rights. There is no assurance that we are able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time consuming. See "Business — Intellectual Property." In addition, our trade secrets may be leaked or otherwise become available to, or be independently discovered by, our competitors. 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 related to the result of the proceedings, the amount of damages that we can recover, and the enforcement process. Accordingly, we may not be able to effectively protect or enforce our intellectual property rights in all relevant jurisdictions, which may have a material adverse effect on our business, financial condition and results of operations.

We also seek to protect our proprietary technology, including technology that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with our collaborators, advisors, employees and consultants. We cannot assure you that these agreements will always be entered into or will not be breached or that we will have adequate remedies for any breach.

**We may fail to maintain and predict inventory levels in line with demand for our products, which could cause us to face the risk of obsolescence for our inventories.**

Our inventories consist of raw materials, work-in-progress and finished goods. We have taken measures to optimize our inventory level and conduct regular inventory check to reduce the risk of inventory obsolescence. See "Business — Procurement and Supply Chain Management — Supply Chain and Inventory Management." As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had inventories of RMB91.4 million, RMB351.1 million, RMB247.6 million and RMB270.9 million, respectively. We provided provision against inventories by estimating the net realizable value based on the estimated selling price of such inventories in the ordinary course of business. We made provision for inventories as our inventories may be damaged, obsolete in whole or in part, or the net realizable value of inventories is lower than their cost, resulting in failure to recover the cost of inventories. For the same periods, our inventory turnover days were 106 days, 116 days, 170 days and 178 days, respectively. See "Financial Information — Discussion of Selected Items from the Consolidated Balance Sheets — Assets — Inventories."

We primarily adopt a production volume-based procurement model, and reserve raw materials as appropriate. However, we cannot guarantee that we will be able to maintain proper inventory levels for our raw materials, work-in-progress and finished goods. We maintain our inventory levels based on our internal forecasts of customers' demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory of our raw materials, work-in-progress or finished goods. Excess inventory levels may increase our inventory holding costs, risk of inventory obsolescence or write-offs. Therefore, our business, financial condition and results of operations may be materially and adversely affected.

**Our business depends substantially on the continued services and efforts of our experienced management and research and development personnel, and our operations may be severely disrupted if we lost their service.**

Our future performance depends on the service and contribution of our experienced management to oversee and execute our business plans, identify and pursue new opportunities and product innovations. We also rely on our experienced management team to ensure smooth business operations, including maintenance of customers and supplier relationships, and management of our operations. 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 results of operations. 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 research and development team. A stable and experienced R&D team is crucial for our product development, technological innovation, production efficiency and product quality improvement. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the R&D and production of SiC epitaxial wafers. However, we cannot assure you that we will be able to develop or retain qualified staff or other highly skilled employees that we need in order to achieve our strategic objectives.

**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, promoting and enhancing our brand is critical to maintaining and expanding our business. Maintaining, promoting and enhancing our brand depends largely on our ability to continue to provide high quality products, which we cannot assure you we will do successfully in the future. Any issue caused by quality, performance, reliability and stability of our products as well as pricing may harm our reputation and brand. It is possible that our new products may not be recognized by our downstream customers. Additionally, if our downstream customers have negative experience using our products, such an encounter may affect our brand and reputation within the industry.

The successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We incurred marketing expenses in the past and may continue to allocate resources on marketing. 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 adversely affect our business, financial condition and results of operations.

**Our SiC epitaxial wafer products may be subject to warranty, indemnity and/or product liability claims, which could result in significant costs and damage to our business, reputation and downstream customer relationships, market acceptance of our products, financial condition, results of operations and prospects.**

SiC epitaxial wafer products are highly complex and may contain defects that affect their quality or performance. If any of our products contain defects, we may be required to incur additional development and remediation costs pursuant to warranty and indemnification provisions in our contracts and purchase orders, which may divert our technical and other resources from other product development efforts. During the Track Record Period, we had not experienced any refund, and had two, 15, 218 and 1,288 pieces of product replacements for our customers, corresponding to revenue of RMB22.0 thousand, RMB0.1 million, RMB2.0 million and RMB5.5 million in 2022, 2023, and 2024 and for the nine months ended September 30, 2025, respectively, accounting for nil,

nil, 0.2% and 1.0% of our total revenue in each year/period. The increase for the nine months ended September 30, 2025 was primarily due to changes of specifications of certain customer orders, and the cost of which was not borne by the Company. Our downstream customers and any third party that use our products may bring claims against us for indemnification and damages resulting from the defects of our products, which may be significant in certain cases. Any product liability claim, whether or not determined in our favor, could result in significant expense, divert the efforts of our technical and management personnel, and harm our business. In addition, if any of our products contain defects, or have reliability, quality or compatibility problems not capable of being resolved, our reputation may be harmed, which could adversely affect our operating results.

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

Our products are primarily based on the SiC epitaxial wafer technologies, and our future success depends on the successful expansion of our SiC epitaxial wafer 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 of existing products. In order to gain market share and remain at the forefront of the SiC epitaxial wafer 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 adaption 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.

Product design, development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, we had R&D expenses of RMB43.8 million, RMB101.8 million, RMB80.0 million, RMB62.1 million and RMB50.4 million, respectively. The SiC epitaxial wafer industry is highly competitive, characterized by rapidly changing technologies and technological obsolescence. We may invest significant resources in R&D activities and incur significant R&D expenses in the future to achieve technological breakthroughs, as well as maintain our technological leadership and the competitiveness of our products and solutions. There can be no assurance that we will be able to develop and introduce new and enhanced products in a timely or efficient manner or that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs through our R&D activities. Failure to timely develop new technologies or to react quickly to changes in existing technologies could materially delay our development of new and enhanced products, which could result in product obsolescence, decreased revenue, and/or a loss of market share to competitors. Our investments in R&D activities may not generate sufficient revenue to offset liabilities assumed and expenses associated with these investments.

**Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.**

We collect and process data primarily related to the transactions with our enterprise customers. See "Business — Data Privacy and Information Technology Systems." The secure maintenance of such information is critical. Despite our security measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power outage or telecommunication failures. We had not experience any material security breaches during the Track Record Period and up to the Latest Practicable Date. However, any such breach could compromise our networks, and the confidential and proprietary information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

**We have granted, and may continue to grant, restricted share units or other types of awards under our share incentive plans, which may result in increased share-based payment compensation. Those share-based awards may also adversely impact our results of operations and be dilutive to your shareholding.**

We adopted the pre-IPO share incentive scheme to enhance our ability to attract and retain outstanding individuals and to encourage them to acquire a proprietary interest in the growth and performance of us. We incurred share-based payment compensation of RMB28.6 million, RMB256.2 million, RMB154.2 million, RMB141.2 million and RMB124.5 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively.

We believe share-based awards as part of an overall compensation package are important to attracting and retaining key personnel and employees, and we plan to continue to grant share-based payment compensation to employees in the future. Based on our existing share-based compensation plan, we will incur share-based compensation expenses from 2025 to 2029. The share-based compensation expenses are expected to amount to RMB166.0 million from 2025 to 2028 per year, and RMB78 million in 2029. The actual share-based compensation expenses we recognize may exceed the estimated amounts, as we will continue granting share options to employees to retain and attract talents. As a result, our share-based payment compensations may remain in foreseeable years from 2025 to 2029, which may have an adverse effect on our results of operations and financial condition and dilute your shareholding.

**We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.**

During the Track Record Period, our trade receivables primarily represent receivables from customers for sales of SiC epitaxial wafer products. As of December 31, 2022, 2023 and 2024 and September 30, 2025, our trade and bills receivables amounted to RMB106.8 million, RMB78.7 million, RMB129.6 million and RMB269.0 million, respectively. The credit period granted to our customers was generally 30 days to 90 days from the date of billing. We generally recovered trade receivables within four months. See "Financial Information — Discussion of Selected Items from the Consolidated Balance Sheets — Assets — Trade and Bills Receivables" in this Prospectus.

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 circumstance. For example, our trade and bills receivables turnover days increased from 29.6 days in 2023 to 39.0 days in 2024 and further to 102.0 days for the nine months ended September 30, 2025, attributable to the delay in payment by certain customers due to their worsened operational performance. As a result, we may not be able to receive such customers' payment of outstanding 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.

**Fluctuations in foreign currencies may adversely affect our business, financial condition and results of operations.**

The exchange rate of Renminbi against the Hong Kong dollar, 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 and obligations. 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.

As a substantial portion of our revenue derived from overseas markets during the Track Record Period and our overseas sales were typically settled in U.S. dollar, any appreciation of the Renminbi may result in a decrease in the value of U.S. dollar amount, which may adversely affect our financial condition.

Furthermore, the proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the 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 H 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 and results of operations.

**Expiration of, or changes to, certain government incentives, government grants and preferential tax treatments which we are entitled to could adversely affect our financial condition and results of operations.**

During the Track Record Period, we recorded government grants of RMB13.5 million, RMB47.4 million, RMB111.9 million, RMB95.7 million and RMB103.0 million in our consolidated statements of profit or loss and other comprehensive income for the years ended December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively, which represent incentive policies for business and R&D activities.

In addition, we benefited from preferential tax treatments from the PRC regulatory authorities during the Track Record Period. Our Company was qualified as High and New Technology Enterprise and was entitled to a preferential income tax rate of 15% for a certain period of time. According to the Circular on Improving the Policy on Extra Super-deduction of R&D Expenses (《關於完善研究開發費用税前加計扣除政策的通知》) promulgated by the STA, the MOF and the MOST, effective from January 1, 2016 onwards, enterprises carrying out R&D activities are entitled to claim super-deduction of R&D expenses amounting to 50% of its research and development expenses in determining its tax assessable profits for the year. The super-deduction ratio of R&D expenses increased from 50% to 75%, effective from January 1, 2018 to December 31, 2020, according to the new tax incentives policy, the Notice of Increasing the Ratio of the Super-deduction of R&D Expenses (《關於提高研究開發費用税前加計扣除比例的通知》) promulgated by the STA, the MOF and the MOST in September 2018. The applicable period of this policy was subsequently extended to December 31, 2023, pursuant to the Announcement of the MOF and the STA on Extending the Implementation Period of Some Preferential Tax Policies (《財政部税務總局關於延長部分税收優惠政策執行期限的公告》) issued on March 15, 2021. The ratio of the super-deduction of R&D expenses has been further increased to 100% for enterprises entitled to 75% super-deduction of R&D expenses during the period from October 1, 2022 to June 30, 2023, and such enterprises are allowed to deduct the full amount of equipment and appliances newly purchased during the period from October 1, 2022 to June 30, 2023 from the taxable income amount on a one-off basis in the current year, according to the Announcement on Increasing Super-deduction in Support of Scientific and Technological Innovation (《關於加大支持科技創新税前扣除力度的公告》) promulgated by the STA, the MOF and the MOST in September 2022. According

to the Announcement of the MOF and the STA on Further Improving the Pre-tax Deduction Policy for R&D Expenses (2023) (《財政部稅務總局關於進一步完善研發費用稅前加計扣除政策的公告(2023)》), where R&D expenses actually incurred by an enterprise when it conducts any R&D activity have not been included in the current profit and loss, from January 1, 2023 onwards, 100% of the amount of R&D expenses actually incurred in this year shall be deducted from the amount of taxable income in this year, and where intangible assets have been formed, 200% of the costs of the intangible assets shall be amortized before tax. We have claimed super-deduction of R&D expenses upon above mentioned regulations in ascertaining our tax assessable profits for the Track Record Period. We cannot assure that we will continue to receive government grants at the same level or at all, or that we will continue to enjoy the current preferential tax treatments, in which case our business, financial condition and results of operations may be materially and adversely affected.

**We may not be able to obtain additional funding on acceptable terms or at all, which may affect our ability to expand our business or meet unforeseen contingencies.**

To grow our business and remain competitive, we may require additional capital from time to time for our daily operations and business expansion. Our ability to obtain additional capital is subject to a variety of uncertainties, including:

- our profitability, overall financial condition and results of operations;
- our market position and competitiveness in the SiC epitaxial wafer industry;
- general market conditions for capital-raising activities by our competitors in China; and
- economic, political and other conditions internationally.

We may be unable to obtain additional capital in a timely manner or on acceptable terms, or at all. In addition, our future capital or other business needs could require us to sell additional equity securities or incur additional indebtedness. The sale of additional equity or equity-linked securities could dilute our Shareholders' shareholding interest. The additional indebtedness and related interest expenses could lead to increased debt service obligations and restrict our operations or our ability to pay dividends to our Shareholders due to certain operating and financing covenants.

**We may be subject to claims by third parties for intellectual property infringement.**

We depend to a large extent on our ability to effectively develop and maintain intellectual property rights relating to our business without infringing the intellectual property rights of third parties. Our products may use patents, copyrights, trademarks or other proprietary rights owned by other third parties. We cannot assure you that our competitors and other third parties will not bring legal claims against us for infringing on their patents, copyrights, trademarks or other intellectual property rights, whether such claims have merits or otherwise. The intellectual property laws in China, which cover the validity, enforceability and scope of protection of intellectual property rights, may be subject to revision and development in the future, and litigation is becoming a more commonly pursued method for resolving commercial disputes. Given the foregoing and the increasing competition in the market, we are exposed to a higher litigation risk. We may also be subject to claims from our management's or employees' former employers alleging violations of non-compete agreements, confidentiality obligations, or infringement of intellectual property rights. There can be no assurance that such former employers will not initiate legal proceedings against us, regardless of merit, particularly as our personnel had significant industry experience. Any intellectual property lawsuits against us, whether successful or not, may harm our brand and reputation.

Defending against intellectual property claims is costly and can impose a significant burden on our management and resources. There is no guarantee that we can obtain favorable judgments in all legal cases. If we are found to be liable for infringement upon intellectual property rights of certain third parties, we may be required to pay damages or cease using certain technologies or content that are critical to our products. Any resulting liabilities or expenses or any changes to our products that we have to make to limit future liabilities may have a material adverse effect on our business, financial condition and results of operations.

**We may not have sufficient insurance coverage to cover our potential liability or losses.**

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance. We also plan to purchase property insurance and employer's liability insurance that we believe are customary for businesses of our size and type and in line with standard commercial practice in China. See "Business — Insurance." 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 our current insurance policy on a timely basis, or at all. Any uninsured occurrence including, among others, business disruption, material litigation, natural disaster or significant damages to our uninsured equipment or facilities may result in substantial costs and the diversion of resources. 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 condition, results of operations and prospects may be materially and adversely affected.

**We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, which may increase our operational costs and our risk of non-compliance despite our effort to be law-abiding and rule compliant. Compliance with evolving regulations may also cause delays in our production.**

We are or will be subject to rules and regulations by various governing bodies, including, for example, once we have become a public company, the Stock Exchange and the SFC, which are charged with the protection of investors and the oversight of companies whose securities are publicly traded, as well as the various regulatory authorities in China, and to new and evolving regulatory measures under applicable laws. We may also be subject to the changing social trends on the concerns regarding environmental, social and governance risks. As we are committed to being law-abiding and rule compliant, our efforts to comply with new and changing laws, regulations and social trends have resulted in, and are likely to continue to result in, increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Our production process produces pollutants such as waste gas, wastewater, noise and solid waste. The discharge of waste gas and other pollutants from our manufacturing operations into the environment may give rise to liabilities that may require us to incur costs to remedy such discharge. Should the governments impose stricter environmental protection standards and regulations in the future, we cannot assure you that we will be able to comply with such standards and regulations at reasonable costs, or at all. Any failure or any claim that we have failed to comply with these regulations could cause delays in our production and capacity expansion and affect our public image, either of which could harm our business.

Moreover, as these laws, regulations and standards may be further adjusted and optimized in the future, their enforcement in practice may evolve over time as new guidance becomes available. This evolution may result in continuing uncertainty for compliance and additional costs necessitated by ongoing updates to our disclosure and governance practices. Any failure to address and comply with these laws and regulations and any subsequent changes could subject us to substantial fines or other liabilities or require us to suspend or adversely modify our operations. Despite our effort to be law-abiding and rule compliant, we cannot assure you that we will always be in full compliance with existing or future laws and regulations, or that we will be able to obtain or renew all necessary licenses.

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

We engage with channel partners for a small percentage of our sale in Asian markets. According to CIC, facilitating transactions through channel partners are widely adopted and are industry norm in the relevant regions. The channel partners are primarily engaged to complement our sales team and to facilitate transactions in accordance with the distribution trading practice of the region where our end customers are located. By leveraging their local market expertise, established networks, and logistical capabilities, the channel partners help us accelerate our market entry and reduce operational complexities. Channel partners provide valuable insights into regional regulations, customer preferences, and competitive landscapes, enabling us to focus on core competencies while ensuring efficient market penetration and scalable growth. This strategic partnership mitigates risks, enhances cost efficiency, and strengthens our ability to deliver satisfactory customer service in diverse international markets. In December 31, 2022, 2023 and 2024 and September 30, 2025, we had three, three, three and three channel partners, respectively. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, revenue from our channel partners amounted to RMB96.1 million, RMB126.7 million, RMB72.0 million and RMB32.1 million, respectively, representing 21.8%, 11.1%, 7.4% and 6.0% of the total revenue for the respective periods. During the Track Record Period and up to the Latest Practicable Date, we have no material unresolved disputes or lawsuits with our channel partners.

Furthermore, there can be no assurance that we will be successful in detecting any non-compliance of our channel partners with the cooperation agreements. We may be exposed to the risks of fraud or other misconduct committed by our channel partners. Fraud or other misconduct by our channel partners may involve engaging in unauthorized misrepresentation to our customers, misappropriating third party's intellectual property and other proprietary rights and engaging in bribery or other unlawful payments. In any such event, we could, as a result, be subject to claims brought by our customers or third parties for fraud or other is conduct committed by such channel partner, which could result in potential substantial financial liability and diversion of our managerial and financial resources regardless of whether the claim has merits. In such event, our business, financial condition and results of operations may be adversely affected.

**Despite our effort to be law-abiding and rule compliant, we may still fail to obtain or continuously maintain or renew approvals, licenses or permits applicable to our business operation due to various reasons. Any such failure may have a material and adverse impact on our business, financial condition and results of operations.**

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses and permits in order to operate our business. Despite our commitment to being law-abiding and compliant with regulations, there remains a potential risk of failing to obtain, maintain, or renew the approvals, licenses, or permits necessary for our business operations. If we fail to maintain compliance with such laws and regulations, or otherwise fail to obtain or maintain any of the required approvals, licenses or permits or make or complete the necessary filings in any of the jurisdiction where we operate our business, our operations may be adversely affected.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses and permits in a timely manner or at a reasonable cost. If we are unable to obtain, or experience material delays in obtaining necessary approvals, licenses and permits, it may have a material and adverse impact on our business, financial condition and results of operations.

**We are subject to risks relating to litigation and disputes, which could adversely affect our business, financial condition, results of operations and prospects.**

We may be subject to disputes or claims of various types brought by our competitors, employees, suppliers, customers, business partners or governmental entities against us relating to contractual disputes, labor disputes, intellectual property infringements or disputes involving misconducts of our employees. Such disputes and claims may evolve into litigations and damage our reputation, thereby adversely affecting our customer base. We had not experience any material incidents of employee fraud or related misconducts during the Track Record Period and up to the Latest Practicable Date. However, we cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Litigation is distractive and expensive as it may cause us to incur legal fees, allocate a significant portion of our resources and divert management team's attention from our day-to-day operations, any of which could adversely affect our business. In the event of an adverse judgement against us, we may need to spend a significant amount to settle claims or pay damages, which could have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are subject to anti-corruption, anti-money laundering, anti-bribery and other relevant laws and regulations in the jurisdictions where we operate. We may be subject to investigations and proceedings by governmental authorities for alleged infringements of these laws if our compliance processes or internal control systems are not conducted or are not operating properly. These proceedings may result in fines or other liabilities and could have a material adverse effect on our reputation, business, financial conditions and results of operations. If any of our subsidiaries, employees or other persons engage in fraudulent, corrupt or other unfair business practices or otherwise violate applicable laws, regulations or internal controls, we could become subject to one or more enforcement actions or otherwise be found to be in violation of such laws, which may result in penalties, fines and sanctions and in turn adversely affect our reputation, business, financial condition and results of operations. Given the uncertainty, complexity and scope of many of these litigation matters, their outcome generally cannot be predicted with a reasonable degree of certainty. Therefore, our provision for such matters may be inadequate. Moreover, even if we eventually prevail in these matters, we could incur significant legal fees or suffer significant reputational harm, which could have a material and adverse effect on our prospects and future growth, including our ability to attract new business partners and customers, expand our relationships with governmental regulators and industry groups and recruit and retain employees and agents.

**We, our shareholders, affiliates, Directors, Supervisors, senior management and employees may be involved in legal or other proceedings from time to time and may face reputational risks and significant liabilities as a result.**

We, our shareholders, affiliates, Directors, Supervisors, senior management and employees may be involved from time to time in disputes with various parties, including but not limited to our customers, suppliers, competitors, employees, former shareholders, device providers, insurers and banks. For example, in January 2025, Tang Xiuhao (湯秀豪), our former shareholder and an Independent Third Party, brought a legal action against Dr. Zhao, among others, alleging and requesting the court to confirm that the subscription of Dr. Zhao for the 50% equity interest of the Company upon its establishment in 2011 was inaccurate capital contribution (出資不實). Tang Xiuhao was not a shareholder or investor of the Company upon the establishment of the Company and when the aforesaid contribution was made. Further, Tang Xiuhao and his affiliate had divested all his investment in the Company in 2018 and had no other relationship with the Company ever since. On June 9, 2025, Dr. Zhao won the case in the first instance (一審) and the claims of Tang Xiuhao were dismissed in their entirety, and Tang Xiuhao disagreed with the judgment and filed an appeal. As confirmed by our PRC Legal Adviser, Dr. Zhao's then capital contribution has fulfilled the necessary procedures and registration requirement and has complied with the then laws and regulations in the PRC. Therefore, there is no inaccurate capital contribution from Dr. Zhao.

Any disputes involving us, our shareholders, affiliates, Directors, Supervisors, senior management and employees may lead to legal or other proceedings, including threatened proceedings, which may result in damages to our reputation, substantial costs and diversion of our resources and management's attention. In addition, we may encounter additional compliance issues in the course of our operations, which may subject us to administrative proceedings and unfavorable results, and result in liabilities and delays relating to our production or product launch schedules. We cannot assure you as to the outcome of such legal proceedings, and any negative outcome may materially and adversely affect our business, financial condition and results of operations.

**Our Single Largest Shareholder has substantial influence over our Group and his interests may not be aligned with the interests of our other Shareholders.**

Our Single Largest Shareholder has 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, Dr. Zhao will remain as the Single Largest Shareholder of our Group. The interests of our Single Largest Shareholder might differ from the interests of our other Shareholders. In the event that our Single Largest Shareholder causes us to pursue businesses 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 Single Largest Shareholder and our other Shareholders may also materially and adversely affect our operations such as the decision and implementation of our business plans, which may in turn affect our business and results of operations.

**We may be subject to natural disasters, health epidemic, acts of war, terrorism or other factors beyond our control.**

Natural disasters, such as floods, earthquakes, sandstorms, snowstorms, fires or floods, outbreaks of a widespread health epidemic or pandemic such as COVID-19, or other events such as acts of war, terrorism, environmental accidents, power outages or communication interruptions may result in loss of lives, injury, destruction of assets and may materially and adversely affect our business. Our operations could also be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. Any of these factors and other factors beyond our control could have an adverse effect on the overall business sentiment and environment, cause uncertainties in the regions where we conduct business, cause our business to suffer in ways that we cannot predict and materially and adversely affect our business, financial condition and results of operations.

**Our technology infrastructure may experience unexpected system failure, interruption, inadequacy, security breaches or cyber-attacks.**

Our technology infrastructure may encounter disruptions or other outages caused by problems or defects in our own technologies and systems, such as malfunctions in software or network overload. Our technology infrastructure may be vulnerable to damage or interruption caused by telecommunication failures, power loss, human error, cyber-attacks or other accidents. There is no assurance that we can respond to such interruptions in a timely manner, or at all. Furthermore, our technology infrastructure is also vulnerable to damages from fires, floods, earthquakes and other natural disasters, power loss and telecommunication failures. Any network interruption or inadequacy that causes interruptions to our operations, or failure to maintain the network and server or solve such problems in a timely manner, could reduce our customer and user satisfaction, which in turn could adversely affect our reputation, business and financial condition.

## RISKS RELATED TO CONDUCTING BUSINESS IN JURISDICTIONS WHERE WE OPERATE

**Changes in China's or global 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 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 PRC regulatory authorities has implemented various measures to encourage economic growth. Some of these measures may benefit the overall Chinese economy but may not have the same effect on us. 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.

In addition, the global economic and social conditions are evolving rapidly and are subject to uncertainties. For example, health epidemics have caused significant downward pressure for the global economy. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the adjusting of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

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

We are a company incorporated under the laws of the PRC and substantially all of our business, assets and operations are located in China. In addition, the majority of our Directors, Supervisors and executive officers reside in China. As a result of cross-jurisdiction enforcement of judgments or cross-jurisdiction initiation of proceedings, it may not be possible for you to directly effect service of process upon us or such Directors, Supervisors or executive officers 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 Mainland China or any designated Hong Kong Special Administrative Region 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 Mainland China or Hong Kong Special Administrative Region 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, China 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 Mainland 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.

**We are a PRC enterprise and we are subject to PRC tax on our global income, and any gains on the sales of our H Shares by investors and dividends paid to investors on our H Shares may be subject to PRC tax.**

Non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to dividends received from us or gains realized upon the sale or other disposition of our H Shares in accordance with applicable PRC tax laws, rules and regulations.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》), non-PRC resident individuals are subject to a 20% PRC individual income tax on their dividend income derived from China and we are required to withhold such tax from our dividend payments. If there is an applicable tax treaty to avoid double taxation and taxation evasion between China and the jurisdiction where the foreign individual resides, the applicable tax rate shall be determined in accordance with such tax treaty. Considering that the applicable tax rate on dividends is usually 10% according to tax treaties or tax agreements, and that the number of stockholders is large for a listed company, to simplify the tax administration, generally a domestic non-foreign-investment enterprise with shares listed in Hong Kong can withhold dividend income tax at a rate of 10%. It shall be determined in accordance with the relevant laws and regulations in force at the time as to whether gains realized by non-PRC resident individuals on dispositions of H Shares are subject to the PRC individual income tax.

Pursuant to the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》) and other applicable PRC tax rules and regulations, non-PRC resident enterprises that do not have establishments or premises in the PRC, or have establishments or premises in the PRC but their income is not related to such establishments or premises are subject to a 10% PRC enterprise income tax rate on dividend income received from a PRC company and gains realized upon the sale or other dispositions of equity interest in a PRC company. The 10% tax rate is subject to reduction under any special arrangements or applicable treaties between China and the jurisdiction where the nonresident enterprise domiciles. In accordance with applicable regulations, we intend to withhold tax at a rate of 10% from dividends paid to non-PRC resident enterprise holders of our H Shares (including HKSCC Nominees). Non-PRC resident enterprises that are entitled to be taxed at a reduced rate under an applicable income tax treaty will be required to apply to the PRC tax authorities for a refund of any amount withheld in excess of the applicable treaty rate, and payment of such refund will be subject to the PRC tax authorities' verification.

It shall be determined in accordance with the relevant laws and regulations in force at the time as to the further interpretation and implementation of the PRC EIT Law and other applicable PRC tax rules and regulations by the PRC tax authorities, including whether and how non-PRC resident holders of our H Shares are subject to personal income tax or enterprise income tax on gains realized upon the sale or other dispositions of their H shares. In addition, the value of your investment in our H Shares may be materially affected by unfavorable changes in the applicable tax rates currently stipulated by the PRC tax authorities.

**Payment of dividends is subject to restrictions under PRC laws.**

Under the PRC laws, dividends may be paid only out of distributable profits. Our distributable profits represent our distributable net profits less appropriations to statutory surplus reserve, general reserve, and discretionary surplus reserve (as approved by our Shareholders' meeting), each such appropriation based on the unconsolidated net profit determined under PRC GAAP. Our distributable net profit referred to above represents the lowest of (i) our net profit attributable to our equity holders for a period plus distributable profits or net of accumulated losses, if any, at the

beginning of such period, as determined under PRC GAAP, and (ii) our net profit attributable to our equity holders for the period plus distributable profits or net of accumulated losses, if any, at the beginning of such period, as determined under IFRS. As a result, we may not have sufficient distributable profits, if any, to make dividend distributions to our Shareholders in the future, including in respect of periods where we register an accounting profit. Any distributable profits that are not distributed in a given year are retained and available for distribution in subsequent years.

**We are subject to PRC regulatory authorities' regulations on currency conversion and risks relating to fluctuations in exchange rates.**

Given the nature of our business, we regularly deal in multiple currencies and are therefore exposed to significant foreign exchange risk. We receive a lot of our revenues in Renminbi, the exchange of which is subject to the applicable regulatory requirements. A portion of these revenues must be converted into other currencies in order to meet our foreign currency obligations. For example, we need to obtain foreign currency to make payments of declared dividends, if any, on our H Shares.

Under the PRC's existing foreign exchange regulations, by complying with certain procedural requirements, following completion of the Global Offering, we will be able to undertake current account foreign exchange transactions, including payment of dividends without prior approval from the SAFE. However, in the future, the PRC regulatory authorities may, at its discretion in accordance with law, take measures to restrict access to foreign currencies for capital account and current account transactions under certain circumstances. In this case, we may not be able to pay dividends in foreign currencies to holders of our H Shares.

The value of the Renminbi against the U.S. dollar and other currencies fluctuates and is affected by, among other things, changes in China's international economic conditions and the PRC regulatory authority's fiscal and currency policies. Since 1994, the conversion of Renminbi into foreign currencies, including Hong Kong and U.S. dollars, has been based on rates published by the PBOC, which are set daily based on the previous business day's inter-bank foreign exchange market rates and current exchange rates on the world financial markets.

Any appreciation of the Renminbi against the U.S. dollar or any other foreign currencies may result in the decrease in the value of our foreign currency-denominated assets. Conversely, any devaluation of the Renminbi may adversely affect the value of, and any dividends payable on, our H Shares in foreign currency terms. Furthermore, we are also currently required to obtain the approval of the SAFE before converting significant sums of foreign currencies into Renminbi. All of these factors could materially and adversely affect our financial condition and results of operations.

**The civil law system in China differs from common law systems.**

The legal system in China is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have limited precedential value. The laws and regulations in China are subject to further revisions or interpretations from time to time. New laws, regulations, guidelines and interpretations that are promulgated in the future may affect the rights and obligations of the parties involved. Therefore, you should reasonably expect the legal protections you are entitled to under legal system in China. We cannot assure you that we will always be in full compliance with existing or future laws and regulations, or that we will be able to obtain or renew all necessary licenses.

**Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.**

Companies operating in China are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local regulatory authorities from time to time at locations where they operate their business.

During the Track Record Period and as of the Latest Practicable Date, we have not received any order or notice from the local authorities regarding the shortfall in payments and contributions of social insurance and housing provident funds, and according to our PRC Legal Adviser, the risk of us being subject to administrative penalties is remote. However, we cannot assure you that we will not be subject to any order from the relevant government authorities in the future that requires us to pay the outstanding amount or imposes late fees or fines on us. We cannot assure you that we will always be in full compliance with existing or future laws and regulations, or that we will be able to obtain or renew all necessary licenses. We may also incur additional costs to stay compliant with evolving laws and regulations. Any such development could adversely affect our business, financial condition, results of operations and prospects.

## RISKS RELATED TO THE GLOBAL OFFERING

**There has been no previous public market for our H Shares, and the liquidity and market price of our H Shares may be volatile.**

Prior to the Global Offering, there has been no public market for our H Shares. The H Share Offer Price is the result of negotiations between us and the Sponsor-Overall Coordinator on behalf of the Underwriters and may differ significantly from the market price for our H Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our H Shares on the Hong Kong Stock Exchange. A listing on the Hong Kong Stock Exchange, however, does not guarantee that an active and liquid trading market for our H Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our H Shares will not decline following the Global Offering.

Furthermore, the price and trading volume of our H Shares may be volatile. The following factors may affect the volume and price at which our H Shares will trade:

- actual or anticipated fluctuations in our revenues and results of operations;
- news regarding the recruitment or loss of key personnel by ourselves or our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- general market conditions or other developments affecting us or our industry;
- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- the release of lock-up or other transfer restrictions on our outstanding H Shares, or sales or perceived sales of additional H Shares by us or other Shareholders.

Moreover, the securities market has from time to time experienced significant price and volume fluctuations that were unrelated, or not directly related, to the operating performance of the underlying companies. These broad market and industry fluctuations may have a material and adverse effect on the market price and trading volume of our H Shares.

**The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.**

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. In particular, the business and performance and the market price of the shares of other companies engaging in similar business may affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Hong Kong Stock Exchange with significant operations and assets in China have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance but related to the overall economic conditions in Hong Kong, the PRC or elsewhere in the world.

We cannot assure you that the trading price and volume of our H Shares will remain stable or appreciate over time, and investors may experience substantial losses. In addition, the volatility in the trading price and volume of our H Shares may also negatively impact our ability to raise capital in the future through the issuance of additional equity securities.

**Substantial future sales or the expectation of substantial sales of our H Shares in the public market following the Global Offering could materially and adversely affect the price of our H Shares.**

Although our Single Largest Shareholder is subject to restrictions on their sales of H Shares within 12 months from the Listing Date as described in "Underwriting" in this Prospectus, future sales of a significant number of our H Shares by our Single Largest Shareholder or other existing shareholders in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our H Shares to decline and could materially impair our future ability to raise capital through offerings of our H Shares. We cannot assure you that our Single Largest Shareholder, or other existing shareholders will not dispose of H Shares held by them or that we will not issue H Shares pursuant to the general mandate to issue shares granted to our Directors, upon the expiration of restrictions set out above. We cannot predict the effect, if any, that any future sales of Shares by our Single Largest Shareholder or other existing Shareholders, or the Shares available for sale by our Single Largest Shareholder or other existing Shareholders, or the issuance of Shares by our Company may have on the market price of the H Shares. Sale or issuance of a substantial number of Shares by our Single Largest Shareholder or us, or the market perception that such sale or issuance may occur, could materially and adversely affect the prevailing market price of the H 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.

**We may not be able to pay dividends in the foreseeable future after the Global Offering.**

We may not be able to pay any cash dividends in the foreseeable future. Therefore, you should not rely on an investment in our H Shares as a source for any future dividend income.

Our ability to pay dividends will depend on various factors, including whether we are able to generate sufficient earnings. Distribution of dividends shall be decided by our Board of Directors at their discretion and will be subject to the corporate approval processes. 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, our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable PRC laws and regulations, 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. See "Financial Information — Dividend."

**Certain facts, forecast and statistics derived from external sources contained in this Prospectus may not be reliable and the market opportunity estimates may not be accurate.**

We have derived certain facts and other statistics in this Prospectus, particularly those relating to the general economy and the industry in which we operate, from information provided by various public sources, industry associations, independent research institutes and other third-party sources, including a report prepared by CIC that we commissioned. We have not independently verified any information or statistics sourced exclusively from official government channels. While we have taken reasonable care in the reproduction of the information, we cannot assure you as to the accuracy and reliability of such facts and statistics. You should consider carefully how much weight or importance you should attach to or place on such facts or statistics.

Market opportunity estimates included in this Prospectus, including our ability to capture a meaningful share of the relevant markets, are subject to significant uncertainty and are based on assumptions and estimates that may not prove to be accurate. The variables that go into the calculation of our market opportunity are subject to change over time, and there is no guarantee that our market opportunity estimates will materialize in customers using our products and services as anticipated. Any expansion in our market depends on a number of factors, including the cost, performance, and perceived value associated with our business and those of our competitors. Even if the market in which we compete meets the size estimates and growth forecasted in this Prospectus, our business could fail to grow at similar rates, if at all. Our growth is subject to many factors, including our success in implementing our business strategy, which is inherently subject to certain risks and uncertainties.

**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.

**Investors should read the entire Prospectus carefully and should not consider any particular statements in this Prospectus or in published media reports without carefully considering the risks and other information contained in this Prospectus.**

The Global Offering is being made solely on the basis of the information and representations contained in this Prospectus, which are true and accurate to the best of our knowledge and belief. Any information not contained in this Prospectus should not be relied upon in making an investment decision with respect to the securities being offered.

Prior to the publication of this Prospectus, there has been coverage in the media regarding us and the Global Offering, which may have contained among other things, certain financial information, projections, valuations and other forward-looking information about us and the Global Offering. Investors should be aware that information and opinions published by third-party sources may have been based on outdated, incomplete, or inaccurate information. These sources may also have conflicts of interest, and their opinions may not be independent or objective. The media's coverage of our company and the Global Offering may be influenced by a wide range of factors, including the bias of individual journalists, the preferences of media outlets, and the demands of advertisers.

We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for the accuracy or completeness of such media coverage or forward-looking statements. We make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. We disclaim any information in the media to the extent that such information is inconsistent or conflicts with the information contained in this Prospectus. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this Prospectus only and should not rely on any other information.

In preparation for the Listing, we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

## WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

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

We do not have a sufficient management presence in Hong Kong for the purposes of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules. Our headquarters, senior management, business operations and assets are primarily based outside of Hong Kong. Our executive Directors ordinarily reside in the PRC and, given that they play very important roles in our Company's business operations, it is in our best interests for them to continue to be based where our Group has significant operations; it would not be beneficial to or appropriate for our Group, and therefore not in the best interests of our Company or the Shareholders as a whole, to relocate any of our existing executive Directors to Hong Kong or appoint additional executive Directors ordinarily resident in Hong Kong.

Therefore, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Listing Rules. We will ensure that there is regular and effective communication between us and the Stock Exchange based on, among others, the following conditions:

(i) pursuant to Rule 3.05 of the Listing Rules, we have appointed and will continue to maintain two authorized representatives, who will act as our principal channel of communication with the Stock Exchange and ensure that our Company complies with the Listing Rules at all times. The two authorized representatives appointed are Dr. Zhao and Ms. Wong Wai Yee, Ella (the "**Authorized Representatives**"). Ms. Wong Wai Yee, Ella is situated and based in Hong Kong, and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of the Authorized Representatives will be readily contactable by telephone and email to deal promptly with enquiries from the Stock Exchange. Our Company has provided contact details of the two Authorized Representatives to the Stock Exchange and will inform the Stock Exchange promptly in respect of any change in the Authorized Representatives;

(ii) both Authorized Representatives have the means to contact all Directors (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters. Our Company has implemented a policy whereby (i) each Director has provided their respective valid phone numbers or other means of communication to the Authorized Representatives; (ii) in the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide his/her phone number of the place of his/her accommodation to the Authorized Representatives or maintain an open line of communication via his/her mobile phone; and (iii) each Director has provided his/her mobile phone number, office phone number, email address and, where available, fax number to the Stock Exchange and will inform the Stock Exchange promptly if there are any changes to the contact details of the Directors;

(iii) pursuant to Rule 3.20 of the Listing Rules, each Director has provided his/her contact information to the Stock Exchange and to the Authorized Representatives. This will ensure that the Stock Exchange and the Authorized Representatives should have means for contacting all Directors promptly at all times as and when required;

(iv) all our Directors who are not ordinarily resident in Hong Kong have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and will be able to meet with relevant members of the Stock Exchange in Hong Kong upon reasonable notice, when required;

(v) pursuant to Rule 3A.19 of the Listing Rules, we have retained the services of Rainbow Capital (HK) Limited as our Compliance Adviser upon Listing 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 Adviser will act as an additional channel of communication with the Stock Exchange and will be available to respond to enquiries from the Stock Exchange. The contact details of the Compliance Adviser have been provided to the Stock Exchange;

(vi) our Authorized Representatives, Directors and other officers of our Company will promptly provide such information and assistance as the Compliance Adviser may reasonably require in connection with the performance of the Compliance Adviser's duties as set forth in Chapter 3A of the Listing Rules. There will be adequate and efficient means of communication between our Company, Authorized Representatives, Directors and other officers of our Company and the Compliance Adviser, and, to the extent reasonably practicable and legally permissible, we will keep the Compliance Adviser informed of all communications and dealings between the Stock Exchange and us. Meetings between the Stock Exchange and our Directors may be arranged through our Authorized Representatives or the Compliance Adviser, or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange as soon as practicable in respect of any change of Authorized Representatives and/or the Compliance Adviser;

(vii) we will appoint other professional advisers (including legal advisers in Hong Kong) after the Listing to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and

(viii) our Company has designated staff members as the communication officers at our headquarters after the Listing who will be responsible for maintaining day-to-day communication with the Authorized Representatives and our Company's professional advisers in Hong Kong, including our legal advisers in Hong Kong and the Compliance Adviser, to keep abreast of any correspondence with and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

**WAIVER IN RESPECT OF STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM STRICT COMPLIANCE WITH SECTION 342(1) IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

Pursuant to Rule 4.04(1) of the Listing Rules, the accountants' report contained in the prospectus must include, *inter alia*, the results of the listing applicant and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Stock Exchange.

Pursuant to Rule 13.49(1) of the Listing Rules, issuers shall publish their preliminary financial results no later than three months after the end of each financial year.

Pursuant to section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a prospectus shall include the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Pursuant to paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a statement as to its gross trading income or sales turnover (as may be appropriate) during each of the three financial years immediately preceding the issue of the prospectus, as well as an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Pursuant to paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listing applicant is required to include in its prospectus a report by its auditors with respect to profits and losses in respect of each of the three financial years immediately preceding the issue of the prospectus.

Pursuant to section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as it thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interests of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

Pursuant to paragraph 19 of Chapter 1.1A of the Guide for New Listing Applicants published by the Stock Exchange, in view of the shortened deadline for releasing preliminary results announcements and to enable potential investors to have adequate and timely information, where an applicant issues its listing document in the third month after the latest year end, the Stock Exchange has provided the conditions for granting a waiver from strict compliance with Rule 4.04(1) of the Listing Rules as follows: (i) the applicant must list on the Stock Exchange within three months after the latest year end; (ii) the applicant must obtain a certificate of exemption from the SFC on compliance with the requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance; (iii) the financial information for the latest financial year and a commentary on the results for that financial year must be included in the listing document. The financial information to be included in the listing document must (a) follow the same content requirements as for a preliminary results announcement under Rule 13.49 of the Listing Rules, and (b) be agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants; and (iv) the Company will not be in breach of its constitutional documents or laws and regulations of the PRC or other regulatory requirements regarding its obligation to publish preliminary results announcements.

The Accountants' Report for each of the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 has been prepared and is set out in Appendix I to this Prospectus, but does not include the consolidated results of the Group in respect of the full year immediately preceding the proposed date of issue of this Prospectus, being the full year ended December 31, 2025, as required pursuant to the relevant requirements set out above. Strict compliance with such requirements would be unduly burdensome, and a waiver and exemption therefrom would not prejudice the interests of the investing public for the following reasons:

(a) there would not be sufficient time for our Company and the reporting accountants of our Company to finalize the audited financial statements for the year ended December 31, 2025 for inclusion in this Prospectus. If the financial information for the year ended December 31, 2025 is required to be audited, our Company and the reporting accountants would have to carry out a substantial amount of audit-related work to prepare, update and finalize the Accountants' Report and this Prospectus, and the relevant sections of this Prospectus would need to be updated to cover the additional period, incurring additional time and costs. Our Directors consider that the benefits to existing and prospective Shareholders may not justify the additional work and expenses involved and the delay to the Listing timetable;

(b) the Company has included in this Prospectus (i) the Accountants' Report covering the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, (ii) the unaudited preliminary financial information of the Group for the year ended December 31, 2025 and a commentary on the results for the year, which has been agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants, and such disclosure is no less than the content requirements for a preliminary results announcement under Rule 13.49 of the Listing Rules, and (iii) the information regarding the recent development of our Group subsequent to the Track Record Period and up to the Latest Practicable Date;

(c) our Directors and the Sole Sponsor herein confirm that, after performing all reasonable due diligence work which they consider appropriate up to the date of this Prospectus, there has been no material adverse change to the financial and trading positions or prospects of our Group since October 1, 2025 (immediately following the date of the latest audited statement of financial position in the Accountants' Report set out in Appendix I to this Prospectus) up to the date of this Prospectus and there has been no event which would materially affect the information shown in the Accountants' Report as set out in Appendix I to this Prospectus, the section headed "Financial Information", the unaudited preliminary financial information for the year ended December 31, 2025 as set out in Appendix III to this Prospectus and information regarding our Company's recent developments subsequent to the Track Record Period and up to the date of this Prospectus;

(d) our Company is of the view that the Accountants' Report covering the three years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the unaudited pro forma financial information as set out in Appendix II to this Prospectus, the unaudited preliminary financial information for the year ended December 31, 2025 as set out in Appendix III to this Prospectus, together with other disclosure in this Prospectus, have already provided the potential investors with adequate and reasonably necessary information in the circumstances to form a view on the track record of our Company. Our Directors confirm that all information which is necessary for the investing public to make an informed assessment of the activities, assets and liabilities, financial position, trading position, management and prospects of our Group are included in this Prospectus. Therefore, the waiver and exemption would not prejudice the interests of the investing public;

(e) our Company will not be in breach of its Articles of Association or laws and regulations of the PRC or other regulatory requirements as a result of not publishing its preliminary results announcement for the year ended December 31, 2025 in accordance with Rule 13.49(1) of the Listing Rules. Pursuant to the Note to Rule 13.49(1) of the Listing Rules, our Company will publish an announcement after Listing and no later than March 31, 2026 stating that the relevant financial information has been included in this Prospectus; and

(f) our Company will comply with the requirements under Rule 13.49(1) of the Listing Rules in respect of the publication of our annual report. Our Company currently expects to issue our annual report for the financial year ended December 31, 2025 on or before April 30, 2026. In this regard, our Directors consider that the Shareholders, the investing public, as well as potential investors of our Company will be kept informed of the financial results of our Group for the financial year ended December 31, 2025.

As such, an application has been made to the Stock Exchange for, and the Stock Exchange has granted us, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules, on the conditions that: (i) this Prospectus will be issued on or before March 20, 2026 and the Company's H Shares will be listed on or before March 31, 2026, i.e. three months after the latest financial year end; (ii) our Company obtains from the SFC a certificate of exemption from strict compliance with the requirements under section 342(1) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; (iii) the preliminary unaudited financial information for the year ended December 31, 2025 and a commentary on the results for the year shall be included in this Prospectus; and (iv) our Company will not be in breach of our constitutional documents or laws and regulations of the PRC or other regulatory requirements regarding its obligation to publish preliminary results announcements.

An application has also been made to the SFC for, and the SFC has granted us, a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the conditions that: (i) the particulars of the exemption are set out in this Prospectus; and (ii) this Prospectus will be issued on or before March 20, 2026 and the Company's H Shares will be listed on or before March 31, 2026, i.e. three months after the latest financial year end.

## WAIVER AND CONSENT IN RELATION TO THE SUBSCRIPTION FOR H SHARES BY CLOSE ASSOCIATES OF MINORITY EXISTING SHAREHOLDERS AS CORNERSTONE INVESTOR

Rule 2.03(2) of the Listing Rules provides that the issue and marketing of securities should be conducted in a fair and orderly manner.

Rule 10.04 of the Listing Rules provides that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of a new applicant either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled.

The conditions in Rules 10.03(1) and (2) of the Listing Rules are that (i) no securities are offered to the existing shareholders on a preferential basis and no preferential treatment is given to them in the allocation of the securities; and (ii) the minimum prescribed percentage of public shareholders required by Rule 8.08(1) of the Listing Rules is achieved.

Paragraph 1C(2) of Appendix F1 to the Listing Rules provides that, without the prior written consent of the Stock Exchange, no allocations will be permitted to directors or existing shareholders of the applicant or their close associates, whether in their own names or through nominees unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Paragraph 13 of Chapter 4.15 of the Guide for New Listing Applicants sets out the Existing Shareholders Conditions (as defined under Chapter 4.15 of the Guide for New Listing Applicants) for the Stock Exchange to consider granting a consent and waiver for placing to existing shareholders or their close associates.

Xiamen Advanced Intelligent Manufacturing Industry Investment Limited (廈門先進智造產業投資有限公司) ("**Xiamen Advanced Intelligent**") is a company incorporated in Hong Kong and is wholly owned by Xiamen Advanced Manufacturing Equity Investment Fund Partnership (Limited Partnership) (廈門先進製造業股權投資基金合夥企業(有限合夥)) ("**Xiamen Advanced Manufacturing Fund**"), a limited partnership established in the PRC on June 19, 2024. Xiamen Advanced Manufacturing Fund is managed and held as to 0.1% and 0.0125% by its respective general partners, (i) Xiamen Haiyi Investment Co., Ltd. (廈門海翼投資有限公司), a wholly-owned subsidiary of CCRE Group Co., Ltd. (廈門海翼集團有限公司) ("**CCRE**"), which is ultimately wholly owned and controlled by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會) ("**Xiamen SASAC**") and (ii) Golden Brics (Xiamen) Equity Investment Fund Co., Ltd. (金磚(廈門)股權投資基金有限公司), which is held as to 51% by Fujian Pingtan Golden Brics Think Tank Investment Consulting Co., Ltd. (福建省平潭金磚智庫投資諮詢有限公司), and 49% by CCRE. Xiamen Xinyi Technology Industry Co., Ltd. (廈門新翼科技實業有限公司) ("**Xinyi Technology**"), CCRE and Xiamen Torch Industry Equity Investment Management Co., Ltd. (廈門火炬產業股權投資管理有限公司) ("**Torch Industry**") are limited partners of Xiamen Advanced Manufacturing Fund, holding 62.50%, 24.88% and 5.00% limited partnership interests, respectively. CCRE holds 60% equity interest in Xinyi Technology. Accordingly, Xinyi Technology is a subsidiary under the control of CCRE and is thus ultimately controlled by Xiamen SASAC. Torch Industry is indirectly wholly owned by Xiamen SASAC.

Xiamen Hi-Tech Investment and Torch Capital, each an existing Shareholder of the Company, are both wholly owned subsidiaries of Xiamen Torch Group Co., Ltd. (廈門火炬集團有限公司), which is wholly owned by Xiamen SASAC.

Chantou Juxiang Xinhan, Xiamen Gongrong Industry and Xiamen Chantou Gongrong are existing Shareholders of the Company. The general partner of Chantou Juxiang Xinhan is Xiamen Production Investment Xinyuan Technology Investment Co., Ltd. (廈門產投新圓科技投資有限公司)("**Xinyuan Technology**"), a company wholly owned by Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司)("**Xiamen Chantou**") which is indirectly wholly owned by Xiamen Municipal Finance Bureau (廈門市財政局). Xinyuan Technology is the general partner of Xiamen Gongrong Industry and Xiamen Chantou Gongrong.

Qingda Runyu and Qingda Xinsheng are existing Shareholders of the Company. The general partner of Qingda Runyu is Xiamen Qingda Haixia Private Equity Fund Management Co., Ltd. (廈門清大海峽私募基金管理有限公司) (**"Xiamen Qingda**"), which is ultimately controlled by Xiamen Huli District Finance Bureau (廈門市湖裏區財政局). The general partner of Qingda Xinsheng is Xiamen Qingda Xincheng Investment Partnership (Limited Partnership) (廈門市清大芯成投資合夥企業(有限合夥)), whose general partner is Xiamen Qingda.

Therefore, Xiamen Advanced Intelligent, a cornerstone investor of the Company, is the close associate of Xiamen Hi-Tech Investment, Torch Capital, Chantou Juxiang Xinhan, Xiamen Gongrong Industry, Xiamen Chantou Gongrong, Qingda Runyu and Qingda Xinsheng (the "**Minority Existing Shareholders**").

For the avoidance of doubt, ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司) ("**ICBC Investment**"), which is also an existing Shareholder of the Company, is not considered a close associate of the Minority Existing Shareholders for the purpose of this waiver application although ICBC Capital Management Co., Ltd. (工銀資本管理有限公司) ("**ICBC CM**"), a subsidiary of ICBC Investment, holds joint investments in Xiamen Gongrong Industry and Xiamen Chantou Gongrong ("**Joint Investment Vehicles**").

The direct shareholdings in the Company held by ICBC Investment shall not be aggregated with the direct shareholdings of the Minority Existing Shareholders when considering this waiver application for the cornerstone investor subscription and the calculation of the relevant Minority Existing Shareholders' shareholdings on the following basis:

***Independent Institutional Nature:*** ICBC Investment is a large-scale, professional financial asset investment institution operating at a national level. Its investment philosophy and operational mandate differ fundamentally from those of local state-owned asset administrators, such as Xiamen SASAC or the Xiamen Municipal Finance Bureau, whose primary objectives are inherently tied to regional economic and industrial development. Xiamen SASAC and the Xiamen Municipal Finance Bureau have no jurisdiction or authority over ICBC Investment or its investments.

***Absence of Acting in Concert Arrangement:*** There is no formal or informal agreement, arrangement, or understanding between ICBC Investment and the Minority Existing Shareholders to act in concert to consolidate control over the Company. The historical joint investments made through the Joint Investment Vehicles are entirely ordinary-course, arm's-length commercial investments aimed at maximizing investment returns. Overlapping joint investments in third-party entities do not legally constitute a concert party relationship in respect of the Company, and ICBC Investment has no commercial rationale or intention to act in concert with the Xiamen State-owned Entities regarding the Company's voting, management, or operations.

***Strict Operational and Financial Segregation:*** The corporate governance and decision-making mechanisms for investing in the Company are fundamentally separate between ICBC Investment and ICBC CM. ICBC Investment evaluated and executed its direct investment in the Company utilizing its proprietary funds through its own internal investment committee. In contrast, ICBC CM's investment decisions regarding the Joint Investment Vehicles are governed by a separate investment committee utilizing capital raised specifically for that joint investment structure. There is no cross-conditional approval or operational and management overlap between their decision-making procedures.

***Independent Sourcing of the Cornerstone Investor:*** The introduction and securing of the proposed cornerstone investor, Xiamen Advanced Intelligent, was achieved through the personal business network and independent, arm's-length negotiations of Dr. Zhao, the Company's founder and chairman. ICBC Investment and its subsidiaries had no involvement in introducing, facilitating, or negotiating with the proposed cornerstone investor's participation in the Global Offering.

We have applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 10.04 of the Listing Rules and a written consent under paragraph 1C(2) of Appendix F1 to the Listing Rules for the subscription of H Shares by Xiamen Advanced Intelligent as a cornerstone investor, on the following grounds which are consistent with the Existing Shareholder Conditions:

(a) the Minority Existing Shareholders are interested in less than 5% of the Company's voting rights prior to the completion of the Global Offering;

(b) each of the Minority Existing Shareholders and its close associates are not, and will not be, core connected persons (as defined under the Listing Rules) of the Company or any close associate (as defined under the Listing Rules) of any such core connected person immediately prior to or following the Global Offering;

(c) each of the Minority Existing Shareholders has no right to appoint Directors (which, for the avoidance of doubt, does not include the director nomination right of a Shareholder under the Articles of Association) and does not have other special rights upon the Listing;

(d) the allocation to such close associate of Minority Existing Shareholders will not affect the Company's ability to satisfy the public float requirement of Rule 8.08 (as amended by 19A.13A(1)) of the Listing Rules;

(e) the relevant information in respect of the allocation to each of the Minority Existing Shareholders and/or its close associates will be disclosed in this Prospectus and the allotment results announcement;

(f) the Sole Sponsor confirms to the Stock Exchange in writing that based on (i) their discussions with the Company and the Overall Coordinators; and (ii) the confirmations provided to the Stock Exchange by the Company and the Overall Coordinators (confirmations (g) and (h) mentioned below), and to the best of their knowledge and belief, it has no reason to believe that any of the Minority Existing Shareholders or its close associates received any preferential treatment in the allocation as a cornerstone investor by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of the allocation will be disclosed in this Prospectus and/or the allotment results announcement, as the case may be;

(g) the Company confirms to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to any of the Minority Existing Shareholders or its close associates by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants; and

(h) the Overall Coordinators confirm, to the best of their knowledge and belief, to the Stock Exchange in writing that no preferential treatment has been, nor will be, given to any of the Minority Existing Shareholders or its close associates by virtue of its relationship with the Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of the allocation will be disclosed in this Prospectus and/or the allotment results announcement, as the case may be.

For further information about the cornerstone investment of the close associate of the Minority Existing Shareholders, please refer to the section headed "Cornerstone Investor" in this Prospectus.

## DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This Prospectus, for which our Directors (including any proposed Director who is named as such in this Prospectus) collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information to the public with regard to our Group. Our Directors, having made all reasonable inquiries, 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 has issued the filing notice on January 30, 2026 confirming our completion of the PRC filing procedures pursuant to the new filing regime introduced by the Overseas Listing Trial Measures for the Global Offering, the conversion of certain Unlisted Shares into H Shares and the application for listing of the H Shares on the Hong Kong Stock Exchange.

## INFORMATION ON THE GLOBAL OFFERING

This Prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this Prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 2,149,250 H Shares and the International Offering of initially 19,342,800 H Shares (subject, in each case, to reallocation on the basis as set out in the section headed "Structure of the Global Offering" in this Prospectus).

The listing of the Offer Shares on the Hong Kong Stock Exchange is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) and us. The International Offering is managed by the Sponsor-Overall Coordinator and is underwritten by the International Underwriters. For details of the Underwriters and the underwriting arrangements, see the section headed "Underwriting" in this Prospectus.

The Hong Kong 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. 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 Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the 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.

For details of the structure of the Global Offering, including its conditions, see "Structure of the Global Offering" in this Prospectus.

## INFORMATION ON THE CONVERSION OF UNLISTED SHARES INTO H SHARES

Our Company has applied for the conversion of an aggregate of 97,431,581 Unlisted Shares held by the existing Shareholders into H Shares. For details, see the sections headed "History, Development and Corporate Structure" and "Share Capital" in this Prospectus. Such H Shares to be converted from Unlisted Shares are restricted from trading for a period of one year after the Listing.

The relevant filing procedure in relation to the conversion of Unlisted Shares into H Shares has been completed on January 30, 2026.

## PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

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

## RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the H Shares under the Hong Kong Public Offering will be required to, or be deemed by his/her acquisition of the Hong Kong Offer Shares to, confirm that he/she 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 outside Hong Kong 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 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 offered or sold, and will not be offered or sold, directly or indirectly, in the PRC.

## UNDERWRITING

The Listing is sponsored by the Sole Sponsor and the Global Offering is managed by the Sponsor-Overall Coordinator. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement. The International Offering is expected to be fully underwritten by the International Underwriters. For further details on the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this Prospectus.

## APPLICATION FOR LISTING OF THE H SHARES ON THE STOCK EXCHANGE

We have applied to the Stock Exchange for the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering and the H Shares to be converted from Unlisted Shares. Dealings in the H Shares on the Stock Exchange are expected to commence on Monday, March 30, 2026. Except as otherwise disclosed in this Prospectus, no part of our Shares 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.

The H Shares will be traded in board lots of 50 H Shares. The stock code of the H Shares is 2726.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

## H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Stock Exchange and our 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 Listing Date or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange 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 in to CCASS. Investors should seek the advice of their stockbrokers or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests.

## REGISTER OF MEMBERS AND STAMP DUTY

All H Shares issued pursuant to applications made in the Global Offering and converted from Unlisted Shares 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 the PRC.

Dealings in the H Shares registered in our H Share register will be subject to Hong Kong stamp duty. Hong Kong stamp duty is charged to each of the seller and purchaser at the ad valorem rate of 0.1% on the higher of the consideration for or the market value of the H Shares transferred. In other words, a total of 0.2% will be payable on a typical sale and purchase transaction of the H Shares. In addition, a fixed stamp duty of HK$5.00 is currently payable on each instrument of transfer of H Shares.

## REGISTRATION OF SUBSCRIPTION, PURCHASE AND TRANSFER OF H SHARES

We have instructed our H Share Registrar, and our H Share Registrar has agreed, not to register the subscription, purchase or transfer of any H Shares in the name of any particular holder unless and until such holder delivers a signed form to our H Share Registrar in respect of those H Shares bearing statements to the effect that the holder:

- agrees with us and each of our Shareholders, and we agree with each Shareholder, to observe and comply with the PRC Company Law, the Overseas Listing Trial Measures and our Articles of Association;

- agrees with us, each of our Shareholders, Directors, Supervisors, managers and officers, and we, acting for ourselves and for each of our Directors, Supervisors, managers and officers agree with each of our Shareholders, to refer all differences and claims arising from our Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or other relevant laws and administrative regulations concerning our affairs to arbitration, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearings in open session and to publish its award, which arbitration shall be final and conclusive;

- agrees with us and each of our Shareholders that the H Shares are freely transferable by the holders thereof; and

- authorizes us to enter into a contract on his or her behalf with each of our Directors, Supervisors, managers and officers whereby such Directors, Supervisors, managers and officers undertake to observe and comply with their obligations to our Shareholders as stipulated in our Articles of Association. Persons applying for or purchasing H Shares under the Global Offering are deemed, by their making an application or purchase, to have represented that they are not associates of any of our Directors, Supervisors or existing Shareholder or a nominee of any of the foregoing.

## 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 and sent by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder.

## 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, or dealing in, or the exercise of any rights in relation to, our H Shares. None of our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the 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, or dealing in, or the exercise of any rights in relation to, our H Shares.

## LANGUAGE

If there is any inconsistency between the English version of this Prospectus and its Chinese translation, the English version of this Prospectus shall prevail unless otherwise stated. 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.

## ROUNDING

Certain amounts and percentage figures included in this Prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figure preceding them. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

## CURRENCY TRANSLATION

Solely for your convenience, this Prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars at specified rates.

Unless otherwise specified, the translation of Renminbi into Hong Kong dollars, of Renminbi into U.S. dollars and of Hong Kong dollars into U.S. dollars, and vice versa, in this Prospectus was made at the following rates:

RMB1.00 to HK$1.1338

US$1.00 to RMB6.8982

US$1.00 to HK$7.8212

No representation is made that any amounts in Renminbi, Hong Kong dollars or U.S. dollars can be or could have been at the relevant dates converted at the above rates or any other rates or at all.

## DIRECTORS

| Name | Address | Nationality |
|---|---|---|
| **Executive Directors** | | |
| Dr. Zhao Jianhui (趙建輝) | Room 508<br>No. 198-1, East 2nd Road<br>Tongxiang High-tech City<br>Torch Hi-tech Zone<br>Xiamen, Fujian<br>PRC | American |
| Ms. Pan Menghan (潘夢菡) | Room 508<br>No. 198-1, East 2nd Road<br>Tongxiang High-tech City<br>Torch Hi-tech Zone<br>Xiamen, Fujian<br>PRC | American |
| Ms. Bai Liting (白麗婷) | Room 503, No. 12, Huxin Erli<br>Vanke Huxin Island<br>Huli District<br>Xiamen, Fujian<br>PRC | Chinese |
| **Non-Executive Directors** | | |
| Mr. Fang Wei (方偉) | Room 1301, No. 1, Lane 2088<br>Wanhangdu Road<br>Changning District<br>Shanghai<br>PRC | Chinese |
| Mr. Su Ping (蘇平) | Room 202<br>No. 62, Baizanzhou Road<br>Siming District<br>Xiamen, Fujian<br>PRC | Chinese |
| Ms. Xie Jieping (謝潔平) | Room 1103<br>No. 11 Huizhan North Lane<br>Siming District<br>Xiamen, Fujian<br>PRC | Chinese |

**Independent Non-Executive Directors**

| | | |
|---|---|---|
| Dr. Kang Junyong (康俊勇) | Room 601<br>No. 3-2, Tuqiang Road<br>Siming District<br>Xiamen, Fujian<br>PRC | Chinese |
| Dr. Liao Yi (廖逸) | Flat F, 7/F<br>Tower 5, Metro Town<br>8 King Ling Road<br>Tseung Kwan O<br>New Territories<br>Hong Kong | Chinese |
| Dr. Su Xinlong (蘇新龍) | Room 101, No. 25<br>Xiada Haibin East Area<br>Siming District<br>Xiamen, Fujian<br>PRC | Chinese |

**SUPERVISORS**

| **Name** | **Address** | **Nationality** |
|---|---|---|
| Mr. Li Kaixi (李凱希) | Room 1601, 3B<br>Jindi Fengshang<br>Xindian Town<br>Xiang'an District<br>Xiamen, Fujian<br>PRC | Chinese |
| Mr. Qian Weining (錢衛寧) | Room 1804, No. 2<br>Xiangfu Qili<br>Xiang'an District<br>Xiamen, Fujian<br>PRC | Chinese |
| Mr. Wu Guoyi (吳國屹) | Room 16G, No. 38<br>Caoxi North Road<br>Xuhui District<br>Shanghai<br>PRC | Chinese |

For further details on our Directors and Supervisors, see the section headed "Directors, Supervisors and Senior Management" in this Prospectus.

## PARTIES INVOLVED IN THE GLOBAL OFFERING

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|---|---|
| **Sole Sponsor, Sponsor-Overall Coordinator, Overall Coordinator, Joint Global Coordinator, Joint Bookrunner, Joint Lead Manager and Capital Market Intermediary** | **China International Capital Corporation Hong Kong Securities Limited**<br>29/F, One International Finance Centre<br>1 Harbour View Street<br>Central<br>Hong Kong |
| **Overall Coordinators, Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries** | **ICBC International Securities Limited**<br>37/F, ICBC Tower<br>3 Garden Road<br>Hong Kong |
| | **Orient Securities (Hong Kong) Limited**<br>28th and 29th Floor<br>100 Queen's Road Central<br>Hong Kong |
| **Joint Global Coordinator, Joint Bookrunner and Capital Market Intermediary** | **ABCI Capital Limited**<br>11/F, Agricultural Bank of China Tower<br>50 Connaught Road Central<br>Hong Kong |
| **Joint Lead Manager and Capital Market Intermediary** | **ABCI Securities Company Limited**<br>10/F, Agricultural Bank of China Tower<br>50 Connaught Road Central<br>Hong Kong |
| **Joint Global Coordinators, Joint Bookrunners, Joint Lead Managers and Capital Market Intermediaries** | **China Sunrise Securities (International) Limited**<br>Room 1501 & 1503, YF Life Centre<br>38 Gloucester Road<br>Wan Chai<br>Hong Kong |
| | **Futu Securities International (Hong Kong) Limited**<br>Unit C1-2, 34/F, United Centre<br>95 Queensway<br>Admiralty<br>Hong Kong |
| | **CCB International Capital Limited**<br>12/F, CCB Tower, 3 Connaught Road Central<br>Central<br>Hong Kong |

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

**Daokou Securities Limited**
Suite 1406, 14/F, Great Eagle Centre
23 Harbour Road
Wanchai
Hong Kong

**China Industrial Securities International Capital Limited**
32/F, Infinitus Plaza
199 Des Voeux Road Central
Sheung Wan
Hong Kong

**Fuze Securities (International) Limited**
Room 1004, 10/F, OfficePlus@Sheung Wan
No. 93-103 Wing Lok Street
Sheung Wan
Hong Kong

**Kingston Securities Limited**
72/F, The Center, 99 Queen's Road Central
Central
Hong Kong

**Yuen Meta (International) Securities Limited**
2601, 26/F, Wanchai Central Building
89 Lockhart Road
Wanchai
Hong Kong

**Legal Advisers to our Company**

*As to Hong Kong and U.S. laws*

**Davis Polk & Wardwell**
10/F, The Hong Kong Club Building
3A Chater Road
Central
Hong Kong

*As to PRC laws*

**Jingtian & Gongcheng**
34/F, Tower 3
China Central Place
77 Jianguo Road
Beijing
PRC

*As to U.S. export control and sanctions laws*

**Pillsbury Winthrop Shaw Pittman LLP**
1200 Seventeenth Street, NW
Washington, DC 20036
United States

| | |
|---|---|
| **Legal Advisers to the Sole Sponsor and the Underwriters** | *As to Hong Kong and U.S. laws*<br><br>**Latham & Watkins LLP**<br>18th Floor, One Exchange Square<br>8 Connaught Road, Central<br>Hong Kong<br><br>*As to PRC laws*<br><br>**DeHeng Law Offices**<br>12th Floor, Tower B<br>Focus Place No. 19<br>Finance Street<br>Beijing<br>PRC |
| **Reporting Accountants and Auditor** | **BDO Limited**<br>*Certified Public Accountants*<br>6th Floor<br>61 East Nanjing Road<br>New Huangpu Financial Tower<br>Shanghai<br>PRC<br><br>25th Floor, Wing On Centre<br>111 Connaught Road, Central<br>Hong Kong |
| **Industry Consultant** | **China Insights Industry Consultancy Limited**<br>10/F, Block B, Jing'an International Center<br>No. 88 Puji Road, Jing'an District<br>Shanghai<br>PRC |
| **Compliance Adviser** | **Rainbow Capital (HK) Limited**<br>Office No. 710, 7/F<br>Wing On House<br>71 Des Voeux Road Central<br>Hong Kong |
| **Receiving Bank** | **Industrial and Commercial Bank of China (Asia) Limited**<br>33/F, ICBC Tower<br>3 Garden Road<br>Central<br>Hong Kong |

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| **Registered Office, Headquarters and Principal Place of Business in the PRC** | No. 198-1, East 2nd Road<br>Tongxiang High-tech City<br>Torch Hi-tech Zone<br>Xiamen, Fujian<br>PRC |
| **Principal Place of Business in Hong Kong** | Room 1915, 19/F<br>Lee Garden One<br>33 Hysan Avenue<br>Causeway Bay<br>Hong Kong |
| **Company's Website** | **http://www.epiworld.com.cn/**<br>*(information contained on this website does not form part of this Prospectus)* |
| **Company Secretary** | **Ms. Wong Wai Yee, Ella**<br>*(Chartered Secretary, Chartered Governance Professional and fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)*<br>Room 1915, 19/F<br>Lee Garden One<br>33 Hysan Avenue<br>Causeway Bay<br>Hong Kong |
| **Authorized Representatives** | **Dr. Zhao Jianhui (趙建輝)**<br>Room 508<br>No. 198-1, East 2nd Road<br>Tongxiang High-tech City<br>Torch Hi-tech Zone<br>Xiamen, Fujian<br>PRC<br><br>**Ms. Wong Wai Yee, Ella**<br>Room 1915, 19/F<br>Lee Garden One<br>33 Hysan Avenue<br>Causeway Bay<br>Hong Kong |
| **Audit Committee** | Dr. Su Xinlong (蘇新龍) *(Chairman)*<br>Dr. Liao Yi (廖逸)<br>Mr. Su Ping (蘇平) |
| **Nomination Committee** | Dr. Liao Yi (廖逸) *(Chairman)*<br>Dr. Kang Junyong (康俊勇)<br>Ms. Pan Menghan (潘夢菡) |

| | |
|---|---|
| **Remuneration Committee** | Dr. Kang Junyong (康俊勇) *(Chairman)*<br>Dr. Liao Yi (廖逸)<br>Dr. Su Xinlong (蘇新龍) |
| **Strategy Committee** | Dr. Zhao Jianhui (趙建輝) *(Chairman)*<br>Dr. Kang Junyong (康俊勇)<br>Dr. Su Xinlong (蘇新龍) |
| **H Share Registrar** | **Computershare Hong Kong Investor Services Limited**<br>Shops 1712-1716<br>17th Floor Hopewell Centre<br>183 Queen's Road East<br>Wan Chai<br>Hong Kong |
| **Principal Bank** | **Industrial and Commercial Bank of China Limited, Xiamen Siming Branch**<br>No. 270, Lujiang Road<br>Siming District<br>Xiamen, Fujian<br>PRC |

*The information and statistics set out in this section and other sections of this Prospectus were extracted from the report prepared by CIC, which was commissioned by us, and from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report, an independent industry report, in connection with the Global Offering. The information from official government sources has not been independently verified by us or any other parties involved in the Global Offering, or any of our or their respective directors, senior management, representatives, advisers or any other persons involved in the Global Offering, and no representation is given as to its accuracy.*

## INDUSTRY OVERVIEW OF GLOBAL POWER SEMICONDUCTOR DEVICES AND SIC POWER SEMICONDUCTOR DEVICES

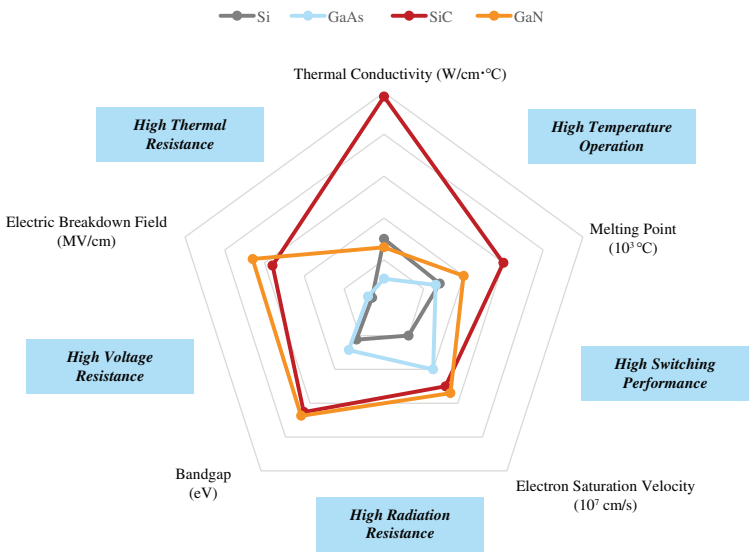
### Overview of SiC Power Semiconductors

Power semiconductors, also known as power electronic devices, are essential components in electronic systems for electrical energy conversion and circuit control. They enable precise voltage and frequency modulation, as well as efficient conversion between AC and DC power. By regulating energy flow and ensuring system stability through inversion, conversion, power amplification, power switching, and circuit protection, these devices serve as the "heart" of power electronics.

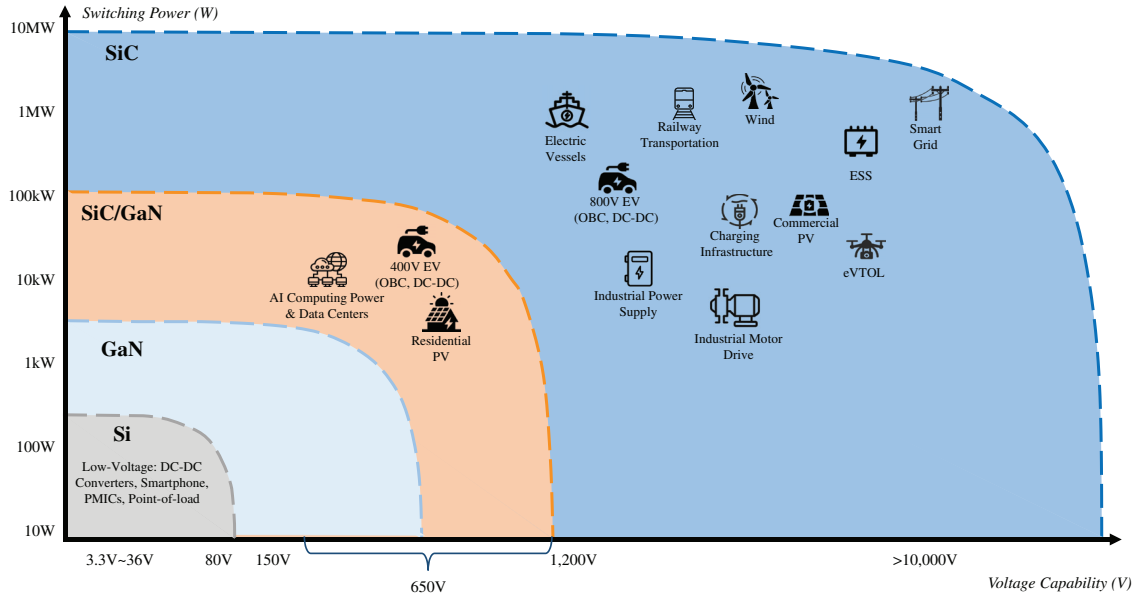
Based on materials used, power semiconductors are categorized into two primary types, the traditional silicon semiconductors and the wide-bandgap semiconductors. The former includes semiconductors formed by elements such as silicon (Si), while the latter consists of compounds like silicon carbide (SiC) and gallium nitride (GaN).

Traditional silicon semiconductor devices face inherent physical limitations that prevent them from meeting the high-performance requirements of emerging applications such as AI computing power and data centers, smart grids, and energy storage systems. In contrast, wide-bandgap semiconductors, represented by SiC and GaN, exhibit significant performance advantages from the material to the device level. SiC power semiconductor devices stand out with strong performance characteristics, including superior breakdown voltage, thermal conductivity, electron saturation velocity, and radiation resistance. Compared to GaN, SiC offers greater versatility in medium- and high-voltage applications, dominating the market for applications above 600V and boasting a larger market size. In recent years, SiC power semiconductor devices have become widely adopted in various industries and are expected to play a pivotal role in the ongoing transformation of the power semiconductor industry.

**Comparative Analysis of Major Semiconductor Materials**



**Application Scenarios of SiC Power Semiconductors**




*Source: CIC*

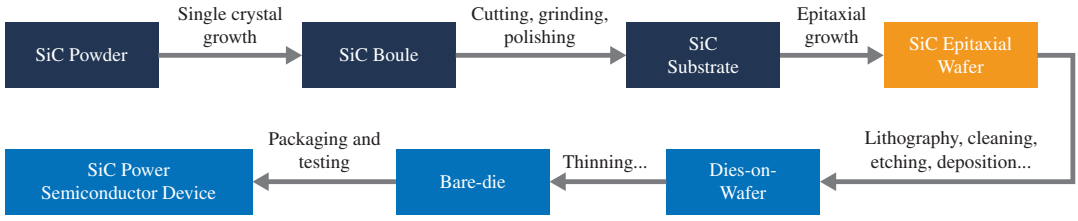
Silicon (Si) dominates low-voltage applications like DC-DC converters, smartphones, PMICs, and point-of-load systems due to its cost-effectiveness and reliability. It efficiently manages power conversion in consumer electronics and mobile devices. Gallium Nitride (GaN), with its high electron mobility, is increasingly used in AI computing, data centers, and 400V EVs, offering enhanced efficiency and performance in high-frequency, power-conversion applications. Silicon Carbide (SiC) is key to high-power, high-efficiency applications such as 800V EVs, industrial power supplies, charging infrastructure, industrial motor drives, and electric vessels. SiC's superior thermal and electrical properties also make it ideal for smart grids, which require high voltage handling and high switching power to manage complex energy flows, integrate renewable sources, and improve grid resilience. Its usage extends to sectors like railway transportation, wind energy, commercial PV, eVTOL, ESS, and more, where high voltage and thermal stability are critical.

## Production Process of SiC Power Semiconductor Devices

SiC is currently the most mature wide-bandgap semiconductor material in terms of crystal growth technology and device manufacturing.

The production process of SiC power semiconductor devices involves the following steps. SiC powder undergoes crystal growth, cutting, grinding, and wafer polishing to produce SiC substrates, on which single-crystal epitaxial materials are subsequently grown. The wafers undergo a series of complex processes, including lithography, cleaning, etching, deposition, thinning, packaging, and testing, to eventually form SiC power semiconductor devices.

**Production Process from SiC Raw Materials to SiC Power Semiconductor Devices**




*Source: CIC*

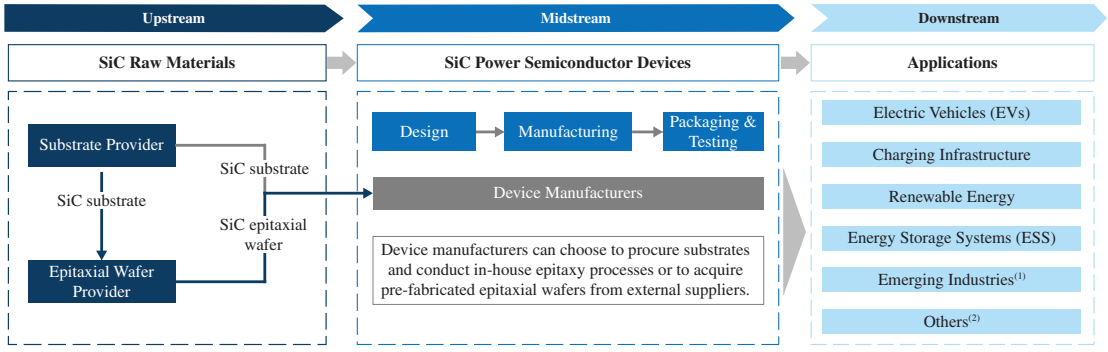
## Industry Chain of SiC Power Semiconductor Device Industry

The upstream segment of the industry chain involves the preparation of SiC substrates and SiC epitaxial wafers. As the key material in the industry chain, the quality of SiC epitaxial wafers is crucial, and the value of the epitaxial layer manufacturing accounts for about 25% of the entire value chain of SiC power devices. Unlike traditional silicon power semiconductor devices, SiC power semiconductor devices cannot be directly fabricated on SiC substrates; instead, they require the deposition of high-quality epitaxial layers on the substrates. Due to the high technical barriers in producing high-quality SiC epitaxial wafers, their supply is relatively limited. With global demand for SiC power semiconductor devices continues to grow, high-quality epitaxial wafers will play an increasingly important role in the industry chain.

The midstream segment consists of SiC power semiconductor devices' design, manufacturing, packaging, and testing. SiC power semiconductor device manufacturers use SiC epitaxial wafers as the base material to fabricate SiC semiconductor devices through a complex manufacturing process. Device manufacturers are generally divided into three types: IDM, fabless, and foundry. IDM integrates the design, manufacturing, packaging and testing of SiC power semiconductors and other industrial chains. Fabless is only responsible for the design and sales of SiC power semiconductors, while foundry is only responsible for manufacturing, packaging and testing.

The downstream segment involves applications such as EVs, charging infrastructure, renewable energy, ESS, as well as emerging industries such as home appliances, AI computing power and data centers, smart grids, eVTOL.

**Industry Chain of SiC Power Semiconductor Device Industry**




*Source: CIC*

*Notes:*

(1) Emerging industries include home appliances, AI computing power and data centers, smart grids and eVTOL.

(2) Others include industrial power supply, UPS, railway transportation, etc.

## Impact of Tariffs on the SiC Power Semiconductor Device Industry

As of the Latest Practicable Date, many semiconductor products from China are subject to, at a minimum, a 80% tariff rate, inclusive of a 50% tariff under Section 301 of the Trade Act of 1974 (the "**Section 301 Tariff**"), a 20% Fentanyl-related tariff under the International Economic Emergency Powers Act ("**IEEPA**"), which was lowered to 10% as of November 1, 2025, and a 10% reciprocal tariff, also imposed pursuant to IEEPA. Both IEEPA-based tariffs were ruled unlawful as of February 20, 2026. For a detailed discussion of tariffs applicable to us and the related risks, see "Risk Factors — Risks Relating to Our Business and Industry — Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions, international trade policies, international export controls and economic sanctions" and "Regulatory Overview — Latest Outlook on U.S. Tariff." Nonetheless, even if the U.S. tariff on Chinese exports to the U.S. normalizes, Chinese power device manufacturers are well-positioned for global growth. Chinese power device manufacturers are closing the technology gap through continuous R&D

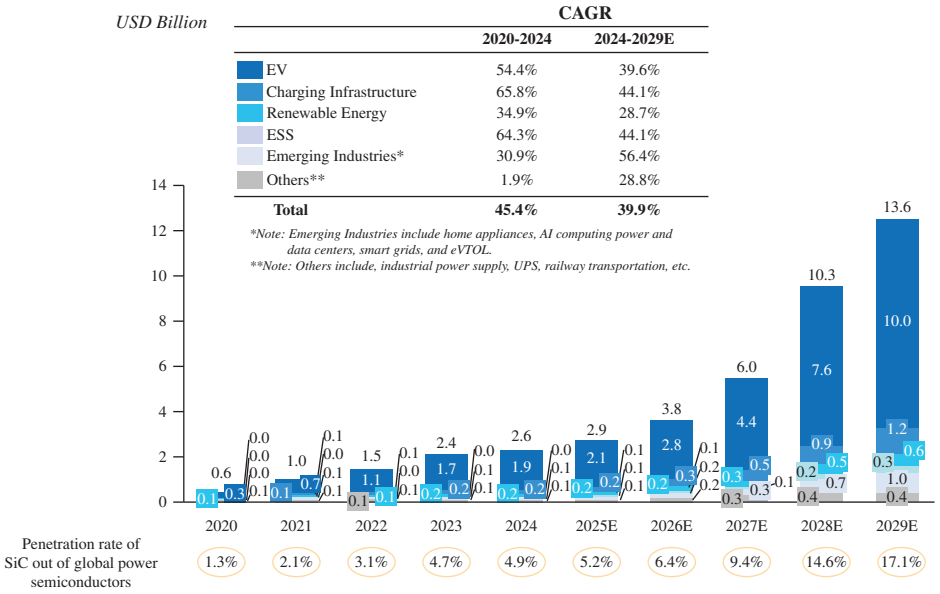
investments, and obtain increasing market share in the global SiC power semiconductor device industry in recent years, gradually forming a self-sufficient supply pattern in the future. The continuously expanding market share of Chinese power device manufacturers within the global SiC power semiconductor device industry is fundamentally underpinned by the comprehensive competitive advantage built upon performance parity, synergistic ecosystem, inherent cost advantages, and high customer stickiness. Chinese SiC power device companies have, through multiple technological iterations, achieved international mainstream performance standards. Building on this, a synergistic promotional framework has been established in China among device manufacturers, end-user applications, and government policy. Device manufacturers deliver cost-effective products, while end-users in sectors such as NEVs actively conduct domestic adaptation and validation. This is further accelerated by government support through policy guidance and resource allocation, significantly speeding up the adoption of domestic SiC power chip applications. Enhanced synergies across all segments of the industry effectively amortize costs across the entire chain, from upstream substrate preparation to midstream device manufacturing and downstream packaging and testing, including production, logistics, and supporting services, offering lower prices for equivalent performance in the global market and enabling the cultivation of customer stickiness.

**Market Size of Global SiC Power Semiconductor Device Industry**

The global SiC power semiconductor device market has grown remarkably from 2020 to 2024, with sales value increasing from US$0.6 billion in 2020 to US$2.6 billion in 2024 at a CAGR of 45.4%. By 2029, the global sales value of the SiC power semiconductor device industry is projected to reach US$13.6 billion, with a CAGR of 39.9% from 2024 to 2029. The penetration rate of global SiC power semiconductor devices out of the global power semiconductor market increased from 1.3% in 2020 to 4.9% in 2024, and is expected to reach 17.1% by 2029.

SiC power semiconductor devices are widely used in EVs, charging infrastructure, renewable energy, ESS and emerging industries. The EVs sector represents the most extensive application within this group. In 2024, SiC power semiconductor devices used in EVs accounted for 74.4% of the global market. The charging infrastructure sector followed, with a market share of 7.8% in 2024. The renewable energy and ESS sectors also show growth momentum, with expected CAGRs of 28.7% and 44.1% between 2024 and 2029, respectively. Emerging industries are expected to grow SiC power semiconductor device value at a CAGR of 56.4% from 2024 to 2029.

**Market Size of Global SiC Power Semiconductor Device Industry, in Terms of Sales Value, by Application Area, 2020-2029E**




*Source: MarkLines, CAAM, CCPA, CPIA, BNEF, InfoLink, Omdia, Yole, CIC*

**Market Drivers of Global SiC Power Semiconductor Device Industry**

Driven by the rapid development of downstream applications and the continuous pursuit of higher performance and energy-efficient power devices, the penetration rate of global SiC power semiconductor devices is expected to increase significantly, fueling rapid market growth. The following are key downstream drivers:

- **Application in Electric Vehicles (EVs):** With increasing battery capacity, driving range, declining costs, maturation and convenience of charging infrastructure, and growing consumer environmental awareness, the penetration rate of EVs is expected to continue rising. Global EV sales are projected to reach 48.1 million by 2029, with a CAGR of 21.2% from 2024 to 2029. More specifically, China, as the largest segmented market, has witnessed a rapid growth of EV market, increasing from 3.3 million to 12.6 million, with a CAGR of 79.8% from 2024 to 2029. The EV penetration rate in China reached 44.4% in 2024 and is expected to reach 82.0% in 2029, facilitating a continued growth of SiC power device market. Compared to silicon power semiconductor devices, SiC power semiconductor devices offer significant advantages, including lower conduction resistance, smaller chip size, higher operating frequency, and superior high-temperature tolerance. The upgrade of high-voltage architecture to 800V and above further accelerates of penetration of SiC power devices. For example, SiC MOSFET and Si MOSFET of the same specifications show that the former reduces the conduction resistance to 1/100 of the latter, decreases the size to 1/10, and extends the driving range of electric vehicles by 5-10%. As a result, they are widely used in key components such as power converters, main drive inverters, onboard chargers, battery chargers, bidirectional DC/DC converters (high voltage), and motor drives.

- **Application in Charging Infrastructure:** With the accelerated advancement of global charging infrastructure, particularly the widespread adoption and upgrading of fast and ultra-fast chargers, the penetration rate of SiC power semiconductor devices in the charging sector is expected to continue rising. As EV electrical systems transition from 400V to 800V architectures, the power level and power density of power modules of chargers are also increasing to 40kW/50kW and above to meet the demands of higher-voltage EVs. Compared to traditional silicon power semiconductor devices, SiC power semiconductor devices can enhance the output power of chargers by nearly 30% and reduce power losses by approximately 50%. Additionally, the significantly lower on-resistance of SiC materials ensures that chargers can provide a wider and higher output voltage range, catering to the charging needs of various EV battery types. With anticipated cost reductions, the global penetration rate of SiC in the charging infrastructure sector is projected to reach over 30% by 2029.

- **Application in Renewable Energy:** SiC power semiconductor devices are used in photovoltaic system components such as microinverters and DC/DC converters, significantly improving system performance by enhancing energy conversion efficiency and reducing energy loss. Global photovoltaic newly installed capacity is expected to grow at a CAGR of 15.4% from 2024 to 2029. This will drive the sales value of SiC power semiconductor devices in this sector to grow at a CAGR of 28.7% from 2024 to 2029.

- **Application in Energy Storage Systems (ESS):** SiC technology has led the advancement of energy storage converters toward higher capacity and modular designs. With the rising global demand for ESS from industrial, commercial, and residential users, energy storage batteries have become one of the most vital components of power systems. New installed capacity for global electrochemical energy storage is projected to grow at a CAGR of 33.4% from 2024 to 2029, propelling the expansion of the SiC power semiconductor device market.

- **Application in Emerging Industries:** In AI computing power and data centers, SiC power semiconductor devices have higher energy conversion efficiency than traditional silicon power semiconductor devices under the same output power conditions, allowing data center to reduce the number of power modules and lowering operational costs. From 2024 to 2029, the global computing power capacity is expected to grow at a CAGR of 65.0%, and global electricity consumption of data centers is projected to exceed 2,676 TWh by 2029. In smart grids, SiC technology is essential for advancing solid-state transformers and flexible AC/DC transmission systems, due to its superior thermal management and electronic properties enhancing grid efficiency and stability. It is projected that from 2024 to 2029, the sales value of SiC power semiconductor devices in the smart grid sector will grow at a CAGR of 51.0%. SiC power semiconductor devices also hold significant potential in home appliances. The high efficiency and compact size of these devices enable energy savings and improved performance in home appliances, aligning with global trends toward energy efficiency and sustainability. In the case of eVTOL, SiC's high thermal stability and power density support lightweight, reliable powertrains and extended flight durations.

**Market Trends of Global SiC Power Semiconductor Device Industry**

- **Increasing Penetration in Existing Fields and Expansion into Emerging Applications.** With advancements in manufacturing technology and cost reductions, the global demand for SiC power semiconductor devices continues to grow, and their application scenario is expanding rapidly. On one hand, SiC power semiconductor devices are accelerating their penetration into application scenarios such as EVs, charging infrastructure, renewable energy, and ESS. In the EVs sector, SiC devices significantly enhance the efficiency of motor drive systems, extend vehicle mileage range, and reduce charging time. In the renewable energy and ESS sector, the high energy conversion efficiency of SiC devices reduces system losses and improves the overall efficiency of photovoltaic power generation and energy storage systems. On the other hand, as the cost of SiC power semiconductor devices decreases and the performance improves, SiC power semiconductor devices also hold immense potential in emerging applications such as home appliances, AI computing power and data centers, smart grids, and low-altitude economy applications.

- **Technological Advancements Broaden the Voltage Range of Applications.** SiC power semiconductor devices have been used in the medium-low voltage (600V to 1,700V) fields and some low voltage applications, such as home appliances, as well. In the future, with the improvement of cost-effectiveness and the advancement of SiC material technology, SiC power semiconductors are expected to realize widespread use in low-voltage applications and expand to medium-high voltage and ultra-high voltage applications. For example, traditional power grids are transitioning toward smart grids. Power electronic transformers (PET), as core components of smart grids, also demand ultra-high voltage and high-power devices.

**Competitive Overview of Global Semiconductor Providers**

The extensive global market of semiconductors is concentrated, with top 10 providers obtaining over 70% of the market share. Currently, traditional silicon materials still dominate while emerging materials such as SiC gradually earning their market presence. As an enterprise focus on the next-generation materials, we obtained approximately 0.1% of the total semiconductor market share in 2024, according to CIC.

## INDUSTRY OVERVIEW OF GLOBAL SIC EPITAXIAL WAFERS

**Definition of SiC Epitaxial Wafers**

SiC epitaxial wafers are single-crystal SiC thin films grown on the substrate surface, with their doping type, doping concentration, and thickness can be precisely controlled to meet the design requirements of the devices.

Since single-crystal substrates prepared by the sublimation method cannot achieve precise control over doping concentration and effectively reduce crystal defects, it is necessary to grow a high-quality epitaxial layer on the substrate for device fabrication. Therefore, epitaxial growth technology is essential in the production of SiC devices, and the quality of the epitaxial layer drastically impacts device performance.

**Business Model for SiC Epitaxial Wafer Manufacturers**

Depending on whether SiC epitaxial wafer manufacturers procure substrate materials themselves or not, their business model can be divided into two types:

- ***Turnkey:*** SiC epitaxial wafer manufacturers purchase substrates based on customer order requirements, create the product, and deliver epitaxial wafer products. The price and payment settlement are determined based on the full cost, including substrates and other raw materials.

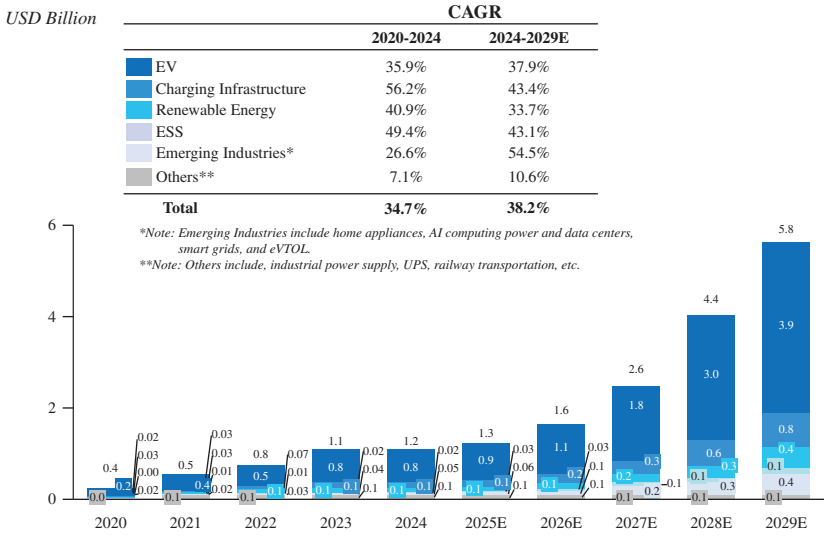
- ***Consign:*** The customer provides the substrate materials, while the SiC epitaxial wafer manufacturers procure other auxiliary materials. After completing production and delivering the products, the manufacturers charge the customer for epitaxial wafer foundry services.

**Market Size of Global SiC Epitaxial Wafer Industry**

The sales value of the global SiC epitaxial wafer market has grown from US$0.4 billion in 2020 to US$1.2 billion in 2024, with a CAGR of 34.7%. By 2029, the market size is expected to reach US$5.8 billion, with a CAGR of 38.2% from 2024 to 2029.

EVs are the largest application area for SiC epitaxial wafers. By 2029, the global sales value of SiC epitaxial wafers used in EVs is projected to reach US$3.9 billion, with a CAGR of 37.9% from 2024 to 2029. Charging infrastructure is expected to grow at a CAGR of 43.4% from 2024 to 2029 in terms of SiC power semiconductor device sales value. The renewable energy and ESS sectors also show strong momentum, with CAGRs in the forecasted period reaching 33.7% and 43.1%, respectively. Emerging industries have high growth potential, and global sales value from SiC epitaxial wafers for them is expected to grow at a CAGR of 54.5%.

**Market Size of Global SiC Epitaxial Wafer Industry[(1)], in Terms of Sales Value, by Application Area, 2020-2029E**



*Source: MarkLines, CAAM, CCPA, CPIA, BNEF, InfoLink, Omdia, Yole, CIC*

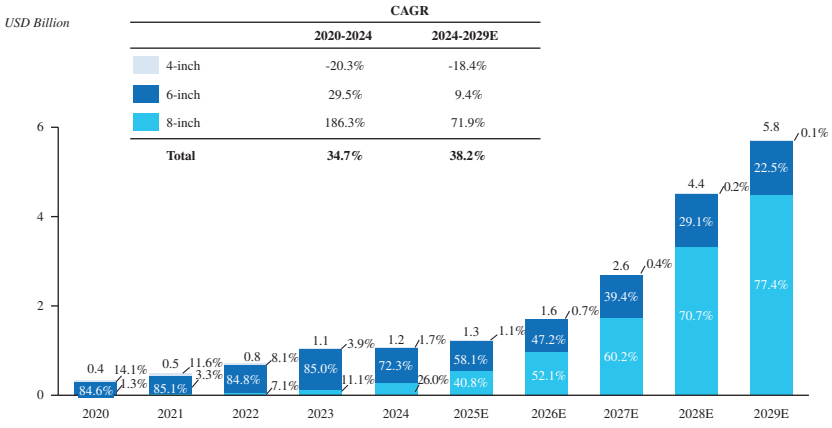
*Note:*

(1) The market size accounts for epitaxial wafers traded in both open market and captive market. Captive market refers to device manufacturers with epitaxial wafer production capabilities manufacturing epitaxial wafers for internal use.

The global SiC epitaxial wafer market has seen significant changes, especially in the sales value generated by 6-inch epitaxial wafers. From 2020 to 2024, the sales value generated by 6-inch epitaxial wafers has increased from US$0.3 billion to US$0.8 billion, with a CAGR of 29.5%. It is expected to further increase to US$1.3 billion by 2029, with a CAGR of 9.4% from 2024 to 2029. Conversely, the sales value generated by 4-inch epitaxial wafers has experienced a decline with the popularity of 6-inch epitaxial wafers, decreasing from US$49.6 million in 2020 to US$20.0 million in 2024 and further to an expected US$7.2 million by 2029.

With the maturation of technology and continuous cost reductions, the penetration rate of 8-inch SiC epitaxial wafer will increase substantially. By 2029, the sales value generated by 8-inch epitaxial wafers is expected to reach US$4.5 billion, with a CAGR of 71.9% from 2024 to 2029.

**Market Size of Global SiC Epitaxial Wafer Industry(1), in Terms of Sales Value, by Wafer Size, 2020-2029E**




*Source: Omdia, Yole, CIC*

*Note:*

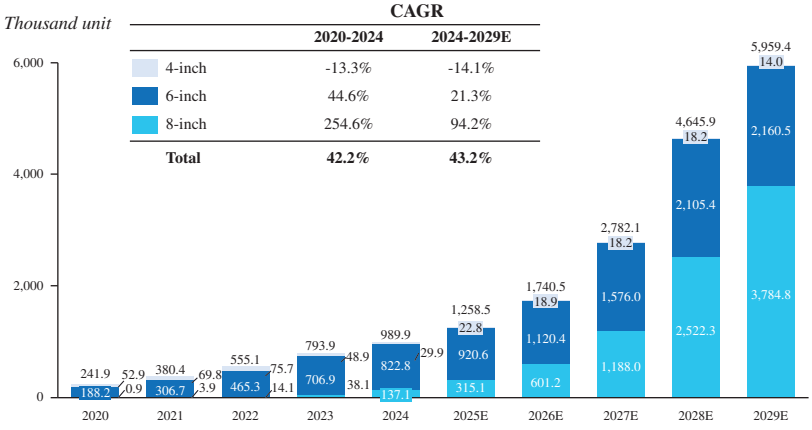
(1) The market size accounts for epitaxial wafers traded in both open market and captive market. Captive market refers to device manufacturers with epitaxial wafer production capabilities manufacturing epitaxial wafers for internal use.

From 2020 to 2024, the sales volume of global SiC epitaxial wafers has increased from 241.9 thousand pieces to 989.9 thousand pieces. Driven by technological advancements and efficiency benefits, the sales volume of global SiC epitaxial wafers is expected to further increase to 5,959.4 thousand pieces by 2029.

The sales volume of 6-inch SiC epitaxial wafers has increased to 822.8 thousand pieces in 2024, with a CAGR of 44.6% from 2020 to 2024. It is expected that by 2029, the sales volume of 6-inch SiC epitaxial wafers will reach 2,160.5 thousand pieces, with a CAGR of 21.3% from 2024 to 2029. On the other hand, the sales volume of 4-inch SiC epitaxial wafers dropped to 29.9 thousand pieces in 2024, and it is forecasted to shrink to 14.0 thousand pieces by 2029.

As the technology matures further, the commercialization of 8-inch SiC epitaxial wafers is accelerating. The sales volume of 8-inch SiC epitaxial wafers has exhibited the most remarkable growth, increasing from only 0.9 thousand pieces in 2020 to 137.1 thousand pieces in 2024, with a CAGR of 254.6%. By 2029, it is expected to increase to 3,784.8 thousand pieces, with a CAGR of 94.2% from 2024 to 2029.

**Market Size of Global SiC Epitaxial Wafer Industry(1), in Terms of Sales Volume, by Wafer Size, 2020-2029E**




*Source: Omdia, Yole, CIC*

*Note:*

(1) The market size accounts for epitaxial wafers traded in both open market and captive market. Captive market refers to device manufacturers with epitaxial wafer production capabilities manufacturing epitaxial wafers for internal use.

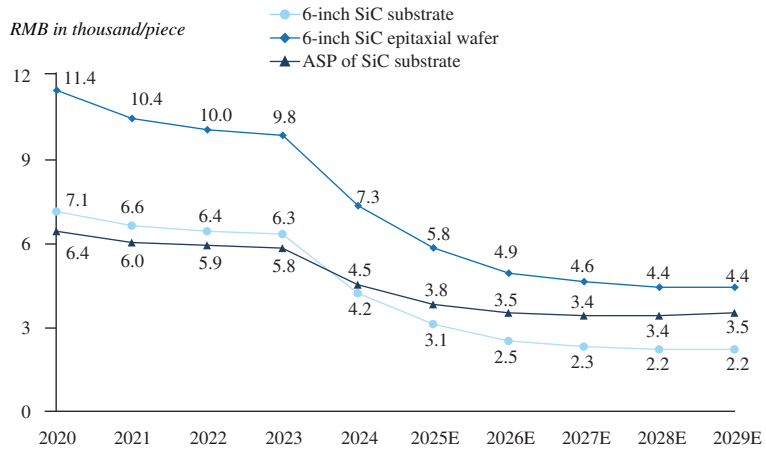
## Price Trends of Global SiC Epitaxial Wafer Industry

The price of global SiC epitaxial wafers declined between 2020 and 2024 due to decreasing cost of raw materials, cost optimization due to mass production capability of 6-inch SiC wafer and expanded production capacity. With the accelerated iteration of SiC epitaxial wafer products and rises in demand due to the swift development of downstream applications, the price decline for SiC epitaxial wafers of the same size is expected to narrow gradually. More specifically, the price of 6-inch epitaxial wafers is expected to stabilize in 2026 and the expanded production capacity mainly focus on 8-inch SiC epitaxial wafer in recent years, which will not lead to oversupply due to the limited production capacity at present and the increasing downstream demand for 8-inch SiC products with advanced technology. The 8-inch SiC products were first introduced in NEV sector and is expected to expand to other industries.

The price of 6-inch SiC epitaxial wafer was approximately RMB7.3 thousand per piece in 2024 and is expected to drop to RMB4.4 thousand per piece in 2029, mainly due to price reduction of SiC substrate.

With the ongoing advancements in the substrate supply chain, domestic manufacturers are now capable of providing alternatives to imported substrates. The increased supply, cost advantages of domestically manufactured substrates and technological developments in producing more cost-effective substrates have collectively contributed to a decline in raw material prices. The global average selling price of SiC substrates has shown a consistent decline from RMB6.4 thousand in 2020 to RMB4.5 thousand in 2024, reflecting improved production efficiencies and increasing market competition. The downward trend is expected to continue in the future with the initial application of 8-inch SiC wafer. The average selling price of SiC substrate is expected to have a slight increase due to the substrate iteration from 6-inch to 8-inch. To mitigate the decline in the price of SiC epitaxial wafers across the industry, our Company intends to upgrade our capacity, maintain and stabilize our price level by providing high-quality epitaxial wafers to high-end industry applications. Furthermore, leveraging our large production scale, we are able to maintain our costs at a competitive level and flexibly adjust our pricing strategy to grow our market share.

**Global SiC Epitaxial Wafers Price Trends in the Open Market[(1)], 2020-2029E**




*Source: Omdia, CIC*

**Market Drivers of Global SiC Epitaxial Wafer Industry**

- **Increasing Downstream Application Demands.** With the global push towards renewable energy and electrification, SiC power semiconductor devices are becoming crucial for enabling high-efficiency systems due to their superior thermal performance, high breakdown voltages, low energy consumption during switching, and ability to boost overall system efficiency. Key industries such as EVs, renewable energy and ESS are increasingly adopting SiC power semiconductor devices to meet higher demands for performance and energy efficiency where China plays a significant role, accounting for over 70% of global EV unit sales and charging infrastructure shipments, and over 90% of photovoltaic production capacity in the global market in 2024. Such strong vertical market presence inherently buffers Chinese SiC epitaxial suppliers against global tariff fluctuations. Furthermore, the expansion into emerging application areas, such as home appliances, AI arithmetic and data centers, smart grids, and eVTOL, is driving the growth of the SiC power semiconductor devices market. The global SiC power semiconductor devices market is expected to continue growing rapidly at a CAGR of 39.9% from 2024 to 2029. SiC epitaxial wafers, as core materials, will see their demand grow in direct response to the increasing market demand for high-performance SiC power semiconductor devices.

- **Technological Advancements and Manufacturing Expansion.** Innovations in epitaxial growth techniques, defect reduction, and uniformity improvement are improving the quality and yield of SiC epitaxial wafers, making them more cost-effective and reliable. With the maturation of 6-inch SiC epitaxial wafer manufacturing processes and the reduction in production costs, along with breakthroughs in 8-inch SiC epitaxial wafer mass production and the acceleration of their commercialization, the market size of SiC epitaxial wafers is experiencing rapid growth.

- **Supportive Government Policies.** Favorable policies, laws and regulations supporting the development of the SiC epitaxial wafer industry have been continuously issued by governments worldwide. In September 2023, the European Union enacted the European Chip Act, investing over 43 billion euros to boost the European semiconductor industry. The U.S. also issued the CHIPS and Science Act in 2022, enhancing the R&D and manufacturing capability through tax preference and fiscal subsidy. Meanwhile, the government of China has launched a series of favorable policies as well. In July and August 2023, the Ministry of Industry and Information Technology issued the *Implementation Opinions on Reliability Improvement of Manufacturing Industry and Action Program for Stable Growth in the*

*Electronic Information Manufacturing Industry for 2023-2024*, which emphasized the need to establish industry standards and enhance the reliability of wide-bandgap power semiconductor devices, including SiC power semiconductor devices. In February 2023, the State Council of the People's Republic of China released the *Outline for Building a Quality-Strong Country*, explicitly advocating for the development of domestic material quality, stability, and applicability through technological research and development. SiC epitaxial wafers, as the key material of broadband semiconductors, fall under national industry policy and receive funding to support their development in key areas.

**Market Trends of Global SiC Epitaxial Wafer Industry**

- **Enhanced Specialization in Epitaxial Wafer Manufacturing.** The SiC epitaxial wafer market is seeing a growing number of foundries focusing exclusively on epitaxial wafer manufacturing. Similar to tradition silicon industry, which has formed clear division of labor after years of consolidation, the trend towards a highly specialized division of labor is driven by the need for high-quality, application-specific wafers tailored to the requirements of downstream industries. Chinese suppliers hold a significant 30% market share of the global SiC substrate market, with other major SiC substrate suppliers located in Korea and the U.S. This diversified upstream supply chain effectively protects the epitaxial market from potential tariff fluctuations. Specialized foundries can provide high quality products through value chain collaboration to satisfy various demand of downstream applications.

- **The Development of 8-inch SiC Epitaxial Technology is Accelerating.** For chips of the same specifications, larger wafers reduce the proportion of edge chips and increase the number of bare dies produced per wafer, significantly improving wafer utilization and lowering the unit cost of chips. Taking a die with a size of 32 square millimeters as an example, expanding the SiC epitaxial wafer from 6-inch to 8-inch can increase the wafer area by 1.8 times, reduce the edge die ratio from 14% to 7%, and boost the number of bare dies by 90%. Due to the mature production processes and lower costs, 6-inch SiC epitaxial wafers will continue to have an increasing demand and hold an important position in a medium-to-long period. As the manufacturing processes for 8-inch SiC epitaxial wafers mature and quality improve, their adoption is expected to accelerate.

- **Expanding to Wider Voltage Range Applications.** With the increasing demand for high-power, high-voltage SiC power semiconductor devices in fields such as smart grids, rail transportation, and large-scale energy storage systems, the application scenarios for SiC epitaxial wafers are expanding into medium-high voltage and ultra-high voltage domains. Meanwhile, some low-voltage applications, such as home appliances, have transferred to use SiC for higher efficiency. In the future, SiC epitaxial wafers will increasingly focus on meeting the requirements of these devices, driving their adoption in wider voltage range applications.

- **Rapid Development of Innovative Epitaxy Growth Technologies.** The continuous improvement of epitaxy growth technology ensures to follow the pace with the changes of demand in various downstream applications, including higher performance requirement and more product types. SiC superjunction devices are the next-generation high-performance power devices. Trench filling epitaxial technology is a critical manufacturing process for the super junction devices. This technique involves etching trenches and refilling trenches using epitaxial process, and will promote the R&D and industrialization process of SiC superjunction devices. In addition, composite substrate may be the one of the low-cost solutions for SiC power devices in the future, so the development of epitaxial technology suitable for composite substrates are of great importance for the commercial promotion of composite substrates. This technology will reduce the cost of SiC power devices and expand the market application of SiC power devices.

- **Declining Unit Production Costs.** Driven by technology advancements, economies of scale and supply chain optimization, the unit production cost keeps declining. The technology advancements, especially defect control technology, enhanced the yield rates and production efficiency. Meanwhile, the maturation of the supply chain has led to a reduction in the prices of raw materials and equipment. Combined with the benefits of economies of scale, the unit production cost further decreases.

## COMPETITIVE OVERVIEW OF GLOBAL SIC EPITAXIAL WAFER PROVIDERS

### Competitive Landscape of Global SiC epitaxial wafer providers and SiC Epitaxial Foundries

SiC epitaxial wafer providers in the open market can be categorized into two groups, epitaxial foundries and device manufacturers with in-house epitaxy production capability. Epitaxial foundries focus on providing SiC epitaxial wafer and are not involved in SiC power device manufacturing, having more capital investment on SiC epitaxial wafer and accounting for 72.7% of the SiC epitaxial wafer open market. While device manufacturers with in-house epitaxy production capability are able to manufacture both wafers and devices. Both epitaxial foundries and device manufacturers with in-house epitaxy production capability in the SiC industry should continuously engage in research and innovation and accumulate extensive know-how to meet the diverse demands of downstream customers.

The Company is a global leader among SiC epitaxial foundries and has established a strong footprint in the global market (including China), where the Company obtained 31.6% and 29.2% of the global market share in terms of sales volume and revenue, respectively, ranking first worldwide in 2024, according to CIC. Meanwhile, the Company's sales in the China domestic market amounted to revenue of RMB0.2 billion in 2024, ranking third in terms of SiC epitaxial wafer revenues generated in China, according to CIC. The ranking of the top five global SiC epitaxial foundries in open market is presented in the table below:

**Ranking of Top Five Global SiC Epitaxial Foundries, in Terms of Sales Volume in open market, 2024[(1)]**

| Ranking | Company Name | SiC Epitaxial Wafer Sales Volume[(2)] | Market Share |
|---|---|---|---|
| | | *(6-inch equivalent, in thousand)* | |
| **1** | **The Company** | **170** | **31.6%** |
| **2** | Company A | 105 | 19.4% |
| **3** | Company B | 96 | 17.8% |
| **4** | Company C | 83 | 15.4% |
| **5** | Company D | 37 | 6.9% |

*Source: Expert interviews, Annual reports, CIC*

*Notes:*

(1) The market total of the ranking is the sum of the sales volume of SiC epitaxial foundries.

Company A, established in 1939, headquartered in Tokyo, Japan and listed on the Tokyo Stock Exchange (TYO: 4004), specializes in advanced semiconductor materials, electronic components, and high-performance chemicals.

Company B, established in 2000, headquartered in Hebei, China, is a private company specializing in research and production of SiC epitaxial wafers, with products covering multiple specifications and models of SiC epitaxial wafers and GaN epitaxial wafers.

Company C, established in 2009, headquartered in Guangdong, China, is a private company specializing in the R&D, and production of SiC semiconductor materials, with applications covering PV, EVs, charging stations, energy storage, and rail transit.

Company D, established in 2019, headquartered in Zhejiang, China, is a sub-subsidiary of a state-owned company which holds 19 listed subsidiaries, specializing in developing and manufacturing SiC materials and GaN epitaxial wafers.

(2) The sales volume of SiC epitaxial foundries has been converted to 6-inch equivalent and includes both Turnkey and Consign models, excluding those for internal use. The conversion rate to 6-inch equivalent is based on the volume of dies cut from an SiC epitaxial wafer. More specifically, an 8- inch SiC epitaxial wafer is equivalent to approximately 1.8 pieces of 6-inch SiC epitaxial wafer.

**Ranking of Top Five Global SiC Epitaxial Foundries in terms of revenues in open market, 2024**

| Ranking | Company Name | SiC Epiwafer Revenue | Market Share |
|---|---|---|---|
| | | *(in billions of RMB)* | |
| **1** | **The Company** | **1.0** | **29.2%** |
| **2** | Company A | 0.9 | 26.3% |
| **3** | Company C | 0.6 | 17.5% |
| **4** | Company B | 0.5 | 14.6% |
| **5** | Company D | 0.2 | 5.8% |

*Source: Expert interviews, Annual reports, CIC*

**Ranking of Top Five Global SiC Expitaxial Foundries, in terms of revenues in open market in China, 2024**

| Ranking | Company Name | SiC Epiwafer Revenue | Market share |
|---|---|---|---|
| | | *(in billions of RMB)* | *(%)* |
| **1** | Company C | 0.6 | 36.8% |
| **2** | Company B | 0.4 | 24.5% |
| **3** | **The Company** | **0.2** | **12.7%** |
| **4** | Company D | 0.2 | 12.3% |
| **5** | Company E | 0.1 | 6.1% |

*Source: Expert interviews, Annual reports, CIC*

*Note:* Company E, established in 2019, headquartered in Jiangsu, is a private company providing various semiconductor epitaxial foundry services.

### Entry Barriers and Key Success Factors in the Global SiC Epitaxial Wafer Industry

- **Advanced Technological Capabilities.** Companies in the global SiC epitaxial wafer industry must possess advanced technological expertise, including defect control technology, uniformity control technology, etc., which enables them to produce innovative products to meet various demand of downstream applications. For new entrants, achieving such a level of technological proficiency requires substantial and continuous investment in research and development, thereby forming a significant technological barrier to entry.

- **Advantages in Large-Size and Mass Production Capacity.** Producing in large sizes and large-scale helps secure economies of scale, improve production efficiencies, and lower per-unit costs. This robust production capacity creates a formidable barrier to entry for new market entrants, as it demands stringent production control and substantial investment in manufacturing infrastructure.

- **Extensive Industry Experience and Knowledge Accumulation.** SiC epitaxial wafer manufacturing is a technology-intensive process, requiring long-term R&D and experimentation to obtain industry know-how. Deep-rooted industry experience enables companies to foresee market trends, optimize production processes, and mitigate risks effectively. This expertise is invaluable for driving continuous improvement and innovation.

- **Solid Customer Base and Collaborative Supply Chain:** Through long-term cooperation with leading global customers, SiC epitaxial foundries can accumulate rich industry experience and deep insight into future trends in downstream industries, satisfying the differentiated needs. The high cost to switch suppliers, including product evaluation, testing and certification, has created a strong customer stickiness. Especially for application areas with strict requirements, such as EV, etc., the verification process may take several years, forming an invisible customer barrier as well.

- **Assurance of High-quality Products.** Achieving high-quality and high-consistency products helps companies obtain a competitive edge, especially for automotive-grade wafers. To ensure consistent high-quality SiC epitaxial wafer products, businesses must obtain industry know-how and strictly enforce quality management processes.

- **Significant Capital Investment in Production and R&D.** The SiC epitaxial wafer industry is capital-intensive, demanding substantial upfront investments for large-scale production facility construction. To achieve cost advantages and enhance market competitiveness, companies must allocate significant capital for upgrading production lines from 6-inch to 8-inch wafers. Meanwhile, continuous R&D investment is essential to advance epitaxial growth technologies, such as reducing defect densities and improving uniformity.

## SOURCES AND RELIABILITY OF INFORMATION

We commissioned CIC, a market research and consulting company founded in Hong Kong and engaged in the provision of professional consulting services across multiple industries, to conduct an analysis and report of the global and China's SiC power semiconductor device industries and epitaxial wafer industries market. We have agreed to pay a fee of RMB0.6 million to CIC in connection with the preparation of the CIC Report. We have extracted certain information from the CIC Report in this section, as well as in the sections headed "Summary", "Risk Factors", "Business", "Financial Information" and elsewhere in this Prospectus to provide our potential investors with a more comprehensive understanding of the industry in which we operate. Except as otherwise stated, all data and forecasts in this section come from the CIC Report.

The information and data collected by CIC have been analyzed, assessed and validated using CIC's in-house analysis models and techniques. Primary research was conducted via interviews with key industry experts and leading industry participants. Secondary research involved analyzing data from various publicly available data sources and various industry associations.

The market forecasts in the CIC Report are based on the following key assumptions: (1) the global social, economic environment is expected to remain stable during the forecast period; (2) related key industry-driving factors are likely to continue to drive the growth of the global and China's SiC power semiconductor device industries and epitaxial wafer industries market, such as technological advancements, supporting policies and increasing downstream demand, during the forecast period and (3) there will be no extreme force majeure or unforeseen industry regulations during the forecast period, which may have a drastic or fundamental impact on the market.

Our Directors confirm that, to the best of their knowledge, after making reasonable inquiries, there is no material and adverse change in the market information since the date of the CIC Report, which may qualify, contradict or have an impact on the information in this section.

*Information disclosed in this section is relevant PRC laws and regulations (the "**PRC Laws**") in effect which have a significant impact on the operation of our Group in the PRC as of the date of this Prospectus, which are subject to change in the future, but it does not include a detailed analysis of PRC Laws related to our business activities and operations in the PRC, or serve as all PRC Laws applicable to our operations in the PRC.*

## LAWS AND REGULATIONS RELATING TO COMPANY AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the Standing Committee of the National People's Congress of the PRC (the "**SCNPC**") on December 29, 1993, last amended on December 29, 2023 and implemented on July 1, 2024. Foreign invested entities are also subject to the Company Law unless otherwise provided by the Foreign Investment Laws (as defined below). The Company Law generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law shall also apply to foreign invested companies in form of limited liability company or joint stock limited company.

Foreign invested entities in the PRC are also subject to the foreign investment laws and regulations including the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which was promulgated by the NPC and became effective on January 1, 2020, and 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》), which were promulgated by the State Council on December 26, 2019, and became effective on January 1, 2020. According to the Foreign Investment Law, the PRC adopts a system of national treatment which includes a negative list with respect to foreign investment administration. The negative list will be issued by, amended, or released upon approval by the State Council, from time to time.

On September 6, 2024, the NDRC and the MOFCOM jointly issued the Special Administrative Measures for Access of Foreign Investment (Negative List) (2024 Edition) (《外商投資准入特別管理措施(負面清單)(2024年版)》) (the "**Negative List**"), which came into effect on November 1, 2024. The Negative List uniformly sets forth the ownership requirements, requirements for senior executives, and other special administrative measures for the access of foreign investment. Fields not on the Negative List shall be administered under the principle of equal treatment for both domestic and foreign investment. As of the Latest Practicable Date, our business does not fall within the scope of the Negative List.

On October 26, 2022, the MOFCOM and the NDRC promulgated the Catalog of Industries for Encouraging Foreign Investment (2022 Version) (《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraging Catalog**"), which came into effect on January 1, 2023. The Encouraging Catalog lists the industries that encourage foreign investment.

Pursuant to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》), which was jointly promulgated by the MOFCOM and the State Administration for Market Regulation on December 30, 2019 and became effective on January 1, 2020, where a foreign investor carries out investment activities in PRC directly or indirectly, the foreign investor or the foreign-invested enterprise shall submit the investment information in a timely manner to the competent commerce department.

## LAWS AND REGULATIONS RELATING TO CUSTOMS

According to the Customs Law of the PRC (《中華人民共和國海關法》) promulgated by the SCNPC on January 22, 1987, last amended and implemented on April 29, 2021, unless otherwise provided for, the declaration of imported or exported goods may be made by the consignors or consignees, or the entrusted customs declaration enterprises. The consignee of imported goods and the consignor of exported goods shall make an accurate declaration and submit the import or export license and relevant papers to the Customs office for examination.

Pursuant to the Administrative Provisions on Record-Filing of Customs Declaration Entities of the PRC (《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 (the "**GAC**") on November 19, 2021 and effective on January 1, 2022, the consignees or consignors of imported or exported goods as well as the customs declaration enterprises engaged in customs declaration shall carry out the record-filing procedures with the relevant customs administrative department.

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 May 12, 1994 and last amended on December 30, 2022 and the Notice by the Department of Enterprise Management and Audit-Based Control of Matters Concerning the Recordation of the Consignees and Consignors of Imported and Exported Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the GAC on January 3, 2023, a consignee or consignor of imported or exported goods who applies for filing shall be qualified as a market entity and is not required to be filed as a foreign trade business operator.

## LAWS AND REGULATIONS RELATING TO INTERNATIONAL TRADE AND INVESTMENT

In recent years, the United States has expanded sanctions and export controls restrictions on China through the Export Administration Regulations (the "EAR"), administered by the Bureau of Industry and Security of the United States Department of Commerce (the "BIS"). In addition to the United States, some other governments, including the Netherlands, are also imposing controls, licensing requirements and restrictions applicable to exports to China. These types of restrictions could impact our ability to supply customers of affected countries, territories and entities and could restrict our ability to obtain components and technologies we incorporate in or use to develop our products. Moreover, in August 2022, the United States enacted the Creating Helpful Incentives to Produce Semiconductors and Science Act of 2022 (the "CHIPS Act"). The CHIPS Act aims to strengthen U.S. domestic semiconductor manufacturing, design and research, fortify the economy and national security, and to help the United States compete economically against China.

With respect to U.S. export controls, in October 2022, BIS issued an interim final rule (the "BIS October 2022 IFR") aimed at restricting China's ability to obtain advanced computing integrated circuits, develop and maintain supercomputers, and manufacture advanced semiconductors. In October 2023, BIS issued another interim final rule (the "BIS October 2023 IFR") that updated and expanded U.S. export controls imposed by the BIS October 2022 IFR (collectively, the "BIS 2022/23 IFRs"). Among other measures, the BIS 2022/23 IFRs add to the Commerce Control List (which is a list of commodities, software, and technologies that are subject to the EAR's more restrictive controls) certain advanced and high-performance computing integrated circuits and computer commodities that contain these integrated circuits, and impose new or expanded license requirements for items subject to the EAR destined for an end-use in the development or production of supercomputers, certain types of advanced node integrated circuits and advanced, or semiconductor manufacturing equipment in certain jurisdictions, including China.

In addition to the restrictions introduced by the BIS 2022/23 IFRs, BIS maintains lists of persons that are subject to enhanced export control restrictions. One such list, the Entity List, includes a list of foreign persons on which certain trade restrictions are imposed, including business, research institutions, government and private organizations, individuals and other types of

legal persons. Where a foreign person is included on the Entity List, the export, re-export and/or transfer (in-country) of items which are subject to the EAR generally is prohibited unless the specified license requirements are met. The United States in recent years has placed an increasing number of entities, including a number of entities in China, on the Entity List and other restricted or prohibited parties lists. For impact on the SiC power semiconductor device industry chain, see "Industry Overview — Industry Overview of Global Power Semiconductor Devices and SiC Power Semiconductor Devices — Industry Chain of SiC Power Semiconductor Device Industry."

On August 9, 2023, the Biden administration released an executive order and an advanced notice of proposed rule-making (the "ANPRM") providing a conceptual framework for outbound investment controls focused on China, including Hong Kong and Macau. Further to this ANPRM, on June 21, 2024, the U.S. Department of the Treasury issued a proposed rule on outbound U.S. investments involving China that generally follows the ANPRM. On October 28, 2024, the U.S. Department of the Treasury issued a final rule to implement the executive order of August 9, 2023 (the "Final Rule"). 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 Foreign Persons." U.S. persons subject to the Final Rule are prohibited from making, or required to report, certain investments in Covered Foreign Persons, which are defined as "covered transactions," and include acquisitions of equity interests that are not yet offer, certain debt financing, 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. The Final Rule is aimed at exerting greater U.S. government oversight over U.S. direct and indirect investments involving China, and may introduce new hurdles and uncertainties for cross-border collaborations, investments, and funding opportunities of China-based issuers including us.

## LAWS AND REGULATIONS RELATING TO FIRE SECURITY

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.

## LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

Pursuant to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**"), which was promulgated by SCNPC on December 26, 1989, amended on April 24, 2014 and became effective on January 1, 2015, enterprises, institutions and other manufacturing operators shall prevent and reduce environmental pollution and ecological damage, and shall be liable for damages caused by them pursuant to the law. According to the Environmental Protection Law, construction projects that have environmental impact shall be subject to environmental impact assessment.

**Environment Impact Assessment**

On October 28, 2002, the SCNPC promulgated the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) (the "**Environmental Impact Assessment Law**"), which was latest amended on December 29, 2018. According to the Environmental Impact Assessment Law, the State implements classified management of environmental impact assessments for construction projects based on the degree of environmental impact of such projects.

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 November 20, 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 July 16, 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.

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, utilise 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 authorisation. 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.

According to the Regulation on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》), which was promulgated by the State Council on October 2, 2013, and implemented on January 1, 2014, as well as the Measures for the Administration of Permits for Discharging Urban Sewage into the Drainage Pipeline (《城鎮污水排入排水管網許可管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015, and last amended and implemented on February 1, 2023, enterprises, institutions and individually-owned businesses engaging in industry, construction, food and beverage, medical service and other activities which discharge sewage into urban drainage facilities shall apply to the competent urban drainage authorities for a permit for sewage discharge into the drainage pipe network (Drainage Permit). Discharging sewage into urban drainage facilities without obtaining a Drainage Permit shall be ordered by the relevant urban drainage authority to suspend illegal activities, take remedial measures within a time limit, re-apply the Drainage Permit, and may impose a fine of less than RMB500,000.

## LAWS AND REGULATIONS ON PRODUCT QUALITY

According to the Product Quality Law of the PRC (《中華人民共和國產品質量法》) (the "**Product Quality Law**") promulgated on February 22, 1993 and amended on July 8, 2000, August 27, 2009 and December 29, 2018 by the SCNPC, producers and sellers shall establish a sound internal product quality control system, strictly adhere to a job responsibility system in relation to quality standards and quality liabilities, and implement corresponding examination and inspection measures. The forgery or imitation of quality marks such as certification marks is prohibited; falsifying the place of origin of product, and falsifying or imitating the name or address of another factory is prohibited; adulteration of, or mixing of improper elements with products under manufacturing or on sale, passing off the sham as the genuine or passing off the inferior as the superior is prohibited. Any manufacturer or seller who violates the Product Quality Law may be subject to (i) administrative penalties, including suspension of production or sale, ordered correction of illegal activities, confiscation of products subject to illegal production or sale, imposition of fines, confiscation of illegal gains and, in severe cases, revocation of business license; and (ii) criminal liabilities if the illegal activity constitutes a crime.

## LAWS AND REGULATIONS ON 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.

## HAZARDOUS CHEMICALS

The Regulation on the Safety Administration of Hazardous Chemicals (《危險化學品安全管理條例》), which was promulgated by the State Council and latest amended in 2013, stipulates that enterprises using hazardous chemicals shall, in accordance with the types and hazard characteristics of the used hazardous chemicals as well as the amount and mode of use, establish and perfect the

safety administration regulations and safety operating rules for the use of hazardous chemicals so as to guarantee the safe use of hazardous chemicals, and shall comply with the provisions of laws and regulations regarding the storage hazardous chemicals. Enterprise fails to comply with such regulatory requirements shall be ordered to rectify, to suspend business operations, be imposed fines, or even has its permits or business license be revoked by the relevant government authorities.

## LAWS AND REGULATIONS ON LAND, PLANNING AND PROJECT CONSTRUCTION

### Land

According to the Land Administration Law of the PRC (《中華人民共和國土地管理法》) promulgated by the SCNPC on June 25, 1986 and latest amended on August 26, 2019, and the Regulations for the Implementation of the Land Administration Law of the PRC (《中華人民共和國土地管理法實施條例》) promulgated by the State Council on December 27, 1998 and latest revised on July 2, 2021, the land in the PRC is either State-owned or collectively owned. Except for land which is legally owned by the State or has been expropriated as State-owned according to law, all of the land is collectively owned. The State-owned land use rights may be used by third parties through grant, allocation, lease, capital contribution and other forms. Third parties who have obtained the State-owned land use rights may legally use, profit from and dispose of the State-owned land use rights within the statutory term of use and scope of planned uses.

### Planning

According to the Urban and Rural Planning Law of the PRC (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and latest amended on April 23, 2019, if the construction of buildings, structures, roads, pipelines and other projects is carried out in the planned area of a city or a town, the construction entity or individual shall apply to the competent authority of urban and rural planning of the people's government of the city or county or the people's government of the town as determined by the people's government of the province, autonomous region or municipality directly under the Central Government for a construction project planning permit.

### Project Construction

According to the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997 and amended on April 23, 2019, prior to the commencement of construction work, the construction entity shall apply to the competent construction administrative authority of the people's government at or above the county level where the project is located for a construction permit in accordance with the relevant provisions of the State, except for small-scale projects under the quota as determined by the construction administrative authority under the State Council. A construction project shall be delivered for use only after it has passed the acceptance examination. A construction project shall not be delivered for use without conducting or passing the acceptance examination.

## LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

### Trademarks

Pursuant to the Trademark Law of the PRC (《中華人民共和國商標法》) promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and implemented on November 1, 2019, and the Implementation Provisions 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 August 3, 2002, last amended on April 29, 2014 and implemented on May 1, 2014, registered trademarks in the PRC include commodity trademarks, service trademarks, collective trademarks and certification trademarks. The Trademark

Office of China National Intellectual Property Administration handles trademark registrations and grants a term of ten years to registered trademarks, and another ten years if requested upon expiry of the first or any renewed ten-year term.

**Patents**

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, and latest amended on October 17, 2020 and came into effect on June 1, 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 and latest amended on December 11, 2023 and came into effect on January 20, 2024, there are three types of patents in the PRC, which are invention patents, utility model patents and design patents. The protection period of a patent right for invention patents shall be 20 years, the protection period of a patent right for utility model patents shall be 10 years, and the protection period of design patent right is 15 years, both commencing from the filing date.

**Software Registration**

Pursuant to the Regulation on Computer Software Protection (《計算機軟件保護條例》) promulgated on June 4, 1991 by the State Council and last amended on January 30, 2013 and the Measures for the Registration of Computer Software Copyright (《計算機軟件著作權登記辦法》) promulgated on April 6, 1992 and last amended by the National Copyright Administration on July 1, 2004, the National Copyright Administration is mainly responsible for the registration and management of software copyright in China and recognizes the China Copyright Protection Center as the software registration organization. The China Copyright Protection Center shall grant certificates of registration to computer software copyright applicants in compliance with the regulations of the Measures for the Registration of Computer Software Copyright and the Regulation on Computers Software Protection.

**Domain Names**

Pursuant to the Administrative Measures of Internet Domain Names (《互聯網域名管理辦法》) promulgated on August 24, 2017 and implemented on November 1, 2017 by the Ministry of Industry and Information Technology, the Ministry of Industry and Information Technology is the major regulatory body for national domain name services. The principle of "first-to-file" is adopted for domain name services The applicant of domain name registration shall provide the agency of domain name registration with the true, accurate and complete information about the domain name holder's identity for the registration purpose. Upon completion of the domain name registration, the applicant will become the holder of such registered domain names.

**LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE**

According to the Regulations on Foreign Exchange Administration of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996, last amended and implemented on August 5, 2008, RMB is freely convertible into other currencies for current accounts such as trade-related income and expenses and payments of interest and dividends. While for capital items such as direct equity investment, loan and divestment, the conversion of RMB into other currencies and the remittance of the converted foreign currencies outside China shall be subject to prior approval of the SAFE or its local branches.

Pursuant to the Circular of the SAFE on Further Improving and Adjusting Foreign Exchange Administration Policies for 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 on February 13, 2015, implemented on June 1, 2015 and partially abolished on December 30, 2019, banks shall, on behalf of SAFE, directly examine and handle foreign exchange registration under domestic direct investment and overseas direct investment, and SAFE and its branches shall exercise indirect supervision over foreign exchange registration of direct investment through banks.

The Circular of the SAFE on Reforming the Management Approach Regarding the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**"), issued by the SAFE on March 30, 2015, last amended and became effective on March 23, 2023, allows foreign-invested enterprises to make equity investments by using RMB fund converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the local foreign exchange bureau (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. Furthermore, the Circular 19 and the Circular of the SAFE on Reforming and Regulating Policies on the Management of the Settlement of Foreign Exchange of Capital Accounts (《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》) (the "**Circular 16**") which was issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023, stipulate that foreign-invested enterprises shall not use the RMB funds obtained from foreign exchange capital for payment outside of the business scope of the enterprises, investment in securities or financial schemes other than wealth management products and structured deposits with risk rating results not higher than Level 2, granting loans to non-connected enterprises or constructing or purchasing real estate that is not for self-use.

The Circular of the SAFE on Further Promoting the Facilitation of Cross-border Trade and Investment (《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 issued by the SAFE on October 23, 2019, last amended and implemented on December 4, 2023, cancelled restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds. The non-investment foreign-invested enterprises shall be allowed to use capital funds for domestic equity investment in accordance with the laws under the premise of not violating the Negative List and the authenticity and compliance of their domestic invested projects.

According to the Circular of the SAFE on Optimizing Administration of Foreign Exchange to Support the Development of Foreign-related Business (《國家外匯管理局關於優化外匯管理支持涉外業務發展的通知》) issued by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their income under capital accounts, such as capital funds, foreign debts and the proceeds from overseas listing, without submitting the evidentiary materials concerning authenticity of such capital for banks in advance; provided that their capital use is authentic and in line with provisions, and in compliance with the prevailing administrative regulations on the use of income under capital accounts. The bank in charge shall conduct spot checks in accordance with the relevant requirements.

Pursuant to the Circular of the SAFE on Relevant Issues Concerning the Administration of Foreign Exchange for 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 on December 26, 2014 and as amended by the Circular 16, the domestic companies shall register the overseas listing with the foreign exchange control bureau located at its registered address in 15 working days after completion of the overseas listing and issuance. The funds raised by the domestic companies through overseas listing may be repatriated to China or deposited overseas, provided that the intended use of the fund shall be consistent with the contents of the document and other public disclosure documents.

## LAWS AND REGULATIONS RELATING TO TAX

### Enterprise Income Tax

Pursuant to the EIT Law promulgated by the SCNPC on March 16, 2007 and last amended and implemented on December 29, 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》) (the "**Regulations on the EIT Law**") promulgated by the State Council on December 6, 2007, last amended on December

6, 2024, and implemented on January 20, 2025, a domestic enterprise which is established within the PRC in accordance with the laws or established in accordance with any laws of foreign countries (regions) but with an actual management entity within the PRC shall be regarded as a resident enterprise. A resident enterprise shall be subject to an EIT of 25% of any income generated within or outside the PRC. A preferential EIT rate shall be applicable to any key industry or project which is supported or encouraged by the State. High and new technology enterprises which are supported by the State may enjoy a reduced EIT rate of 15%.

**VAT**

Pursuant to the Provisional Regulations on the VAT of the PRC (《中華人民共和國增值税暫行條例》) promulgated by the State Council, last amended and implemented on November 19, 2017, and the Detailed Implementing Rules of the Provisional Regulations on the VAT of the PRC (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF on December 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011 (collectively, the "**VAT Law**"), all taxpayers selling goods, providing processing, repairing or replacement services, sales of services, intangible assets and immovable assets and importing goods within the PRC shall pay the VAT. Unless provided otherwise, for general the VAT taxpayers selling services and intangible assets, the VAT is 6%.

The Notice of the MOF and the STA on Adjusting the VAT (《財政部、國家税務總局關於調整增值税税率的通知》), which was promulgated by the MOF and the STA on April 4, 2018 and came into effect on May 1, 2018, adjusts the applicable rate of the VAT and stipulates that for a taxpayer who engages in a taxable sales activity for the VAT purpose or importation of goods, the previous applicable tax rates of 17.0% and 11.0% would be adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》) promulgated by the MOF and the STA and the GAC on March 20,2019 and effective from April 1, 2019, the VAT rates of 16% and 10% on sales, imported goods shall be adjusted to 13% and 9%, respectively.

**Tax on Dividends**

***Individual Investors***

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "**IIT Law**"), which was 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 (《關於個人所得税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復》), 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》), which was signed on August 21, 2006, the PRC regulatory authorities may levy taxes on the dividends paid by a Chinese company to Hong Kong residents (including natural persons and legal entities) in an amount not exceeding 10% of the total dividends payable by the Chinese 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》).

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 enterprise income tax imposed on the dividends received from PRC companies. The PRC currently has entered into avoidance of double taxation treaties or arrangements with Hong Kong, Macau, and a number of countries and regions including Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom and the United States. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the enterprise income tax in excess of the agreed tax rate, and the refund application is subject to approval by the PRC tax authorities.

## TARIFF LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL SECURITY

### Labour Contract

Pursuant to the Labour Law of the PRC (《中華人民共和國勞動法》) promulgated by the SCNPC on July 5, 1994 and last amended and implemented on December 29, 2018, the Labour Contract Law of the PRC (《中華人民共和國勞動合同法》) promulgated by the SCNPC on June 29, 2007, last amended on December 28, 2012 and implemented on July 1, 2013 and the Implementation Regulations of the Labour Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》) promulgated and implemented by the State Council on September 18, 2008, an employer shall establish and improve labour rules and regulations according to the laws, and shall strictly comply with the national standards, provide relevant training to its employees, protect their labour rights and perform its labour obligations. If an employer establishes labour relationship with an employee, they should enter into a written labour contract. Labour contracts shall be categorised into fixed-term labour contract, unfixed-term labour contract and labour contract for the completion of certain work assignments. The wages payable by an employer to its employees shall not be less than local minimum wage. In addition, an employer must establish and improve the labour safety and health system, stringently implement national protocols and standards on labour safety and health, conduct labour safety and health education for employees, so as to prevent accidents in the labour process and reduce occupational hazards.

### Social Insurance

According to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》), promulgated by the SCNPC on October 28, 2010 and last amended and implemented on December 29, 2018, and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》), promulgated by the State Council on January 22, 1999 and last amended and implemented on March 24, 2019, an employer is required to make contributions to social insurance schemes for its employees, including basic pension insurance, basic medical insurance, unemployment insurance, maternity insurance and work-related injury insurance. If the employer fails to make social insurance contributions in full and on time, the social insurance authorities may demand the employer make payments or supplementary payments for the unpaid social insurance premium within a prescribed time limit together with a 0.05% surcharge of the unpaid social insurance premium from the due date. If the payment is not made within such time limit, the relevant administrative authorities will impose a fine ranging from one to three times the total outstanding amount.

### Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated by the State Council on April 3, 1994 and last amended and implemented on March 24, 2019, employers are required to make contributions to housing provident funds for their employees. Any entity fails to make payment of housing provident fund

within the time limit or has shortfall in payment of housing provident fund will be ordered to make the payment or makeup the shortfall within the prescribed time limit, otherwise, the housing provident management center is entitled to apply for compulsory enforcement with the People's Court.

## LAWS AND REGULATIONS RELATING TO OVERSEAS LISTING

On February 17, 2023, with the approval of the State Council, the CSRC promulgated the Trial Administrative Measures of 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 "**Trial Measures**") and five relevant guidelines, which came into force on March 31, 2023. According to the Trial Measures, (i) PRC domestic companies that seek to offer or list securities overseas, both directly and indirectly, should fulfill the filing procedure and submit relevant information to the CSRC; if a domestic company fails to complete the filing procedure or conceals any material fact or falsifies any major content in its filing documents, it may be subject to administrative penalties, such as order to rectify, warnings and fines, and its controlling shareholders, de facto controllers, the person directly in charge and other directly liable persons may also be subject to administrative penalties, such as warnings and fines; (ii) direct overseas offering and listing by domestic companies refers to the overseas offering and listing of the companies limited by shares registered and established in the PRC; and (iii) any companies limited by shares registered and established in the PRC are required to file with the CSRC within three business days after their application document of overseas listing is submitted. Failure to complete the filing under the Trial Measures may subject a PRC domestic company to a rectification order issued by the CSRC, warnings, and a fine of RMB1 million to RMB10 million.

Besides, domestic companies seeking to overseas offering and listing shall strictly comply with the laws, administrative regulations and relevant provisions of the PRC regulatory authorities on foreign investment, State-owned asset management, industry regulation, overseas investment, cybersecurity, data security, etc., shall not disrupt domestic market order, and shall not harm national interests, public interests and the legitimate rights and interests of domestic investors. A domestic company that conducts overseas offering and listing shall (i) formulate its articles of association, improve its internal control system and standardize its corporate governance, financial affairs and accounting activities in accordance with the PRC Company Law, the PRC Accounting Law and other PRC laws, administrative regulations and applicable provisions; (ii) abide by the legal system of the PRC on confidentiality and take necessary measures to fulfil its confidentiality responsibility, shall not divulge any state secret or the work secrets of state organs, and shall also comply with laws, administrative regulations and the relevant provisions of the PRC if it is involved in the overseas provision of personal information and important data. In addition, the Trial Measures also list out the circumstances where overseas offering and listing is explicitly prohibited, including: (i) such securities offering and listing is explicitly prohibited by specific PRC laws and regulations; (ii) that constitutes a threat to or endangers national security; (iii) the PRC domestic company, or its controlling shareholder(s) and de facto controller(s), have committed relevant crimes such as corruption, bribery, misappropriation of property or undermining the order of the socialist market economy during the last three years; (iv) the domestic company is currently under investigations for alleged criminal offenses or major violations of laws and regulations, and no conclusion has yet been made thereof; or (v) there are material ownership disputes over the equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and/or de facto controller(s).

The CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering and Listing by Domestic Companies (《關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定》) (the "**Provision on Confidentiality**") on February 24, 2023, and came into effect on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas

regulatory authorities and other entities and individuals, or provides or publicly discloses such the documents and materials through its overseas listing subjects, it shall report to the competent department with the examination and approval authority for approval, and file with the same level secrecy administration department. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the relevant procedures according to relevant regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant regulations.

## LAWS AND REGULATIONS RELATING TO FULL CIRCULATION OF H SHARES

On November 14, 2019, CSRC promulgated the Guidance for the Application for the "Full Circulation" of the Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) (the "**Guidance**"), which came into effect on the same day and further amended on August 10, 2023. According to the Guidance, 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, and the corresponding H-share listed company may be entrusted to file with the CSRC. An unlisted domestic joint stock company may file with the CSRC for "full circulation" at the time of its initial public offering and listing overseas. After domestic unlisted shares are listed and circulated on the Stock Exchange, they may not be transferred back to China.

## LATEST OUTLOOK ON U.S. TARIFF

As of the Latest Practicable Date, many semiconductor products from China are subject to, at a minimum, a 80% tariff rate, inclusive of a 50% tariff under Section 301 of the Trade Act of 1974 (the "**Section 301 Tariff**"), a 20% Fentanyl-related tariff under the International Economic Emergency Powers Act ("**IEEPA**"), which was lowered to 10% as of November 1, 2025, and a 10% reciprocal tariff, also imposed pursuant to IEEPA. The U.S. Department of Commerce is currently conducting a separate investigation on imports of semiconductors and semiconductor derivative articles, which may result in the imposition of additional duties on semiconductor imports. Due to the volatility and uncertainty of the Trump administration's tariff policies, it is difficult for us to predict the magnitude and impact of any changes in U.S. tariffs on the SiC power semiconductor device industry chain. Nonetheless, the continuously expanding market share of Chinese power device manufacturers within the SiC power semiconductor device industry chain is fundamentally underpinned by the comprehensive competitive advantage built upon performance parity, synergistic ecosystem, inherent cost advantages, and high customer stickiness.

## OVERVIEW

Tracing back to 2011, our Company was founded by Dr. Zhao, a renowned scientist in the SiC-related field. Under the leadership of Dr. Zhao, after more than a decade of development, we have now become a global leader in the silicon carbide (SiC) epitaxy industry. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume. In 2024, our market share in the global SiC epitaxy wafer market exceeded 30%.

## MILESTONES

The following is a summary of our key business development milestones since the commencement of our business:

| Time | Milestone |
|---|---|
| 2011 | Our Company was established in Xiamen, Fujian |
| 2012 | We began to supply 4-inch SiC epitaxial wafers to global customers |
| 2014 | We began to supply 6-inch SiC epitaxial wafers to global customers |
| 2015 | We developed BPD-free technology |
| 2016 | We developed the technology to suppress stacking faults (IGSFs) in SiC epitaxy |
| 2019 | Our new 6-inch SiC epitaxy production site started operation |
| 2021 | We achieved a revenue exceeding RMB100 million and became profitable |
| 2022 | We recorded a revenue exceeding RMB400 million and net profit exceeding RMB100 million |
| 2023 | We became the world's largest SiC epitaxial foundry by annual sales volume |
| | We led the writing and establishment of the world's first and only SEMI standard for SiC epitaxy, titled SEMI M092-0423 Specification for 4H-SiC Homo-epitaxial Wafer |
| | We began to supply 8-inch SiC epitaxial wafers to global customers |
| 2024 | We completed our pre-ipo financing with funds raised of more than RMB1 billion |

## OUR MAJOR SUBSIDIARY

On May 31, 2024, Epiworld Materials was established in the PRC with limited liability and has been primarily engaged in the production process and sales of silicon carbide (4H-SiC) epitaxial wafers. There has been no change of shareholding in Epiworld Materials since its establishment and up to the date of this Prospectus.

## MAJOR SHAREHOLDING CHANGES IN THE COMPANY

On March 31, 2011, our Company was established as a limited liability company in the PRC with an initial registered capital of RMB142,180,000, which was full paid up by May 2011. Upon establishment, our Company was owned by Dr. Zhao as to 50% and Xiamen Taicheng Group Co., Ltd. (廈門泰成集團有限公司), an Independent Third Party, as to the remaining 50%. Dr. Zhao subscribed his shares in the Company by way of injection of the technology relating to Bipolar Junction Transistor into the Company. By October 2013, shares of our Company were held by Dr. Zhao, Mr. Tang Xiuhao (湯秀豪), an Independent Third Party, Xike Zhongheng and Mr. Li Qinghua (李慶華) as to 46.47%, 33.5%, 15.89% and 4.14%, respectively. Mr. Li Qinghua (李慶華) is our former Director and a cousin of Dr. Zhao, and Xike Zhongheng is our substantial shareholder under the Listing Rules. In March 2015, Mr. Tang Xiuhao transferred all his Shares in the Company to his son, Mr. Tang Ganlin (湯甘霖). In April 2018, due to personal financing demand, Mr. Tang Ganlin ceased to be a Shareholder of the Company by way of transferring all his Shares in the Company to other then existing Shareholders of the Company. For details, please refer to "— Pre-IPO Investments — Overview" below.

As one of our early stage business partners and in view of our business prospects, Mr. Zhang Minghua (張明華), an Independent Third Party, acquired 1.97% of the total issued share capital of our Company in December 2014 at a total consideration of RMB10 million by way of capital injection. In recognition of his long-term commitment to our business cooperation, Dr. Zhao transferred 0.25% of the shares in the share capital of our Company to Mr. Zhang Minghua at nil consideration in January 2020. As of the date of this Prospectus, Mr. Zhang Minhua holds 1.4886% of the shares in the share capital of our Company. In May 2016, Mr. Chen Yinfei (陳音飛), our former Director, acquired 2.56% of the shares in the share capital of our Company at a consideration of RMB20 million by way of capital injection. In addition, Mr. Li Qinghua (李慶華) further invested in our Company by way of equity transfer from one of our Pre-IPO Investors at a consideration of RMB113.52 million in January 2021 and his shareholding in our Company was increased to 7.69% by then.

After years of development, on May 25, 2023, our Company was converted into a joint stock company with limited liability and our registered share capital was increased to RMB360 million. Before and after the conversion, we completed several rounds of Pre-IPO Investments through capital injection and equity transfers between our Pre-IPO Investors. For details, please refer to "— Pre-IPO Investments" below.

## ACQUISITIONS, MERGERS AND DISPOSALS

Throughout the Track Record Period and up to the Latest Practicable Date, we did not conduct any acquisitions, mergers or disposals.

## EMPLOYEE SHAREHOLDING PLATFORM

In recognition of the contributions of our employees and to incentivize them to further promote our development, Epiworld Core was established as our employee shareholding platform in the PRC in December 2020. As of the Latest Practicable Date, all of the share awards under the platform have been granted and vested, and as a result, the grantees held the partnership interest in our employee shareholding platform, subject to terms and conditions of our share incentive scheme. As of the Latest Practicable Date, there is no outstanding options or share awards under our share incentive scheme.

There are 23 limited partners in Epiworld Core as of the Latest Practicable Date and Mr. Chen Zhenhe (陳振和), who is interested in Epiworld Core as to approximately 1.50% and the brother-in-law of Dr. Zhao, has been the general partner of Epiworld Core since its establishment. As of the Latest Practicable Date, Dr. Feng Gan (馮淦), Dr. Sun Yongqiang (孫永強), Mr. Peng Xinghua (彭興華) and Dr. Hong Tu (洪圖), all being members of our senior management, are interested in Epiworld Core as limited partners as to approximately 53.23%, 7.51%, 5.01% and 3.13%, respectively. In addition, Mr. Qian Weining (錢衛寧) and Mr. Li Kaixi (李凱希), being our Supervisors, are interested in Epiworld Core as limited partners as to approximately 3.01% and 2.25%, respectively. Save as disclosed in this section headed "Employee Shareholding Platform", there are no connected persons who are interested in Epiworld Core.

## PRE-IPO INVESTMENTS

### Overview

We have undergone the following rounds of Pre-IPO Investments, details of which are set forth below.

| Name of Shareholder | Date of agreement | Date of last payment of consideration | Total consideration | Cost per Share[1] | Discount to the Offer Price[2] |
|---|---|---|---|---|---|
| | | | *(RMB)* | *(RMB)* | |
| Dangfeng Technology | October 30, 2014 | December 3, 2014 | 10,010,000 | 2.10 | 96.88% |
| | December 10, 2015 | December 17, 2015 | 40,000,000 | 2.10 | 96.88% |
| Xiamen Hi-Tech Investment[15] | October 30, 2014 | November 13, 2014 | 5,000,000 | 2.10 | 96.88% |
| | December 28, 2020[3] | October 13, 2020 | 8,771,000 | 3.68 | 94.53% |
| Torch Capital | January 5, 2015 | January 30, 2015 | 10,000,000 | 2.10 | 96.88% |
| Hainan Zhentai | February 2, 2016 | February 3, 2016 | 32,500,000 | 2.10 | 96.88% |
| Xike Zhongheng | April 26, 2018[4] | June 29, 2018 | 24,800,000 | 1.58 | 97.65% |
| | April 24, 2020 | May 15, 2020 | 12,280,000 | 3.68 | 94.53% |
| Puyuan Pengyuan | April 26, 2018[5] | July 6, 2018 | 15,000,000 | 1.53 | 97.73% |
| Xincheng Zhongchuang | April 26, 2018[6] | October 24, 2018 | 15,000,000 | 1.53 | 97.73% |
| | December 2, 2019 | December 2, 2019 | 7,000,000 | 1.53 | 97.73% |
| | April 24, 2020 | May 18, 2020 | 4,297,386 | 3.68 | 94.53% |
| | January 4, 2022[7] | January 14, 2022 | 34,300,000 | 36.00 | 46.48% |
| Ningbo Fuchi | January 5, 2019 | February 15, 2019 | 35,000,000 | 3.68 | 94.53% |
| Huangshan Saifu | September 9, 2019 | September 12, 2019 | 40,000,000 | 3.68 | 94.53% |
| Saifu Jinzuan | September 9, 2019 | September 12, 2019 | 10,000,000 | 3.68 | 94.53% |
| Xiamen Jushenghua | September 25, 2019 | September 27, 2019 | 25,000,000 | 3.68 | 94.53% |
| Shanghai Tianli | September 25, 2019 | September 25, 2019 | 13,234,727 | 3.68 | 94.53% |
| | December 2, 2019 | December 13, 2019 | 11,760,378 | 3.68 | 94.53% |
| Huiyou Chuangjia | January 20, 2020 | February 24, 2020 | 20,000,000 | 3.68 | 94.53% |
| Xiamen Hongyuan, Xiamen Spark and Xiamen Hongxing[15] | May 26, 2020[8] | April 28, 2020 | 89,898,498 | 4.91 | 92.70% |
| China Resources Microelectronics | July 19, 2020 | July 29, 2020 | 40,000,000 | 3.68 | 94.53% |
| Hubble Technology | October 24, 2020 | November 12, 2020 | 60,000,000 | 3.68 | 94.53% |
| Ningbo Qiaowang | December 27, 2021[9] | December 30, 2021 | 60,250,000 | 25.30 | 62.39% |
| Liaoning Haitong and Shanghai Zhezhong | December 22, 2021 | December 23, 2021 | 100,000,000 | 31.79 | 52.74% |

| Name of Shareholder | Date of agreement | Date of last payment of consideration | Total consideration | Cost per Share[1] | Discount to the Offer Price[2] |
|---|---|---|---|---|---|
| | | | *(RMB)* | *(RMB)* | |
| Qingda Runyu[15] | March 16, 2022 | January 20, 2022 | 50,000,000 | 38.99 | 42.03% |
| Qingda Xinsheng, Huzhou Runxu, Ningbo Fuwurong, Jiadong Wuyuan | November 2, 2022 | November 28, 2022 | 102,300,000 | 41.99 | 37.57% |
| Hefei Tiancheng | December 28, 2022 | December 29, 2022 | 100,000,000 | 55.56 | 17.40% |
| Shanghai Minshenshi, Huajin Mingjiade, Huajin Yuxing, Jiangyin Yinrun, Dongzheng Ruikun | June 2023[11] | June 28, 2023 | 180,000,000 | 64.78 and 71.38 | 3.69% and – |
| Chantou Juxiang Xinhan, ICBC Investment, Xiamen Gongrong Industry and Xiamen Chantou Gongrong | December 2024[12] | December 31, 2024 | 1,030,000,000 | 64.78 | 3.69% |
| Qingyue Jingfu | April 28, 2025[13] | April 28, 2025 | 39,480,294 | 49.69 | 26.12% |
| Wangrui Hancheng | July 2025[14] | August 13, 2025 | 120,000,000 | 49.49 | 26.42% |

*Notes:*

(1) The cost per Share paid by the Pre-IPO Investors was calculated based on the amount of investment made by the relevant Pre-IPO Investors and the number of Shares held by them immediately before the completion of the Global Offering.
(2) The discount to the Offer Price is calculated based on the fixed Offer Price and the exchange rates as set out in this Prospectus.
(3) The shares were transferred from Xiamen High Tech Entrepreneurship Center Co., Ltd. (廈門高新技術創業中心有限公司), an Independent Third Party.
(4) Tang Ganlin, Wu Jinhe (吳錦河) and Chen Yinfei transferred 3.8966%, 0.3143% and 0.9482% equity interests they held in the Company at a consideration of RMB16,712,088, RMB2,013,588 and RMB6,074,324, respectively, to Xike Zhongheng. Wu Jinhe is one of our Independent Third Parties.
(5) Tang Ganlin, Wu Jinhe and Chen Yinfei transferred 2.2669%, 0.2357% and 0.7111% equity interests they held in the Company at a consideration of RMB8,934,066, RMB1,510,191 and RMB4,555,743, respectively, to Puyuan Pengyuan.
(6) Tang Ganlin, Wu Jinhe and Chen Yinfei transferred 2.2669%, 0.2357% and 0.7111% equity interests they held in the Company at a consideration of RMB8,934,066, RMB1,510,191 and RMB4,555,743, respectively, to Xincheng Zhongchuang.
(7) The shares were transferred from Xiamen Hi-Tech Investment, an Independent Third Party.
(8) The shares were transferred from Longyan Xinsida Technology Co., Ltd. (龍岩芯思達科技有限公司), an Independent Third Party.
(9) The shares were transferred from Torch Capital, an Independent Third Party.
(10) The increase in the cost per Share was attributed to the increase in the valuation of the Company as a result of a number of milestones in our business development achieved during the period, in particular (i) we became profitable in 2021, (ii) we recorded a revenue exceeding RMB400 million and net profit exceeding RMB100 million in 2022, and (iii) the supply of 8-inch SiC epitaxial wafers to global customers in 2023.
(11) June 6, 2023 for Shanghai Minshenshi, June 7, 2023 for Huajin Mingjiade and Huajin Yuxing, June 9, 2023 for Jiangyin Yinrun and June 19, 2023 for Dongzheng Ruikun.
(12) December 24, 2024 for Chantou Juxiang Xinhan and ICBC Investment; December 30, 2024 for Xiamen Gonrong Industry and Xiamen Chantou Gongrong
(13) The shares were transferred from Huangshan Saifu and Saifu Jinzuan.
(14) The shares were transferred from Dr. Zhao.
(15) The last payments of consideration for Xiamen Hi-Tech Investment, Xiamen Hongyuan, Xiamen Spark, Xiamen Hongxing and Qingda Runyu were made before the date of the relevant agreements in order to secure these Pre-IPO Investors' allocation in the relevant financing rounds.

**Other Principal Terms of the Pre-IPO Investments**

| | |
|---|---|
| Basis of determination of the valuation and consideration | The considerations for each round of the Pre-IPO Investments were determined based on arm's length negotiations amongst the Pre-IPO Investors and our Group, as applicable after taking into consideration of the timing of the investments, our valuation when the investment agreement was entered into, the operation of our business, the financial performance of our Group, and the prospects of our business. |
| Lock-up period | Pursuant to PRC Company Law, Shares issued by our Company prior to the Global Offering (including those held by the Pre-IPO Investors) will be subject to a lock-up period of one year from the Listing Date. |
| Use of proceeds from the Pre-IPO Investments | We have utilized the proceeds from the Pre-IPO Investments for the principal business of our Group, including but not limited to research and development activities, the growth and expansion of our Company's business and general working capital purposes. As of the Latest Practicable Date, all of the funds raised from the Pre-IPO Investments have been utilized. In respect of the funds raised in December 2024, over 95% of the funds had been utilized as of the Latest Practicable Date with appropriately RMB332 million spent on our daily operation and RMB650 million on repaying bank loans we borrowed before for our business expansion. |
| Strategic benefits to our Company brought by the Pre-IPO Investors | At the time of the relevant Pre-IPO Investments, our Directors were of the view that our Group could benefit from the additional funds provided by the Pre-IPO Investments in our Group and the knowledge and experience of the Pre-IPO Investors in the semiconductor industry. The Pre-IPO Investments demonstrated the Pre-IPO Investors' confidence in the operation and development of our Group. |

**Special Rights of the Pre-IPO Investors**

The Pre-IPO Investors were granted certain special rights, including but not limited to redemption rights, information rights, inspection rights, pre-emptive rights, and anti-dilution rights. In particular, the Company had granted redemption rights to Mr. Zhang Minghua, Mr. Chen Yinfei, Mr. Wu Jinhe, Xiamen Hi-Tech Investment, Torch Capital and Dangfeng Technology. Based on the supplemental agreement dated October 31, 2023 entered into between the Company and certain Shareholders, all special rights granted to the Shareholders at the time other than Dangfeng Technology, including their redemption rights, were terminated and will not be reinstated for any reason or circumstance. In addition, special rights granted to Dangfeng Technology, including redemption rights, were terminated pursuant to a confirmation letter issued by Dangfeng Technology in April 2025 and a resolution passed by the Shareholders in March 2025. On April 2, 2025, the Company also entered into a supplemental agreement with the remaining Shareholders pursuant to which their special rights will be terminated upon Listing. These Shareholders were not entitled to redemption rights before the date of such supplemental agreement.

For details of the accounting treatment of the special rights granted to the Pre-IPO Investors during the Track Record Period, please refer to note 31 to Appendix I.

**Sole Sponsor's Confirmation**

On the basis that (i) the consideration for the Pre-IPO Investment was settled more than 28 clear days before the first filing of the listing application by our Company with the Stock Exchange or 120 clear days before the commencement of dealings in the H Shares on the Stock Exchange, and (ii) the existing special rights granted to the Pre-IPO Investors as disclosed in "— Special Rights of the Pre-IPO Investors" will be terminated upon the Listing, the Sole Sponsor confirms that the Pre-IPO Investments are in compliance with the Pre-IPO Investment Guidance in Chapter 4.2 of the Guide for New Listing Applicants issued by the Stock Exchange.

**Information of the Pre-IPO Investors**

Set forth below are details for each of our Pre-IPO Investors with a shareholding of more than 1% as of the date of this Prospectus. To the best knowledge of our Company and save as disclosed in this section headed "Information of the Pre-IPO Investors", all of our Pre-IPO Investors are Independent Third Parties.

***Xike Zhongheng***

Xike Zhongheng is a limited partnership established in the PRC on January 7, 2013, principally engaged in the investments in high-tech industries. The general partner of Xike Zhongheng is Mr. Su Ping (蘇平), our non-executive Director, who holds 27.53% of the partnership interests therein as the ultimate beneficial owner.

There are 20 limited partners in Xike Zhongheng, amongst which i) Ms. Bai Liting (白麗婷), our executive Director, ii) Su Ning (蘇寧), the sister of Mr. Su Ping (蘇平), and iii) Qiu Rui (邱蕊), the sister-in-law of Mr. Su Ping, respectively hold 3.78%, 13.24% and 0.59% of partnership interests therein. None of the other limited partners of Xike Zhongheng hold 30% or more partnership interests therein, and all of them are individual investors and Independent Third Parties.

***Xincheng Zhongchuang***

Xincheng Zhongchuang is a limited partnership established in the PRC on July 24, 2017. The general partner of Xincheng Zhongchuang is Xu Xiyun (許希雲), the spouse of Li Qinghua (李慶華). Ms. Xu is also the largest ultimate beneficial owner in Xincheng Zhongchuang, holding 22.19% of partnership interests therein. There are 19 limited partners in Xincheng Zhongchuang who are mostly individual investors, amongst which, Ms. Bai Liting (白麗婷), our executive Director and Qian Leidan (錢雷丹), the spouse of the sister of Mr. Su Ping (蘇平), our non-executive Director, is respectively interested in 13.21% and 6.31% of partnership interests therein. Save as disclosed above, the aforementioned entities and individuals are all Independent Third Parties.

***Hubble Technology***

Hubble Technology, formerly known as Hubble Technology Investment Co., Ltd. (哈勃科技投資有限公司) is a limited liability company established in the PRC on April 23, 2019. Hubble Technology is a venture capital institution wholly-owned by Huawei Investment & Holding Co., Ltd. (華為投資控股有限公司), a company focusing on investments in technology and information technology application innovation.

***Xiamen Hongyuan, Xiamen Spark and Xiamen Hongxing***

Xiamen Hongyuan, Xiamen Spark and Xiamen Hongxing are all limited partnerships established in the PRC on April 13, 2017, July 9, 2018, and June 4, 2019, respectively. They are all managed by Shenzhen Zhongnan Hongyuan Private Equity Venture Capital Fund Management Co., Ltd. (深圳中南弘遠私募創業投資基金管理有限公司) ("**Shenzhen Hongyuan**") who holds 2.37%, 9.57% and 1% of partnership interests in Xiamen Hongyuan, Xiamen Spark and Xiamen Hongxing, respectively. Except for Huang Weimiao (黃葦苗) who holds 98% of partnership interests in Xiamen Hongxing, none of the other ultimate beneficial owners of each of Xiamen Hongyuan, Xiamen Spark or Xiamen Hongxing holds more than 20% of partnership interests therein. Shenzhen Hongyuan is indirectly owned as to 83.33% by Xiamen Zhongnan Hongyuan Investment Partnership (Limited Partnership) (廈門中南弘遠投資合夥企業(有限合夥)) who is in turn managed and owned as to 60% by Huang Weimiao as its general partner and largest ultimate beneficial owner. All of the aforementioned entities and individuals are Independent Third Parties.

***Hainan Zhentai***

Hainan Zhentai is a limited partnership established in the PRC on May 14, 2020. The general partner is Lin Jianxin (林建新) who also holds 99.97% of partnership interests therein. The remaining 0.03% is held by Zhu Yuejin (朱躍進). Both Lin Jianxin and Zhu Yuejin are Independent Third Parties.

***China Resources Microelectronics***

China Resources Microelectronics is a company ultimately controlled by China Resources Microelectronics Limited (華潤微電子有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688396.sh, also formerly listed on the Stock Exchange, stock code: 0597.hk). It is mainly engaged in producing and distributing open foundries, integrated circuits, discrete devices, and other related products.

***Huangshan Saifu***

Huangshan Saifu is a limited partnership established in the PRC on January 5, 2018. Its general partner is Huangshan Saifu Fund Management Co., Ltd. (黃山賽富基金管理有限責任公司). Huangshan Saifu is an investment fund focusing on technology, culture and tourism and innovative platform and ultimately controlled by Mr. Andrew Y. Yan (閻焱) who is the representative of the managing partner of Tianjin Saifu Shengyuan Investment Management Center (Limited Partnership) (天津賽富盛元投資管理中心(有限合夥)). Mr. Andrew Y. Yan (閻焱) is an Independent Third Party. The remaining partnership interests are held by three other limited partners, including i) Shenzhen Jinsheng Shuoheng Venture Capital Center (L.P.) (深圳金晟碩恒創業投資中心(有限合夥)) a private equity investment company ultimately controlled by Mr. Li Ye (李曄), an Independent Third Party, as to 40%, ii) Bank of China Asset Management Co., Ltd (中銀資產管理有限公司), a company controlled by Bank of China Limited, a company listed on the Shanghai Stock Exchange and the Stock Exchange (stock code: 601988.sh and 03988.hk), as to 35% and iii) Huangshan Tourism Development Co., Ltd. (黃山旅遊發展股份有限公司) (stock code: 600054.sh), a company listed on the Shanghai Stock Exchange and ultimately controlled by Huangshan City Local Financial Supervision and Administration Bureau (黃山市地方金融監督管理局) as to 24%.

***Puyuan Pengyuan***

Puyuan Pengyuan is a limited partnership established in the PRC on April 25, 2018. The general partner is Hong Boya (洪博雅). Besides from Lin Canhuang (林燦煌) who holds 50.10% of partnership interests therein, none of the other seven partners holds more than 25% of partnership interests in Puyuan Pengyuan. All of Hong Boya (洪博雅) and the partners are Independent Third Parties.

***Ningbo Fuchi***

Ningbo Fuchi is a limited partnership established in the PRC on December 19, 2018. Its general partner is Zhang Lingyi (張玲藝) and there are five limited partners in Ningbo Fuchi with Chen Yufan (陳宇凡) holding 53.71% partnership interests. None of the other limited partners holds more than 25% of the partnership interests in Ningbo Fuchi. Zhang Lingyi and all limited partners are our Independent Third Parties.

***Xiamen Jushenghua***

Xiamen Jushenghua is a limited partnership established in the PRC on September 5, 2019. Its general partner is Lin Chaojun (林超俊) who holds 75.44% of partnership interests therein. The other two limited partners of Xiamen Jushenghua are Luo Chunquan (羅春泉) and Zheng Zhenkuan (鄭振寬), who hold 23.33% and 1.23% partnership interests respectively. The aforesaid individuals are all Independent Third Parties.

***Shanghai Tianli***

Shanghai Tianli is a limited partnership established in the PRC on August 30, 2019, and is principally engaged in investment focusing on semi-conductor sector. Shanghai Tianli's general partner and largest ultimate beneficial owner is Lianyungang Carbon Silicon No. 1 Venture Capital Partnership Enterprise (Limited Partnership) (連雲港碳硅一號創業投資合夥企業(有限合夥)) ("**Lianyungang Carbon Silicon**") which holds 47.28% of partnership interests therein. The other two limited partners in Shanghai Tianli are Chongqing Carbon Silicon No. 2 Enterprise Management Center (Limited Partnership) (重慶碳硅二號企業管理中心(有限合夥)) ("**Chongqing Carbon Silicon**") and Gongqingcheng Tianxing Xinfei Venture Capital Partnership (Limited Partnership (共青城天興芯飛創業投資合夥企業(有限合夥)) ("**Gongqingcheng Tianxing**"), which hold 44.68% and 8.03% partnership interests respectively. Both Lianyungang Carbon Silicon and Chongqing Carbon Silicon are managed by Shanghai Hongjing Private Equity Fund Management Co., Ltd. (上海竑景私募基金管理有限公司), which is ultimately controlled by Chen Junhua (陳軍華), an Independent Third Party. Gongqingcheng Tianxing is managed by Shanghai Tianxing Weishi Private Equity Fund Management Company Limited (上海天興未石私募基金管理有限公司), which is controlled by Bai Ge (白戈), an Independent Third Party. All of the ultimate beneficial owners of each of Lianyungang Carbon Silicon, Chongqing Carbon Silicon and Gongqingcheng Tianxing are individuals who are our Independent Third Parties.

***Huiyou Chuangjia***

Huiyou Chuangjia is a limited partnership established in the PRC on May 31, 2017. Its general partner is Shenzhen Huiyou Private Equity Fund Management Co., Ltd (深圳市惠友私募股權基金管理有限公司), a limited liability company controlled by Yang Longzhong (楊龍忠). Mr. Yang is also the second largest ultimate beneficial owner in Huiyou Chuangjia, holding 28.41% of partnership interests therein. The largest limited partner of Huiyou Chuangjia is Yingfu Taike National Emerging Industry Venture Investment Guidance Fund (L.P.) (盈富泰克國家新興產業創業投資引導基金(有限合夥)) which holds 31.82% of partnership interests and is under the control of Yingfu Taike Venture Capital Company Limited (盈富泰克創業投資有限公司), a private equity investment company with assets under management of more than RMB7 billion. All of the aforementioned entities, individuals and other ultimate beneficial owners of Huiyou Chuangjia are all Independent Third Parties.

***Dangfeng Technology***

Dangfeng Technology is a limited liability company established in the PRC on November 21, 2014 and is owned as to 64.05% by Xiamen Dangfeng Investment Management Co., Ltd. (廈門市當豐投資管理有限公司), which is in turn owned as to 55% by Wang Yucai (王育才) and as to 45% Mr. Wang Yaoyi (王耀藝), both being our Independent Third Parties. None of the other ultimate beneficial owners of Dangfeng Technology is interested in it as to more than 20%, who are also our Independent Third Parties.

***Xiamen Hi-Tech Investment and Torch Capital***

Xiamen Hi-Tech Investment and Torch Capital are companies established in the PRC on March 11, 2013 and April 5, 2004, respectively. Xiamen Hi-Tech Investment is wholly owned by Xiamen High Tech Entrepreneurship Center Co., Ltd. (廈門高新技術創業中心有限公司). Xiamen High Tech Entrepreneurship Center Co., Ltd. (廈門高新技術創業中心有限公司) and Torch Capital are both wholly owned by Xiamen Torch Group Co., Ltd. (廈門火炬集團有限公司).

***Chantou Juxiang Xinhan, Xiamen Gongrong Industry, Xiamen Chantou Gongrong and ICBC Investment***

Chantou Juxiang Xinhan, Xiamen Gongrong Industry and Xiamen Chantou Gongrong are limited partnerships established in the PRC on December 20, 2024, December 16, 2024, and December 16, 2024 respectively. The general partner of Chantou Juxiang Xinhan is Xiamen Production Investment Xinyuan Technology Investment Co., Ltd. (廈門產投新圓科技投資有限公司) ("**Xinyuan Technology**"), a company wholly owned by Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司) ("**Xiamen Chantou**") which is indirectly wholly owned by Xiamen Municipal Finance Bureau (廈門市財政局). Except for Xiamen Chantou, Xiamen Xiang'an Investment Promotion Group Co., Ltd. (廈門市翔安招商集團有限公司) and Xiamen Torch Industry Equity Investment Management Co., Ltd. (廈門火炬產業股權投資管理有限公司) each holding 27.78% of partnership interests in Chantou Juxiang Xinhan and Fujian Leading Industrial Equity Investment Fund Partnership (Limited Partnership) (福建龍頭產業股權投資基金合夥企業(有限合夥)) holding 16.67% of partnership interests in Chantou Juxiang Xinhan, none of the limited partners holds more than 30% of partnership interests in Chantou Juxiang Xinhan. The general partners of Xiamen Gongrong Industry and Xiamen Chantou Gongrong are Xinyuan Technology and ICBC Capital Management Co., Ltd. (工銀資本管理有限公司), a company wholly owned by ICBC Investment, who is also one of our Pre-IPO Investor. None of the limited partners is interested in Xiamen Gongrong Industry as to more than 30% and all of them are Independent Third Parties which are state-owned entities or under the control of ICBC Investment. ICBC Investment is interested in Xiamen Chantou Gongrong as to 69.95% as a limited partner and all of the other limited partners of Xiamen Chantou Gongrong are Independent Third Parties which are state-owned entities or under the control of ICBC Investment.

ICBC Investment is a company with limited liability established in the PRC. It is wholly owned by Industrial and Commercial Bank of China Limited (中國工商銀行股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 601398.sh) and also on the Stock Exchange (Stock code: 01398.hk).

## LISTING ATTEMPT

We submitted our A share listing application to the Shanghai Stock Exchange in December 2023. In January 2024, we received our first comment letter from the Shanghai Stock Exchange with common comments including but not limited to shareholding changes of the Company, key products and market competitiveness, top customers and suppliers, financial performance, employee share incentive scheme, related party transactions and corporate governance. Considering the time required for completing the vetting process of the A-share listing applications, the Company's fundraising demand for business expansion, and financing opportunities in the second half of 2024, based on our latest corporate development strategies, we withdrew our A share listing application in June 2024. We have not submitted our responses to the CSRC comment letter before the withdrawal of our A share listing application. Considering a listing on the Stock Exchange would (a) provide our Company with an international platform to promote our market awareness worldwide, (b) gain access to international capital and optimize our capital structure, and (c) further raise our market profile and help us to attract international talents, we commenced our H share listing application preparation. Our Directors confirm that, to their best knowledge, there are no other material matters relating to the A share listing attempt that would affect the Company's suitability for listing on the Stock Exchange and are necessary to be disclosed in this Prospectus for

investors to form an informed assessment of our Company. Considering the independent due diligence conducted by the Sole Sponsor, nothing relating to the A share listing attempt has come to the attention of the Sole Sponsor which would materially and adversely affect the Company's suitability for the Listing.

## CAPITALIZATION

Our Company has applied for H-share full circulation to convert certain Unlisted Shares into H Shares after the Listing. The conversion of Unlisted Shares into H Shares will involve an aggregate of 97,431,581 Unlisted Shares, representing approximately 24.11% of the total issued share capital of the Company as of the Latest Practicable Date.

The table below is a summary of the capitalization of our Company as of the date of this Prospectus and upon completion of the Global Offering (assuming the conversion of Unlisted Shares into H Shares):

| Name of Shareholder | Number of Unlisted Shares held upon completion of the Global Offering | Number of H Shares held upon completion of the Global Offering | Number of Shares held in total | Approximate percentage of shareholding in the Company as of the Latest Practicable Date | Approximate percentage of shareholding in the Company upon completion of the Global Offering |
|---|---|---|---|---|---|
| Dr. Zhao | 86,814,160 | 29,746,239 | 116,560,399 | 28.84% | 27.39% |
| Xike Zhongheng[(1)] | 42,562,018 | 14,187,340 | 56,749,358 | 14.04% | 13.33% |
| Li Qinghua (李慶華) | 20,264,927 | 6,754,976 | 27,019,903 | 6.69% | 6.35% |
| Xincheng Zhongchuang[(1)] | 12,377,935 | 4,125,979 | 16,503,914 | 4.08% | 3.88% |
| Hubble Technology[(1)] | 12,219,262 | 4,073,088 | 16,292,350 | 4.03% | 3.83% |
| Xiamen Hongyuan[(1)] | 12,079,770 | 4,026,590 | 16,106,360 | 3.99% | 3.78% |
| Xiamen Spark[(1)] | 1,526,023 | 508,674 | 2,034,697 | 0.50% | 0.48% |
| Xiamen Hongxing[(1)] | 112,926 | 37,642 | 150,568 | 0.04% | 0.04% |
| Epiworld Core | 11,976,666 | 3,992,222 | 15,968,888 | 3.95% | 3.75% |
| Hainan Zhentai[(1)] | 11,611,208 | 3,870,403 | 15,481,611 | 3.83% | 3.64% |
| China Resources Microelectronics[(1)] | 8,146,174 | 2,715,392 | 10,861,566 | 2.69% | 2.55% |
| Huangshan Saifu[(1)] | 7,510,574 | 2,715,392 | 10,225,966 | 2.53% | 2.40% |
| Puyuan Pengyuan[(1)] | 7,355,644 | 2,451,882 | 9,807,526 | 2.43% | 2.30% |
| Chen Yinfei (陳音飛) | 7,145,359 | 2,381,787 | 9,527,146 | 2.36% | 2.24% |
| Ningbo Fuchi[(1)] | 7,127,903 | 2,375,968 | 9,503,871 | 2.35% | 2.23% |
| Xiamen Jushenghua[(1)] | 5,091,359 | 1,697,120 | 6,788,479 | 1.68% | 1.60% |
| Shanghai Tianli[(1)] | 5,090,362 | 1,696,788 | 6,787,150 | 1.68% | 1.59% |
| Zhang Minghua (張明華) | 4,511,411 | 1,503,804 | 6,015,215 | 1.49% | 1.41% |
| Huiyou Chuangjia[(1)] | 4,073,087 | 1,357,696 | 5,430,783 | 1.34% | 1.28% |
| Dangfeng Technology[(1)] | 3,576,252 | 1,192,084 | 4,768,336 | 1.18% | 1.12% |
| Xiamen Hi-Tech Investment[(1)] | 3,810,858 | 0 | 3,810,858 | 0.94% | 0.90% |
| Torch Capital[(1)] | 1,786,404 | 595,468 | 2,381,872 | 0.59% | 0.56% |
| Chantou Juxiang Xinhan[(1)] | 2,431,409 | 347,342 | 2,778,751 | 0.69% | 0.65% |
| Xiamen Gongrong Industry[(1)] | 2,778,751 | 308,750 | 3,087,501 | 0.76% | 0.73% |
| Xiamen Chantou Gongrong[(1)] | 2,778,751 | 308,750 | 3,087,501 | 0.76% | 0.73% |
| ICBC Investment[(1)] | 6,252,190 | 694,688 | 6,946,878 | 1.72% | 1.63% |
| Wangrui Hancheng | 2,424,557 | 0 | 2,424,557 | 0.60% | 0.57% |
| Ningbo Qiaowang[(2)] | 1,786,276 | 595,425 | 2,381,701 | 0.59% | 0.56% |
| Jiangyin Yinrun[(2)] | 735,552 | 245,184 | 980,736 | 0.24% | 0.23% |
| Huzhou Runxu[(2)] | 359,054 | 119,685 | 478,739 | 0.12% | 0.11% |
| Saifu Jinzuan | 1,877,643 | 678,848 | 2,556,491 | 0.63% | 0.60% |
| Liaoning Haitong | 1,415,590 | 471,863 | 1,887,453 | 0.47% | 0.44% |
| Hefei Tiancheng | 1,350,000 | 450,000 | 1,800,000 | 0.45% | 0.42% |
| Qingda Runyu | 961,876 | 320,625 | 1,282,501 | 0.32% | 0.30% |

| Name of Shareholder | Number of Unlisted Shares held upon completion of the Global Offering | Number of H Shares held upon completion of the Global Offering | Number of Shares held in total | Approximate percentage of shareholding in the Company as of the Latest Practicable Date | Approximate percentage of shareholding in the Company upon completion of the Global Offering |
|---|---|---|---|---|---|
| Qingda Xinsheng | 753,835 | 251,279 | 1,005,114 | 0.25% | 0.24% |
| Shanghai Zhezhong | 1,132,472 | 125,830 | 1,258,302 | 0.31% | 0.30% |
| Dongzheng Ruikun | 630,472 | 210,158 | 840,630 | 0.21% | 0.20% |
| Qingyue Jingfu | 794,500 | 0 | 794,500 | 0.20% | 0.19% |
| Ningbo Fuwurong | 476,357 | 0 | 476,357 | 0.12% | 0.11% |
| Jiadong Wuyuan | 357,268 | 119,089 | 476,357 | 0.12% | 0.11% |
| Shanghai Minshenshi | 347,344 | 115,781 | 463,125 | 0.11% | 0.11% |
| Huajin Mingjiade[3] | 123,500 | 30,875 | 154,375 | 0.04% | 0.04% |
| Huajin Yuxing[3] | 123,500 | 30,875 | 154,375 | 0.04% | 0.04% |
| Other public Shareholders | – | 21,492,050 | 21,492,050 | – | 5.05% |
| **Total** | **306,661,179** | **118,923,631** | **425,584,810** | **100%** | **100%** |

*Notes:*

(1) Please see "— Pre-IPO Investments — Information of the Pre-IPO Investors" in this section for details.

(2) Ningbo Qiaowang, Huzhou Runxu and Jiangyin Yinrun are all managed by Yinrun (Shanghai) Private Equity Fund Management Co., Ltd. (銀潤(上海)私募基金管理有限公司).

(3) Huajin Mingjiade and Huajin Yuxing are both managed by Ningbo Huajin Weiran Private Equity Fund Management Co., Ltd. (寧波華錦蔚然私募基金管理有限公司).

## PUBLIC FLOAT

Following the conversion of Unlisted Shares into H Shares and upon completion of the Global Offering, (i) Dr. Zhao, our Single Largest Shareholder and executive Director, (ii) Xike Zhongheng, our substantial shareholder, and (iii) Li Qinghua and Xincheng Zhongchuang, will be deemed as our core connected persons and a total of 216,833,574 Shares held by them, representing 50.95% of our total issued Shares, will not be counted towards the public float. Save as disclosed above, all of the H Shares to be held by our existing Shareholders upon the completion of the Global Offering and the conversion of Unlisted Shares into H Shares will be counted towards the public float. For details, please refer to the section headed " — Capitalization" above.

To the best knowledge of our Directors, upon the completion of the Global Offering and the conversion of Unlisted Shares into H Shares, 42,617,047 H Shares are expected to be held by our existing Shareholders who are not our core connected persons, which will be counted towards the public float.

Immediately following the completion of the Global Offering and based on the Offer Price, the expected market capitalization of the class of shares to which the H Shares belong at the time of Listing will be over HK$30,000,000,000 and pursuant to Rule 8.08 (as amended and replaced by Rule 19A.13A), the minimum number of H Shares held by the public at the time of Listing as a percentage of the total number of shares in the class to which H Shares belong will be the higher of: (i) the percentage that would result in the expected market value of such securities held by the public to be HK$4,500,000,000 at the time of Listing, and (ii) 10%. Based on the Offer Price, the minimum prescribed percentage of H Shares must be held by the public at the time of Listing will be 13.87%. Based on the above, it is expected that immediately following completion of the Global Offering, the total number of listed H Shares held by the public represents approximately 15.06% of our total issued Shares upon Listing. Therefore, our Company will be able to meet the minimum public float requirements under Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules.

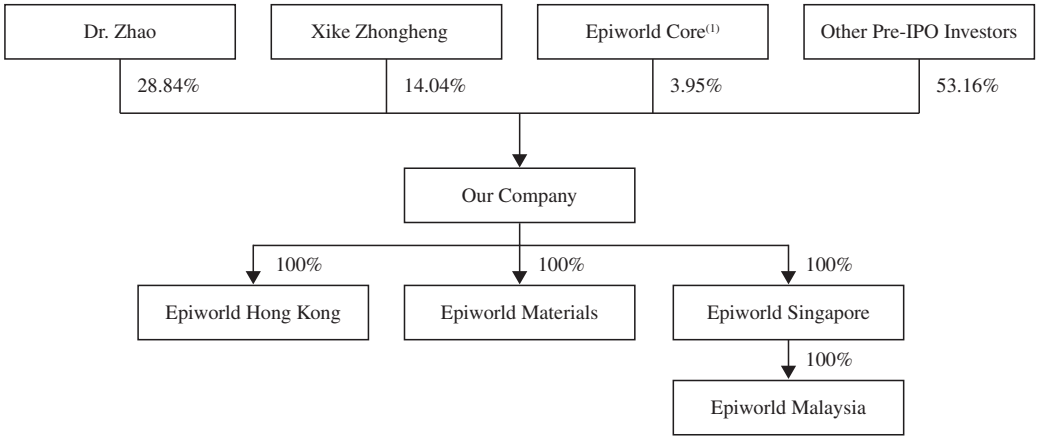
## FREE FLOAT

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

Pursuant to PRC Company Law, all of the Shares issued by our Company prior to the Global Offering will be subject to a lock-up period of one year from the Listing Date. Therefore, all Shares held by our existing Shareholders upon the Listing shall not be counted towards the free float. In addition, the cornerstone investor has agreed to a lock-up period of 18 months following the Listing Date. As such, H Shares held by the cornerstone investor upon the Listing shall not be counted towards the free float of the H Shares of the Company at the time of Listing. Based on the Offer Price and assuming the maximum allocation of Offer Shares of 50% to the cornerstone placing tranche permissible under the Listing Rules, the portion of H Shares for which Listing is sought that is held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of Listing (a) represents 2.69% of the total number of issued shares in the class to which H Shares belong at the time of Listing (excluding treasury shares), and (b) have an expected market value at the time of Listing of HK$871,922,523. Therefore, our Company can satisfy the free float requirement under Rule 19A.13C of the Listing Rules.

## SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY PRIOR TO THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our Group's simplified shareholding and corporate structure immediately prior to the completion of the Global Offering:

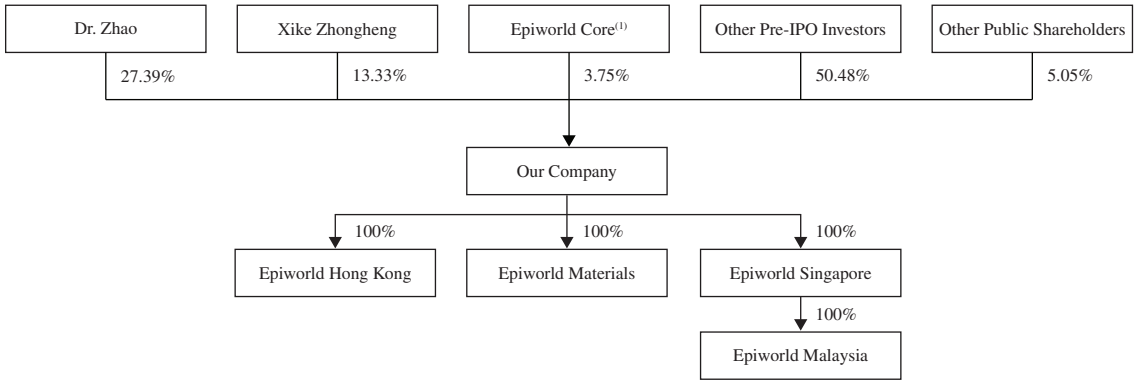



*Note:*

(1) Please see "— Employee Shareholding Platform" in this section for details.

## SHAREHOLDING AND CORPORATE STRUCTURE IMMEDIATELY AFTER THE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth our Group's simplified shareholding and corporate structure immediately after the completion of the Global Offering:




*Note:*

(1) Please see notes under "— Shareholding and Corporate Structure Immediately Prior to the Completion of the Global Offering" in this section for details.

## OVERVIEW

### Who we are

We are a global leader in the silicon carbide (SiC) epitaxy industry. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume, with a market share exceeding 30% in 2024.

**Market Leadership**

**Largest**

World's largest SiC epitaxial foundry[1]

**First**

in the commercialization of 8-inch SiC epitaxial wafer in the open market[2]

**Leader**

of setting industry standards[3]

**Commercial Success**

**599,700**

SiC epitaxial wafers delivered during the Track Record Period

**4/5 8/10**

Choice of world's top power device providers[4]

**Net Profits**

of RMB127.5m, RMB107.5m, and RMB165.1m in 2022, 2023 and 2024, respectively[5]

*Notes:*

1. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume.
2. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers, according to CIC.
3. We led the writing and establishment of the world's first and only Semiconductor Equipment and Materials International (SEMI) industry standard for SiC epitaxy.
4. Four of the world's top five SiC power device providers and eight of the top ten power device providers, by volume, are our customers, according to CIC.
5. In addition, we recorded net profits of RMB118.4 million and RMB21.1 million for the nine months ended September 30, 2024 and 2025, respectively; and adjusted net profits (Non-IFRS measure) of RMB171.9 million, RMB383.8 million, RMB323.5 million, RMB263.4 million and RMB163.3 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively.
6. We operate within a specialized segment of the broader global power semiconductor market. Given the complexity, vast scale, and diverse range of participants in the global power semiconductor value chain, our share of the overall market remains relatively limited.

Our deep knowledge of SiC epitaxy technology enables us to stay at the frontline of the SiC epitaxy industry and provide high quality and reliable products to our customers. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers and the first in China to commercialize and mass-produce 3-inch, 4-inch, 6-inch, and 8-inch SiC epitaxial wafers. We led the writing and establishment of the world's first and only Semiconductor Equipment and Materials International (SEMI) industry standard for SiC epitaxy. In 2024, our cumulative sales, combining sales under Turnkey and Consign models, exceeded 164,000 SiC epitaxial wafers. During the Track Record Period, we have delivered a total of over 599,700 SiC epitaxial wafers.

During the Track Record Period, we had 134 customers. Our customers included four of the world's top five SiC power device providers and eight of the top ten power device providers, according to CIC. SiC power devices fabricated using our epitaxial wafers exhibit stable performance in high-temperature and high-power use. Our customers utilize our SiC epitaxy wafers to manufacture their products, typically power devices, for a wide range of downstream industrial applications, such as EVs, charging infrastructure, renewable energy, ESS, as well as emerging applications such as home appliances, AI computing power and data centers, smart grids, and eVTOL. For example, our products can be adopted in EVs to enable smaller, lighter and more power-efficient devices such as 800V powertrains, particularly in inverters and converters. This

application allows high-voltage operations with minimal energy loss for EVs, which translate into longer range, faster charging and reduced cooling demands. During the Track Record Period, we acquired new customers primarily through active market engagement efforts, including participation in industry exhibitions and academic conferences, as well as through customer referrals. Our technical expertise, large production capacity, reliable quality control procedure, consistent delivery, and reliable customer services have earned us long-term recognition and loyalty from customers. These qualities not only strengthen customer retention but also provide us with unique growth opportunities.

Our founder, Dr. Zhao Jianhui, is a renowned scientist with over 35 years of dedicated R&D experience in SiC technology development. He is the first scientist elected as an IEEE Fellow based on significant contributions to the R&D and application of SiC technologies. The expertise of Dr. Zhao and our R&D team formed the core of our technological competitiveness. We successfully developed a proprietary platform for SiC epitaxy, covering the entire epitaxial growth process, including pre-growth preparation, epitaxial growth, cleaning, and inspection.

Among SiC epitaxial foundries worldwide, we achieved reliable performance in terms of product quality, yield rates and consistency. According to CIC, our products lead the industry in key performance metrics for SiC epitaxial products, including epitaxial thickness, doping concentration, epitaxial defect and yield rates. For example, for our Consign service provided to a leading global SiC device manufacturer, the yield rate of our epitaxial wafer products reached 99%. Our success is also demonstrated by our profitability and cash flow in the Track Record Period. In 2024, our revenue, adjusted net profit (Non-IFRS measure) and operating cash flow reached RMB974.3 million, RMB323.5 million and RMB640.6 million, respectively. Since 2024, our financial performance has been adversely affected by competitive market pressures that reduced our selling prices, coupled with weakened demand due to a downturn in our downstream customers' markets.

**Industry tailwinds and our opportunities**

Amid the global wave of energy revolution, electricity is rapidly replacing traditional fossil fuels, emerging as the driver for electrification and growth in industrial automotive and renewable energy sectors. In this transformative shift, SiC serves as the "intelligent heart" of various power systems utilizing electricity, according to CIC. This is because SiC is a wide-bandgap material with distinct advantages, including high thermal conductivity, high breakdown field strength, and high electron saturation velocity. These properties make SiC capable of high efficiency, high speed and stable power control and processing over a wide temperature range. SiC is replacing silicon (Si) as the dominant material for power semiconductor devices, poised to lead innovation in the coming decades, according to CIC.

The SiC industry is inherently evolving toward a highly specialized division of labor, because of its total addressable market potential and the need for technological excellence and operational efficiency. As the sector expands, companies are increasingly focusing on their core competencies within the value chain, fostering a collaborative ecosystem characterized by specialization. In terms of revenue in the open market, the five largest SiC epitaxial foundries obtained 93.4% of the global market share in 2024, a concentration significantly outpacing the substrate segment and the power device segment, where the top five players in each segment hold a market share of approximately 80%, according to CIC. Within this landscape, the SiC epitaxial foundry markets are poised for significant growth, as power device providers are prioritizing partnerships with third party SiC epitaxial foundries over in-house production, and such trend is becoming more evident since 2021, according to CIC. The SiC epitaxial industry features a high industry ceiling, necessitating focused and specialized competitiveness, as evidenced by the silicon industry where material manufacturing has concentrated among the top companies. The high concentration in the SiC epitaxial foundry markets reflects the superior technical complexity and the critical role across the industry value chain, structurally supporting extensive commercial prospects. While silicon power devices can be manufactured without epitaxy, SiC power devices must be produced with epitaxial layer, enhancing our value in the supply chain and competitive edge. We, as a global leader in the SiC epitaxy industry, are uniquely positioned to capitalize on this inevitable development. By leveraging our advanced technology, scale advantages, and established reputation in third-party epitaxial wafer supply, we are strategically equipped to capture emerging market opportunities, strengthen client partnerships, and solidify our market share in the rapidly advancing SiC era.

According to CIC, SiC power device market size has reached US$2.6 billion in 2024 and is expected to grow at a CAGR of 39.9% between 2024 and 2029, reaching US$13.6 billion by 2029. This positions SiC as a core material for the upcoming energy revolution and the rise of intelligent industry.

SiC epitaxial wafer is a critical component of the SiC value chain, where its quality is of paramount importance for downstream applications. The manufacturing process of SiC power devices differs from that of traditional Si power devices. SiC power devices cannot be fabricated directly on the SiC substrate; instead, a high-quality single-crystal epitaxial layer must first be grown on the supportive substrate, and various devices are then manufactured on this epitaxial layer. By precisely controlling parameters such as epitaxial layer thickness, doping concentration, and defect density, the quality of the epitaxial wafer can be optimized, improving the yield, performance, and reliability of end devices. In addition, unlike substrates that typically follow unified standards, SiC epitaxy requires customization to meet the specific requirements of end-use applications. The parameters of the delivered epitaxial products must be tailored based on the specifications of the target devices, including various performance parameters such as voltage and switching frequency.

However, according to CIC, the production of SiC epitaxial wafers is still facing several hurdles:

- ***Defect Control***: The epitaxial growth process generates critical defects such as triangular defects and particle-induced defects. Additionally, existing defects in the substrate can propagate into the epitaxial layer, if not properly controlled or eliminated, reducing device yield.

- ***Uniformity and Consistency***: Controlling the thickness and doping uniformity of large-diameter wafers is difficult, leading to inconsistencies in device performance.

- ***High Costs***: Epitaxial growth requires expensive equipment, costly consumables and complex processes, making it one of the most costly segments in the value chain and a key bottleneck for cost reduction.

To address these industry challenges and provide high quality products to our customers, we have developed targeted proprietary technologies. For details, see "— Our Technologies and R&D process."

These innovative technologies have enabled us to produce SiC epitaxial wafers with high uniformity and low defect density. Additionally, we have developed proprietary multi-layer epitaxial technology to satisfy customers' customized needs. Our reliable product quality has earned recognition globally, including "Perfect Quality Award" from one of the top five global SiC power device manufacturers.

The SiC epitaxy industry is characterized by recurring businesses and high customer stickiness due to its stringent requirements, including high technological barriers and reliability standards, strong demand for uniformity and consistency, long certification cycles, and the requirements for stable and continuous supply. As a result, industry participants particularly favor long-term partnerships. For example, according to CIC, the supplier certification cycle in the automotive industry generally exceeds two years. For over 14 years, we have laser-focused on SiC epitaxy, leveraging our technological expertise and strict quality control to serve a global customer base of SiC power device manufacturers. With stable and reliable delivery of high quality wafers, we have become a trustworthy partner for industry giants and built core competitiveness in the SiC epitaxy sector.

**Our technological expertise and comprehensive product portfolio**

We have established an industry-leading SiC epitaxial growth technology platform. Through 14 years of dedicated R&D, we have mastered a number of know-hows by tuning and optimizing key parameters of the epitaxial growth process, including growth temperature, reaction pressure, gas flow rate, C/Si ratio, among others. These advancements have enabled us to modify substrates of various qualities to achieve high quality surface conditions for optimized epitaxial growth, minimize defects introduced during epitaxial growth, and enhance the uniformity of epitaxial layer thickness and doping concentration. As a result, we have achieved stable and scalable production of high-quality SiC epitaxial wafers.

We have been accumulating technological know-hows that enabled us to design and modify the key features of epitaxial equipment, which is critical for us to maintain and improve our competitive edge. Drawing on years of experience and expertise, we have developed a deep understanding of SiC epitaxial growth systems, including reaction chambers, heating systems, gas delivery systems, and wafer transfer modules. By optimizing the epitaxy equipment, we achieve large-scale, stable, long-duration, and high-quality epitaxial wafer production. We are equipped with a Class 100 cleanroom and advanced wafer inspection equipments. Every product undergoes 100% inspection, ensuring full control over all parameters and delivering consistent quality to our customers.

Our products cover an extensive range of voltage applications. By offering epitaxial wafers with various thicknesses and doping concentration, we can support SiC power devices operating within a voltage range of 300V to 30,000V. According to CIC, in terms of sales volume, our SiC epitaxial wafers hold a leading position in the industry across the product range corresponding to mainstream SiC power devices.

We have made significant investments in research and development, with RMB276.0 million of R&D expenses during the Track Record Period. We have undertaken and participated in multiple projects focused on SiC-related technological research and production. Furthermore, we have established collaborative R&D partnerships with leading universities, research institutions, and enterprises.

**Our achievements and financial performance**

According to CIC, we have been the world's largest SiC epitaxial foundry by annual sales volume since 2023, commanding a market share exceeding 30% in 2024. In 2022, 2023, and 2024, we achieved annual cumulative sales of 85,366, 200,603 and 164,433 SiC epitaxial wafers, respectively, through our Turnkey and Consign business models. During the Track Record Period, our cumulative sales have exceeded 599,700 wafers. Notably, in 2024, our 8-inch SiC epitaxial wafer sales exceeded 7,400 wafers, a figure that, according to CIC, places us as a frontrunner globally.

During the Track Record Period, we experienced fluctuations in our revenue since 2024, amounting to RMB440.7 million, RMB1,142.5 million, RMB 974.3 million, RMB808.3 million and RMB535.1 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. Nonetheless, we have consistently maintained profitability, with net profits of RMB127.5 million, RMB107.5 million, RMB165.1 million, RMB118.4 million and RMB21.1 million in 2022, 2023, and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. Our adjusted net profits (Non-IFRS measure) for 2022, 2023 and 2024 and nine months ended September 30, 2024 and 2025 were RMB171.9 million, RMB383.8 million, RMB323.5 million, RMB263.4 million and RMB163.3 million, respectively.

As of September 30, 2025, we held RMB1.8 billion in cash and cash equivalents. Our net operating cash flow has shown consistent annual growth during the Track Record Period, with cumulative net operating cash flows of over RMB1.4 billion. In 2022, 2023, and 2024 and for the nine months ended September 30, 2024 and 2025, our operating cash flows were RMB170.0 million, RMB415.2 million, RMB640.6 million, RMB470.9 million and RMB176.2 million, respectively. Our strong cash reserve and cash generation provide a solid foundation for the expansion of our core business and ongoing technological innovation while enhancing our ability to withstand global macroeconomic and short-term market fluctuations.

## OUR COMPETITIVE STRENGTHS

### We are a global leader in the SiC epitaxy industry

According to CIC, we have been the world's largest SiC epitaxial foundry by annual sales volume since 2023. In 2024, our market share in the global SiC epitaxy wafer market exceeded 30%. We led the writing and establishment of the world's first and only international SEMI standard for SiC epitaxy — SEMI M092-0423 Specification for 4H-SiC Homo-epitaxial Wafer.

Focusing on R&D and production of SiC epitaxial materials, we have leveraged our substantial first-mover advantage to solidify our leadership in the SiC epitaxial wafer field. Our R&D efforts focused on optimizing technologies for large-size wafers, thick films, high uniformity in thickness and doping concentration, and low defect density. These initiatives continuously enhance our core competitiveness and our position as a global industry leader.

Our production efficiency, yield rate, and product quality metrics are among the best in the industry. According to CIC, our product yield rate reaches over 99%, outperforming industry peers. Through years of innovation and technological development, we have established ourselves as a reliable supplier to the world's leading power device manufacturers, even amidst fierce competition with domestic and international peers. Our SiC epitaxial wafers feature tighter tolerances in thickness and doping concentration, greater uniformity in these parameters, and higher yields. As a result, our key technical specifications of both N-type and P-type SiC epitaxial wafers were able to achieve market-leading performance metrics.

### We possess strong R&D capabilities driving technological advancement in the SiC epitaxy industry

We have been committed to advancing SiC epitaxial technology. We have established a comprehensive SiC epitaxy platform, covering the entire process, including pre-growth preparation, epitaxial growth, cleaning, and inspection.

Our R&D team is spearheaded by four leading scientists in the SiC field, and all have served in the Company for over 11 years. As of the Latest Practicable Date, we have led the establishment of one international standard, one national standard, one industry standard, and eight group standards, reflecting our leadership in the SiC field.

We are exploring advanced and innovative epitaxial growth technologies and addressing key industry challenges such as high-voltage epitaxial wafer preparation, process optimization for multi-wafer epitaxial growth equipment, defect control, multi-layer epitaxial growth and trench filling epitaxial growth. For example, in multi-wafer CVD equipment, we have optimized processes including in situ etching, buffer layers, and epitaxial layer growth to reduce defect density. By studying the patterns of doping concentration and thickness variations within a single PM (preventive maintenance) cycle, as well as the changes in process windows after replacing furnace components, we have developed precise process adjustment strategies and rapid recovery methods for each PM cycle. These advancements have enabled large-scale and reliable production of high-quality, high-efficiency multi-wafer CVD equipment.

**We have industry-leading production capacity that can be expanded in a disciplined manner to meet the rapidly growing demand from downstream customers**

According to CIC, we have industry-leading production capacity that could be scaled in a disciplined manner. We focus on the production of 6-inch and 8-inch SiC epitaxial wafers, with the monthly production capacity of our installed equipment exceeding 50,000 wafers as of Latest Practicable Date. Our capacity closely tracks on customer demand and production schedule. Our scalable production capability allows us to accelerate market penetration, reduce costs, and enhance overall competitiveness through economies of scale.

We are able to maintain stable supply of the equipment and substrates required to expand capacity via our strategic collaborations with our suppliers. We have established long-term partnerships with domestic and international equipment suppliers, actively participating in equipment tuning and providing improvement feedback, ensuring a stable supply of market-leading epitaxial equipment. Additionally, with our validations and endorsements of their products, we have made it possible for multiple 6-inch and 8-inch substrate suppliers to enter the supply chains of major domestic and international power device manufacturers. Because of the unique value we could bring to our suppliers and customers, we have fostered strong, long-term relationships with both our suppliers and downstream power device manufacturers.

**We have established a large customer base by hyper focusing on SiC epitaxy**

According to CIC, similarly to the traditional Si industry, which has formed clear division of labour after years of consolidation, the trend towards a highly specialized division of labor for the SiC industry is inevitable. The traditional Si industry, after years of evolution, has developed into a highly specialized and segmented structure with efficiency. We believe the trend of specialization will continue and further enhance production efficiency in the SiC material industry. We, based on strategic considerations of technological path and resource allocation, solely focus on the core epitaxial wafer segment. This approach allows us to effectively avoid competition risks with downstream customers through value chain collaboration, enabling us to establish a differentiated path of growth.

We have established a global business network and customer base. During the Track Record Period, we had 134 customers. In China, our products are welcomed by various industry champions. Globally, we supply SiC epitaxial wafer products to leaders in semiconductor power devices. Four of the world's top five SiC power device providers and eight of the top ten power device providers are our customers. We are also among the earliest SiC epitaxial foundries in China to obtain automotive-grade certification IATF 16949. For over seven years, we have been consistently supplying 6-inch SiC epitaxial wafers to automotive product manufacturers.

**We are led by a dedicated and seasoned leadership team with strategic foresight**

Our management team brings extensive industry expertise and a deep understanding of SiC technology and its applications. Our founder and chairman, Dr. Zhao, has over 35 years of experience in SiC industry, who is the only SiC epitaxial foundry founder solely committed in epitaxial wafer manufacturing in China, among all the founders of epitaxial foundries with volume. He is the first scientist to be elected as an IEEE Fellow for significant contributions to the R&D and application of SiC semiconductors.

Our core management team is composed of multidisciplinary industry leaders with expertise in technology R&D, operations and management. They are capable of driving the formulation and execution of business strategies, full-cycle project management, technology development, capacity planning, market penetration, supply chain management, and customer value enhancement. Their expertise lays a solid foundation for our long-term, high-growth trajectory. Driven by a strong entrepreneurial spirit and a strong sense of mission, our team is committed to transforming the SiC industry. We are dedicated to R&D and achieving large-scale commercialization of large-size, thick-film, highly uniform, and low-defect-density SiC epitaxial wafers.

## OUR GROWTH STRATEGIES

Our mission is to use SiC products to benefit humanity and empower a greener future. We remain committed to innovation, focusing on advancing R&D of SiC epitaxial wafers. We aim to provide top-quality SiC epitaxial products to global customers and to establish us as a world-class SiC giant known for technological leadership, operational excellence, and customer satisfaction.

### Sustained investment in R&D to strengthen and enhance our technological leadership

We consider R&D as a critical strategic initiative for our future growth. Our focus on the SiC epitaxy field is unwavering as we continue to address the evolving needs of end customers. Our customers utilize our SiC epitaxy wafers to manufacture their products, typically power devices, for a wide range of downstream industrial applications, such as EVs, charging infrastructure, renewable energy, ESS, as well as emerging applications such as home appliances, AI computing power and data centers, smart grids, and eVTOL. For example, our products can be adopted in EVs to enable smaller, lighter and more power-efficient devices such as 800V powertrains, particularly in inverters and converters. This application allows high-voltage operations with minimal energy loss for EVs, which translate into longer range, faster charging and reduced cooling demands. Through targeted R&D efforts, we aim to enhance product performance and overcome technical bottlenecks.

Specifically, we have been pursuing advancements and improvements in technologies such as composite substrate epitaxy, trench filling epitaxy, multi-layer epitaxy and ultra-thick epitaxy. These continuous efforts could not only drive our R&D but also could further optimize our cost structure. We will continue to focus on developing large-size, high-concentration uniformity, and low-defect-density SiC epitaxial wafers, aiming to deliver high-performance wafers that facilitate the adoption of SiC in downstream applications.

In particular, we plan to utilize our technological strengths to collaborate closely with downstream customers in joint R&D projects, maximizing synergies with industry participants. By maintaining close relationship with customers and understanding their needs, we are well-positioned to seize opportunities in the rapidly evolving SiC industry. This alignment allows us to ensure that our product development efforts are in sync with the strategic goals of our customers, creating shared value. For instance, according to CIC, we were the first company in China to develop trench filling epitaxy technology for superjunction applications. We have also collaborated with our customers to advance composite substrate epitaxy technology and consistently delivered commercialized products. Our multi-layer epitaxy technology has led to consistent, high-volume sales with one of the top five global SiC power device manufacturers. These innovations not only reinforced our position as a technological leader but also established us as a key R&D hub for our downstream partners. Moving forward, we will continue to deepen our collaboration with critical downstream partners to develop new technologies and establish ourselves as a pioneer in the industry.

### Expand production capacity with discipline to capture market opportunities

We aim to optimize our production capacity in a timely manner based on market conditions, allowing us to swiftly seize market opportunities while maintaining disciplined capacity expansion. We are the first in the world to achieve the commercial large-scale supply of 8-inch SiC epitaxial wafers, having made several breakthroughs in 8-inch SiC epitaxy technology. An increasing number of 8-inch SiC device manufactures are emerging. Our leadership in 8-inch epitaxy products positions us to capture an expanding and substantial market share. As of September 30, 2025, we have established partnerships with 24 companies worldwide for our 8-inch products.

To prepare for the anticipated market demand for 8-inch SiC epitaxial wafers, we plan to steadily expand our production capacity. This measured expansion will further solidify our leadership in the 8-inch SiC epitaxy market and allow us to seize emerging opportunities in the rapidly developing SiC industry. In particular, we are currently assessing market conditions and customer needs to determine the optimal timing for expanding our SiC epitaxy production capacity overseas. This approach would enable us to better meet the demand of our international customers for diversified supply chain, ensuring that we remain a reliable partner in the global market.

**Dual growth engine — penetrate domestic and overseas markets and execute a globalized strategy**

We are committed to sustaining growth in both domestic and overseas markets and enhancing our market leadership. Through technological innovation and satisfactory customer service, we aim to further strengthen our collaborations with downstream customers. By aligning with customer needs, we will support their technology upgrades and market breakthroughs. To enhance customer satisfaction and loyalty, we plan to establish technical service centers in key regions. These centers will provide comprehensive, full-lifecycle support, from product development to after-sales service, ensuring that our customers receive seamless assistance.

With 14 years of experience in R&D, mass production and building customer relationships, we have been a leading SiC epitaxial foundry recognized by global industry leaders. We will continue to expand our global sales network for SiC epitaxial wafers, foster partnerships with overseas collaborators, and work closely with top global SiC power device manufacturers to promote the application of our products and technologies globally.

By continuously enhancing our R&D and innovation capabilities, we seek to strengthen customer engagement and loyalty, solidify our competitive edge in the global SiC epitaxy market, and inject momentum into the fast development of the SiC industry.

**Enhance and upgrade existing product portfolio to deliver solutions with superior performance and enhanced cost efficiency**

To grasp market opportunities and drive innovation, we will closely monitor the iterations of downstream application scenarios and industry development, ensuring timely upgrades of our existing product portfolio. Specifically, we will adapt to the evolving needs of downstream customers by improving and optimizing our current product specifications. This includes developing SiC epitaxial wafers with larger sizes, increased thickness, improved uniformity, and fewer defects, providing customers with a product portfolio featured enhanced performance and high reliability.

In addition, we will continue to refine the manufacturing processes and scale up production with discipline. By building production facilities for SiC epitaxial wafers with high levels of automation and optimally designed spatial layouts, we seek to further optimize the cost structure of production. Ultimately, our goal is to deliver highly competitive and cost-effective epitaxial wafers to our customers.

**Attract top talents to enhance our multi-dimensional talent pool**

In the technology-driven SiC epitaxy industry, building a strong and professional R&D team is the key for maintaining a technological edge. To this end, we seek to align the career development plans of core R&D personnel with the Company's long-term goals. By leveraging diverse recruitment channels, we seek to bring accomplished graduates and research talents to our R&D team. We are committed to fostering a professional, innovative R&D team with a global perspective, providing reliable talent support for continuous innovation and market expansion in the SiC epitaxy industry.

In addition, for our strategic goals, we plan to prioritize the recruitment of key talent for R&D, production, quality control, and management functions. Our aim is to build a highly efficient and collaborative professional team that strengthens internal coordination and ensures the smooth operation of all departments.

By cultivating an efficient, professional, and stable workforce, we seek to enhance the Company's overall competitiveness, laying a solid foundation for sustainable development and enabling us to thrive in a dynamic market landscape.

## OUR PRODUCTS AND BUSINESS MODELS

### Overview

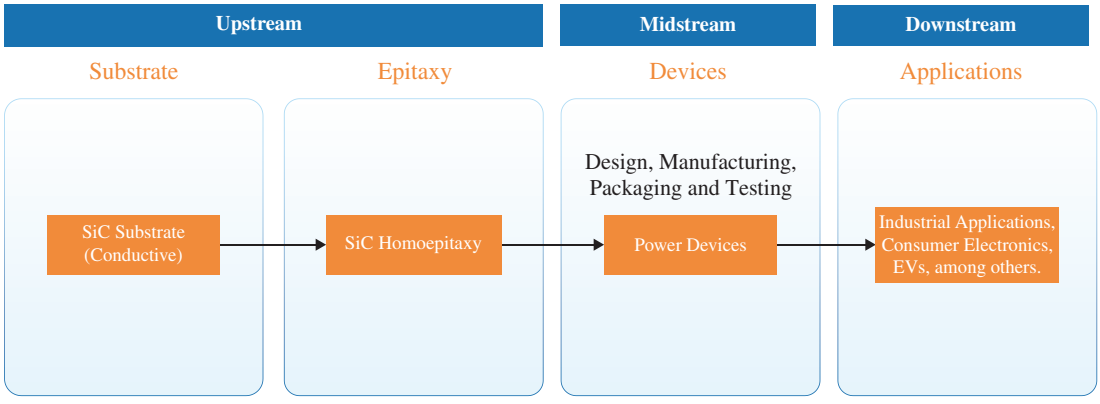
We are a global leader in providing silicon carbide (SiC) epitaxial wafers, the centerpiece materials for semiconductors with wide-bandgap. We have been primarily engaged in the research and development, mass production and sales of SiC epitaxial wafers. SiC epitaxial wafers offer a multitude of advantages over traditional Si wafers, including but not limited to enhanced temperature stability, higher breakdown voltage, and superior thermal conductivity. These unique properties make SiC wafers a key enabler of various applications.

According to CIC, we are the first company in China to mass-produce and commercialize a comprehensive set of various sizes of SiC epitaxial wafers, including 3-inch, 4-inch, 6-inch and 8-inch SiC epitaxial wafers. During the Track Record Period, we have delivered an aggregate of over 599,700 of SiC epitaxial wafers, making us one of the largest SiC epitaxial foundries globally, according to CIC. As of the Latest Practicable Date, we supply SiC epitaxial wafers to eight out of the ten largest power device manufacturers globally. To address the different needs of our customers, we offer Turnkey and Consign business models, both of which enable our customers to rely on our cumulative expertise in the production of SiC epitaxial wafers. For details, see "— Our Business Models."

SiC epitaxial wafers are critical for manufacturing high-performance semiconductor devices, offering superior efficiency and thermal conductivity compared to traditional Si wafers. Our customers utilize our SiC epitaxy wafers to manufacture their products, typically power devices, for a wide range of downstream industrial applications, such as EVs, charging infrastructure, renewable energy, ESS, as well as emerging applications such as home appliances, AI computing power and data centers, smart grids, and eVTOL. For example, our products can be adopted in EVs to enable smaller, lighter and more power-efficient devices such as 800V powertrains, particularly in inverters and converters. This application allows high-voltage operations with minimal energy loss for EVs, which translate into longer range, faster charging and reduced cooling demands. For details, see "Industry Overview."

### Our Products — SiC epitaxial wafers

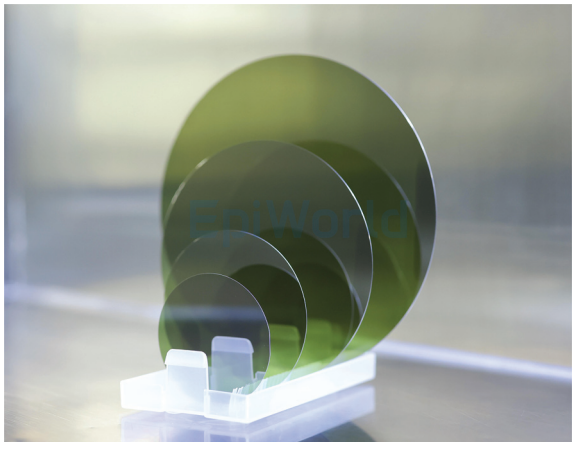
According to CIC, we held the largest SiC epitaxial wafers production capacity worldwide. On the semiconductor supply chain, SiC epitaxial wafers is the cornerstone for bridging innovative raw material with high-performance devices. The SiC industry chain consists of substrates, epitaxy, devices, and applications. Epitaxial wafers grow on substrates and serve as the material platform for devices to be manufactured. The epitaxial layer is a thin layer of SiC crystal grown on a SiC substrate. The following graphic illustrates the key segments of the SiC supply chain.




**SiC Supply Chain**

The quality of the epitaxial layers — its thickness, doping concentration and defect density — determines the performance, efficiency and reliability of SiC power devices. As a result, SiC epitaxial wafers require highly specialized process to achieve the precise structure needed for semiconductor devices to operate at high voltages, frequencies and temperatures. We have utilized the high-temperature chemical vapor deposition (CVD) method to produce SiC epitaxial wafers with consistent and high quality that could meet the demanding technical requirements of high-performance devices.

The following photo shows samples of our SiC epitaxial wafers.



We offer various sizes of SiC epitaxial wafers, including 4-inch, 6-inch and 8-inch. SiC wafers are typically categorized by size, primarily because the size directly impacts manufacturing efficiency, yield, and production scalability, with larger wafers typically delivering lower cost. During the Track Record Period, 6-inch SiC epitaxial wafers made up the majority of our sales. We also have a first-mover advantage as the first company in the world to mass-produce and commercially supply 8-inch SiC epitaxial wafers in the open market, according to CIC. Although 6-inch wafers currently dominate the market and is expected to grow continuously, the market size for 8-inch SiC wafers is expected to expand significantly. We continue to invest in the R&D and production of both 6-inch to 8-inch wafers, and expect 8-inch wafers to account for a growing share of our sales.

The following table sets forth a breakdown of our sales volume of SiC epitaxial wafers by sizes for the years and periods indicated.

| | Year Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* |
| | *(pieces of wafers, except for percentages)* | | | | | | | | | |
| **Sales volume** | | | | | | | | | | |
| 3-inch | – | – | – | – | – | – | – | – | 2 | 0.0 |
| 4-inch | 3,733 | 4.4 | 610 | 0.3 | 383 | 0.2 | 318 | 0.2 | 1,328 | 0.9 |
| 6-inch | 81,633 | 95.6 | 199,708 | 99.6 | 156,584 | 95.2 | 126,648 | 95.2 | 137,184 | 91.9 |
| 8-inch | – | – | 285 | 0.1 | 7,466 | 4.5 | 6,057 | 4.6 | 10,788 | 7.2 |
| **Total** | **85,366** | **100.0** | **200,603** | **100.0** | **164,433** | **100.0** | **133.023** | **100.0** | **149,302** | **100.0** |

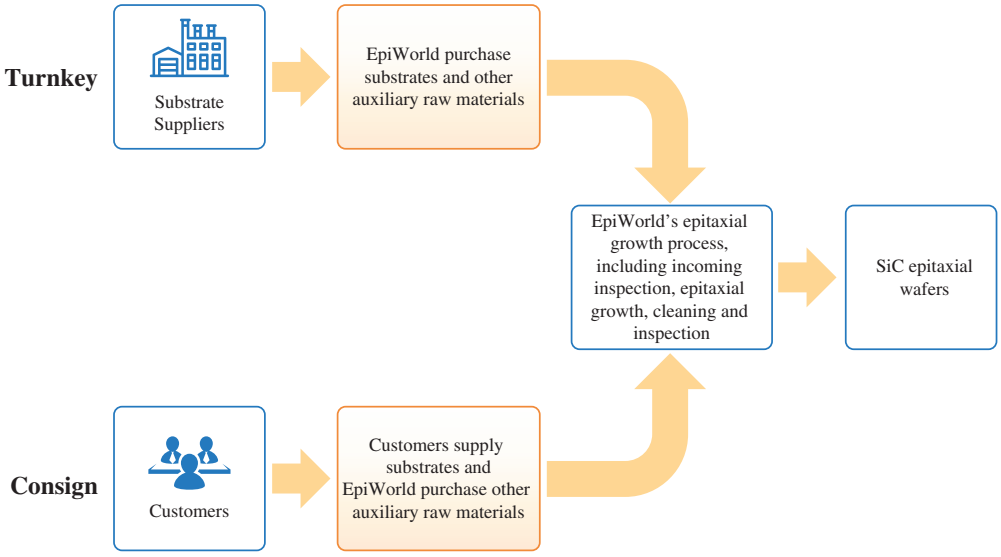
Our sales volume for 4-inch SiC epitaxial wafers decreased from 3,733 pieces in 2022, to 610 pieces in 2023 and further to 383 pieces in 2024. These declines were primarily due to the generational upgrades from 4-inch to 6-inch and 8-inch. Nonetheless, our customers have diverse product portfolios and end-use applications, and the demand for 4-inch wafers remains. Our 4-inch wafers were characterized by ultra-thick films and high voltage ratings. These 4-inch wafers continue to play an important role to our customers, as they are proven to be stable, reliable, and effective for certain power devices and industrial systems. Our sales volume of 4-inch wafers increased from 318 pieces for the nine months ended September 30, 2024 to 1,328 pieces for the same period in 2025 in accordance with specific demands of our customers. Our sales volume for 6-inch SiC epitaxial wafers increased from 81,633 pieces in 2022 to 199,708 pieces in 2023, primarily due to the growth of downstream applications and demands for 6-inch wafers. Our sale volume for 6-inch SiC epitaxial wafers decreased from 199,708 pieces in 2023 to 156,584 pieces in 2024, primarily due to larger stocking of our downstream customers in 2023. Our sales volume for 6-inch SiC epitaxial wafers increased from 126,648 pieces for the nine months ended September 30, 2024 to 137,184 pieces for the same period in 2025. We officially launched 8-inch SiC epitaxial wafers in May 2023 and our sales volume for 8-inch SiC epitaxial wafers increased from 285 pieces in 2023 to 7,466 pieces in 2024. Our sales volume of 8-inch wafers further increased from 6,057 pieces for the nine months ended September 30, 2024 to 10,788 pieces for the same period in 2025. These increases were primarily due to the iterations and upgrades of products, reflecting customers who previously purchased 4-inch or 6-inch products are adopting 8-inch products.

In general, demand for our SiC epitaxial wafers intensifies during the second half of a calendar year, surpassing the first half. This is primarily due to periodic fluctuations in demand for downstream products of SiC epitaxial wafers, which tend to be stronger in the second half of the calendar year. For example, the automotive industry typically sees higher sales volumes as companies push to meet their annual targets, including EVs. This, in turn, leads to inventory depletion and increased procurement of raw materials, including our SiC epitaxial wafers. Similarly, the photovoltaic and energy storage sectors also experience heightened demand in the second half of the year, as manufacturers are more inclined to start power station construction projects, and governments may introduce more favorable policies during this period.

We price our SiC epitaxial wafers based on a number of factors, including (i) the sizes and structures (thickness and doping types) of wafers; (ii) product specifications; (iii) purchase volume and (iv) prevailing market condition and competitive landscape. We regularly adjust our pricing strategies to maintain competitiveness. For customized products, such as specially doped or uniquely thick epitaxial wafers, prices are typically higher. To mitigate the downward price pressure, we intend to maintain and stabilize our price level by providing high-quality epitaxial wafers to high-end industry applications. Furthermore, leveraging our large production scale, we are able to maintain our costs at a competitive level and flexibly adjust our pricing strategy to enlarge our market share.

**Our Business Models**

We have two kinds of business models, namely Turnkey and Consign, based on whether we purchase substrates on our own or use the substrates provided by our customers, as illustrated by the following chart.




Our customers have the option to choose between the two models or any combination thereof based on their own capabilities and demands. We primarily serve SiC power device foundries and integrated device manufacturers without in-house epitaxy capabilities under our Turnkey model. Direct procurement of epitaxial wafers from us allows them to benefit from a stable, hassle-free, and cost-effective supply of high-quality epitaxial wafers. As the industry value chain continues to mature, epitaxial wafer providers like our Company are expected to maintain a competitive edge in both technology and production capacity, allowing downstream manufacturers to rely on external supply of epitaxial wafers and reducing the need for in-house investment in front-end processes such as epitaxy. On the other hand, customers with in-house epitaxy capabilities, such as global leading power semiconductor manufacturers, typically choose Consign or a combination of Consign and Turnkey, as they were able to secure substrates supply themselves. These customers mainly possess extensive experience and technological know-how in the manufacturing of SiC power devices and modules, along with substantial production capacities and global leading market shares. To ensure a stable supply of epitaxial wafers, they generally allocate a certain portion of their capacity to internal epitaxy production.

***Turnkey***

Under the Turnkey model, we purchase the raw material including substrates ourselves and upon the completion of production process, deliver the final products, SiC epitaxial wafers, to our customers. The price of our wafer products thereby takes into account the full costs of substrates as well as our production costs. When dealing with customers with large and recurring purchase orders, prices are typically negotiated based on production volume, prevailing market conditions and length of relationships. Through the Turnkey model, we could provide a integrated and convenient solution to our customers, allowing them to rely on our established quality control process.

The following are the salient terms of our contract with customers under the Turnkey model.

- ***Product specification:*** Our contract sets forth the model, requirement, quantity, price and other specifications of the epitaxial wafers ordered by our customers. We are responsible to deliver products conforming to these requirements.

- ***Payment:*** Our contract typically includes a concrete payment arrangement for our customers, such as credit term, payment schedule and method.

- ***Delivery:*** We are responsible to deliver the products to the place designated by our customers within the agreed delivery period, and we are responsible for the cost of packaging and shipping.

- ***Warranty:*** We are responsible to replace non-conforming products if any within the agreed warranty period.

- ***Termination:*** Our customers and us are entitled to terminate the contract upon mutual agreement or fundamental breach of the other party.

***Consign***

Under the Consign model, our customers supply us with the substrates. We would purchase other auxiliary raw materials, grow the SiC epitaxy and deliver the final epitaxial wafers to our customers. We charge the customers for the auxiliary raw materials and the foundry services for growing SiC epitaxy on substrates. The base processing fee depends on the size, doping type, and thickness of the epitaxial wafer and the additional service fees include charges for special process requirements, and other services. For large-volume orders, we from time to time apply tiered pricing where the larger the order quantity, the lower the unit process fee. Our pricing strategy enhances customer loyalty and increases long-term collaboration opportunities.

During the Track Record Period, we had five major overlapping customers and suppliers. The overlapping customers and suppliers primarily provided to us SiC substrates under our Consign model. For details, see "— Procurement and Supply Chain Management — Overlapping of Customers and Suppliers."

Our contract with customers under the Consign model is generally similar to those under the Turnkey model, apart from the main difference of the provision of substrates. Under the Consign model, our customers are generally responsible to provide and deliver the substrates to us for production. Upon receipt, we inspect the quality and proceed with the manufacturing process according to the contract specifications.

Our customers have the options to choose from our Turnkey model and Consign model, or simultaneously cooperate with us under both models as they see fit. Our manufacturing capacity and flexible business model allow us to adapt to such customized requests swiftly. The following table sets forth a breakdown of our sales volume of SiC epitaxial wafers by types of service for the years and periods indicated.

| | Year Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* | *Sales volume* | *%* |
| | *(pieces of wafers, except for percentages)* | | | | | | | | | |
| **Sales volume** | | | | | | | | | | |
| Turnkey | 31,339 | 36.7 | 96,428 | 48.1 | 122,283 | 74.4 | 92,006 | 69.2 | 137,763 | 92.3 |
| Consign | 54,027 | 63.3 | 104,175 | 51.9 | 42,150 | 25.6 | 41,017 | 30.8 | 11,539 | 7.7 |
| **Total sales volume** | **85,366** | **100.0** | **200,603** | **100.0** | **164,433** | **100.0** | **133,023** | **100.0** | **149,302** | **100.0** |

The sales volume under Turnkey service increased from 31,339 wafers in 2022 to 96,428 pieces in 2023 and further to 122,283 pieces in 2024, and increased from 92,006 pieces for the nine months ended September 30, 2024 to 137,763 pieces for the same period in 2025, primarily due to the growth of downstream applications and demands from our customers. Our Turnkey model witnessed a solid growth in 2024, primarily because the yield rate of domestic substrates notably improved compared to earlier years, and customers no longer have to specifically designate substrates for consign services. In addition, our scaled procurement under Turnkey model effectively reduced the substrate procurement costs in comparison with fragmented sourcing by customer themselves. As a result, the Turnkey model has overtaken the Consign model to become our primary source of revenue since 2024. Sales volume for Consign service increased from 54,027 wafers in 2022 to 104,175 wafers in 2023, primarily due to the growth of downstream applications and demands from our customers. The sales volume under Consign service decreased from 104,175 wafers in 2023 to 42,150 wafers in 2024, and decreased from 41,017 pieces for the nine months ended September 30, 2024 to 11,539 pieces for the same period in 2025, due to reduced demand from certain customers under the Consign service, caused by their large purchases in the previous year combined with fluctuations in their business operations. As of the Latest Practicable Date, we have no plans to phase out our Consign service despite the decline in its revenue and sales volume.

The following table sets forth a breakdown of our average selling price by product and by type of services during the Track Record Period.

| | Years Ended December 31, | | | Nine Months Ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB)* | | | |
| Turnkey | 8,863 | 8,791 | 6,866 | 3,508 |
| 3-inch | – | – | – | 1,770 |
| 4-inch | 5,140 | 3,647 | 4,493 | 3,027 |
| 6-inch | 9,360 | 8,787 | 6,433 | 3,209 |
| 8-inch | – | 21,000 | 13,620 | 7,072 |
| Consign | 2,898 | 2,810 | 2,873 | 2,073 |
| 4-inch | 11,854 | 27,418 | 2,856 | 1,789 |
| 6-inch | 2,891 | 2,810 | 2,873 | 2,032 |
| 8-inch | – | – | – | 2,862 |

The average selling price of 8-inch wafers decreased from RMB21,000 to RMB13,620 from 2023 to 2024 and further to RMB7,072 for the nine months ended September 30, 2025. Such decrease was primarily attributable to lower substrate costs. Additionally, during the initial introduction of 8-inch wafers, some products were provided as trial samples free of charge, which temporarily lowered the average selling price. However, the mainstream price for 8-inch wafers remains robust, at above US$1,000. Sales of 8-inch wafers will continue to support our profitability. The increase in the average selling price of 4-inch wafers from 2022 to 2023 was mainly due to customers' customization requirements. These 4-inch wafers were characterized by ultra-thick films and high voltage ratings, making the manufacturing process highly complex.

The following table sets forth the number of customers we served under our Turnkey and Consign models for the years indicated.

| | Year Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| Turnkey | 49 | 58 | 47 | 40 | 99 |
| Consign | 11 | 10 | 8 | 7 | 16 |
| **Total** | **60** | **68** | **55** | **47** | **115** |

Under both Turnkey and Consign models, we provide finished and ready-to-use SiC epitaxial wafers to our customers, and the price is calculated based on the volume of wafers ordered. Thus, we enter into similar contracts with our customers under both models. However, due to the difference in the materials and services involved, we typically charge a higher unit price under our Turnkey model. During the Track Record Period, our sales volumes under the Turnkey model increased, primarily due to our supply chain management capabilities. In particular, we were able to source cost-effective substrates with reliable quality, benefiting from our long-term strategic collaboration with suppliers, rooted in our large-scale production to secure capacity and favorable prices in advance. Our continuous effort in joint technology development with upstream suppliers also provides us with supplies of higher quality and yield rate. Our stable, convenient offering under the Turnkey model helps customers reduce supply chain management costs, shorten lead times, and avoid issues such as raw substrate shortages or inventory backlogs. The number of our customers under Turnkey model increased from 40 for the nine months ended September 30, 2024 to 99 for the same period in 2025, primarily due to our efficiency and qualify of delivery, ability to source and manage supply chain as well as our business development efforts. For our customers, our competitiveness is also rooted in our dedicated focus on the epitaxy technologies that positions us as industry leader under international standards, as well as broad and comprehensive customer base both domestically and internationally, reflecting the wide market acceptance of our products. In 2024, in terms of sales volume in open market, our market share among foundries in the global SiC epitaxy wafer market exceeded 30%, according to CIC, denoting our solid competitiveness for our customers.

## RESEARCH AND DEVELOPMENT

We have committed to the R&D of advanced technologies such as low defect density epitaxial growth, high uniformity epitaxial growth, thick-film epitaxial growth and n/p-type epitaxial growth. Additionally, we are currently tackling key industry challenges, including the preparation of ultra-thick epitaxial wafers, development and optimization of deep-trench-filling epitaxial growth, development and optimization of epitaxial growth process on composite substrates, process optimization for multi-wafer epitaxial growth equipment, among others.

We believe that our research and development capabilities are a core competitive strength and have led to our leading position in the industry. As of September 30, 2025, we have 106 full time-equivalent research and development employees. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, we had R&D expenses of RMB43.8 million, RMB101.8 million, RMB80.0 million, RMB62.1 million and RMB50.4 million, respectively. We are a semiconductor materials company and are characterized by high capital intensity and complex manufacturing processes. Therefore, our R&D expenses are generally moderate as compared with design or equipment companies within the semiconductor materials industry. During the Track Record Period, our R&D expenses as a percentage of total revenue experienced a slight decline. Nevertheless, we believe that we can maintain our industry competitiveness by continuously enhancing R&D efficiency and optimizing our innovation strategy. We emphasize effective resource allocation and strategic prioritization to drive meaningful innovation. Our efficient R&D model enables us to achieve product iterations and introduce innovative products without requiring substantial R&D expenses. By emphasizing efficiency and leveraging our industry expertise, we are able to deliver new products while maintaining stable and streamlined R&D expenses. For instance, in December 2025, we achieved a significant milestone with the world's first launch of 12-inch SiC epitaxial wafers, demonstrating our continued ability to deliver innovative products and sustain our competitive edge.

Our research and development team published 16 articles on the epitaxial growth of SiC. We have led the drafting of multiple major standards on SiC epitaxial wafers, as set forth below:

| Name of Standard | Standard No. | Issuing Authority | Role in Formulation of Standards | Date of Implementation | Category of Standard |
|---|---|---|---|---|---|
| Specification for 4H-SiC homo-epitaxial wafer | SEMI M92-0423 | Semi Standards Committee | Primary author | 2023.04 | International standard |
| SiC epitaxial wafers | GB/T43885-2024 | National Standardization Administration under State Administration for Market Regulation | Unit involved in drafting | 2024.11.1 | National standard |
| Acceptance specification for SiC epitaxial wafer of high voltage power devices in the grid system | DL/T 2301-2021 | National Energy Administration | Unit involved in drafting | 2021.10.26 | Industry standard |
| 8-inch SiC wafer reference marking and dimensions | T/CASAS 025-2023 | China Advanced Semiconductor Industry Innovation Alliance | Unit involved in drafting | 2023.6.19 | Group standard |
| Test method for minority carrier lifetime in SiC – microwave photoconductive | T/CASAS 026-2023 | China Advanced Semiconductor Industry Innovation Alliance | Unit involved in drafting | 2023.6.19 | Group standard |
| Test method for the content of metal elements on the surface of SiC wafer-inductively coupled plasma mass spectrometry | T/CASAS 032-2023 | China Advanced Semiconductor Industry Innovation Alliance | Unit involved in drafting | 2023.6.19 | Group standard |
| Specification for SiC homo-epitaxial wafers for power devices | T/CWA 1003-2018 | Association of China Wide Bandgap Power Semiconductor Industry | Primary author | 2019.01.01 | Group standard |
| The terminology for defects in 4H-SiC substrates and epilayers | T/CASA 004.1-2018 | China Advanced Semiconductor Industry Innovation Alliance | Unit involved in drafting | 2018.11.20 | Group standard |
| The metallographs collection for defects in 4H-SiC substrates and epilayers | T/CASA 004.2-2018 | China Advanced Semiconductor Industry Innovation Alliance | Unit involved in drafting | 2018.11.20 | Group standard |
| SiC epitaxial layers – determination of carrier concentration – mercury probe capacitance-voltages method | T/IAWBS003-2017 | Innovation Association of Wide Bandgap Semiconductor Technology | Primary author | 2017.12.31 | Group standard |
| Method of surface defects for SiC epitaxial wafers | T/IAWBS002-2017 | Innovation Association of Wide Bandgap Semiconductor Technology | Unit involved in drafting | 2017.12.31 | Group standard |

Our research and development efforts focus on:

- ***Improving qualities of 6-inch and 8-inch SiC epitaxial wafers.*** Optimize growth processes to reduce epitaxial defects and improve uniformity in doping concentration and thickness.

- ***Development and optimization of thick film epitaxial technology.*** Develop and refine thick-film epitaxial growth processes to address challenges such as long growth times, high defect density, and poor uniformity in doping concentration and thickness.

- ***Evaluation of new epitaxial equipment and development of the epitaxial technology applicable to the equipment.*** Evaluate and validate new epitaxial growth equipment, and develop epitaxial growth processes tailored to the equipment to enable mass production capabilities.

- ***Development and optimization of deep trench filling epitaxial growth.*** Develop and optimize trench filling epitaxial processes to establish a technological foundation for the fabrication of SiC superjunction devices.

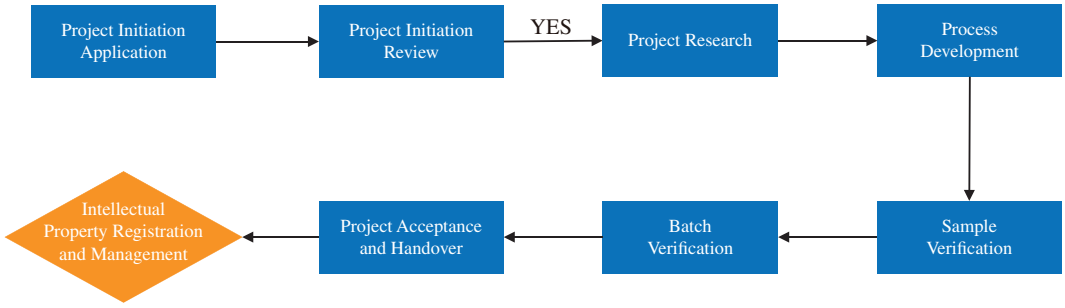
- ***Development and optimization of epitaxial growth processes on composite substrates.*** Develop and optimize epitaxial growth technologies for composite substrates to meet the epitaxial requirements of new types of substrates.

- ***R&D of epitaxial growth technology of ultra-wide bandgap materials for novel power devices.*** This aligns with the evolving trends in the power device industry and aims to advance the state of ultra-wide bandgap epitaxial materials.

**Our Technologies and R&D Process**

We have established a comprehensive R&D management system which typically involves four stages. First, our R&D team will submit a project initiation application based on industry development and market demand, as well as our existing production technology and long-term development strategy. A review committee will then review the application and conduct a meeting evaluation. After the project initiation application passes the review, a project team will be formed to prepare the project plan. Second, the project team carries out preliminary research and preparation work based on the project plan and formulates the overall technical solution. Third, the project team will engage in sample verification and batch verification processes. They first conduct small-batch trial production to test and verify the stability of the product process. Then the team proceeds to trial production of specific batches, collects test data, and verifies the feasibility of large-scale production. During this stage, the project team would also develop standardized process workflows and quality control standards. Finally, a project acceptance report will be drafted after the project achieves its R&D goals. Upon approval of the report, the project is handed over to other departments and intellectual property registration and management procedures will kick in if necessary.

The below chart illustrates the phases of our R&D project development process.




We have developed a series of proprietary technologies through our R&D efforts, enabling the successful mass production and commercialization of 6-inch and 8-inch SiC epitaxial wafers. These technologies are the result of our innovations in both design and manufacturing processes. The following chart sets forth some of our technology highlights.

| Core Technology | Highlights |
|---|---|
| 8-inch SiC epitaxial wafer production technology | As epiwafer sizes increase, larger surface areas exacerbate temperature and gas flow inconsistencies on the epiwafer. It becomes more challenging to achieve high epitaxial uniformity and low defect density. Through the development and optimization of 8-inch epitaxial growth processes: temperature, pressure, gas flow distribution, growth rate, C/Si ratio, among others, we have successfully addressed the above issues. As a result, the quality of our 8-inch epitaxial wafers has reached internationally advanced level. |
| BPD-free epitaxial growth technology | Basal Plane Dislocations (BPD) are defects that occur in the basal plane of a crystalline material. According to the mechanism of BPD conversion, the BPD-free epitaxial growth technology is developed by optimizing parameters such as growth temperature, reaction pressure, precursor flow rates, among others. Using this technology, the rate of BPD conversion to TED, a type of dislocation that does not affect device performance, is over 99.9% in the epitaxial growth process. The number of BPD defects is near zero in our epitaxial wafers. |
| High-concentration uniformity epitaxial growth technology | Through precise adjustments of surface thermal field and flow field, and optimization of epitaxial parameters such as C/Si ratio which indicates the proportion of carbon to silicon atoms in the gas mixture used during epitaxial growth of SiC layers, flow distribution, doping content, among others, we have greatly improved the uniformity of doping concentration of epiwafers. |

| Core Technology | Highlights |
|---|---|
| Low defect density epitaxial growth technology | By developing pre-etching and buffer layer technologies for epitaxial growth, we have effectively minimized the propagation of substrate defects into the epitaxial layer and successfully suppressed the formation of epitaxial growth defects. Using this technology, the quality of epiwafers has been greatly improved. |
| Thick-film epitaxial growth technology | By increasing the growth rate and optimizing the process parameters, we have developed this technology that can achieve an epitaxial layer thickness of over 200 micrometers with only five triangular defects and a low and controlled doping concentration with high uniformity. This is crucial for enabling the fabrication of ultra-high-voltage SiC power devices such as Insulated Gate Bipolar Transistors (IGBTs) and thyristors. |

## INTELLECTUAL PROPERTY

Since our inception, we have internally developed a variety of intellectual property rights. As of the Latest Practicable Date, we have 40 granted patents, including 15 invention related patents, as well as 20 trademarks in China. See "Appendix V — Statutory and General Information — Further Information About Our Business — Intellectual Property Rights" for details of our material intellectual property rights.

The below table sets forth details of our key invention patents as of the Latest Practicable Date.

| Patent Name | Registration No. | Intended Use(s) | Functions | Authorization Date | Expiry Date |
|---|---|---|---|---|---|
| A Semiconductor Wafer Compatibility Testing Stage and Method of Use Thereof | ZL201310431685.0 | Testing of SiC epitaxial wafers | Improve testing capability | 20160629 | 20330922 |
| A Self-Purification System for a Sealed Reaction Chamber | ZL201510018754.4 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20171013 | 20350114 |
| A Method for Analyzing Defects in Transparent Materials | ZL201610351566.8 | Testing of SiC epitaxial wafers | Improve testing capability | 20181127 | 20360524 |
| A Control Method for Growth of SiC Epitaxial and SiC Epitaxial Wafers | ZL202011344467.X | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20211008 | 20401126 |
| A Method for Improving Growth Quality of SiC Epitaxial Film | ZL202011420249.X | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20210810 | 20401208 |
| A Method for Reducing Growth Defects in SiC Epitaxial Wafers and a SiC Substrate | ZL202011581436.6 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20211123 | 20401228 |

| Patent Name | Registration No. | Intended Use(s) | Functions | Authorization Date | Expiry Date |
|---|---|---|---|---|---|
| A Non-Destructive Testing Method for Thickness Measurement of Semiconductor Doping Layers | ZL202110423512.9 | Testing of SiC epitaxial wafers | Improve testing capability | 20220218 | 20410420 |
| A Control Method for Growth of SiC Epitaxial | ZL202110813657.X | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20220823 | 20410719 |
| SiC Step Flow Low-Speed Growth Method for Chemical Potential Regulation Growth Monomer under Non-Equilibrium Condition | ZL202110933959.0 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20230214 | 20410813 |
| A Method for Reducing Surface Defects of SiC Epitaxial Film | ZL202310896143.4 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20231010 | 20430721 |
| A Method for Detecting Thickness of SiC Epitaxial Layer in Real Time | ZL202211725302.6 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20231020 | 20421230 |
| A Method for Reducing Growth Defects in SiC Epitaxial Wafers and a SiC Substrate | ZL202111074030.3 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20240813 | 20401228 |
| A Method for Detecting Micropipe Defects in a SiC Substrate | ZL202311866853.9 | A method of testing SiC substrate | Improve testing capability | 20250128 | 20431229 |
| A process for n-type doped SiC epitaxial growth | ZL202311354763.1 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20250516 | 20431019 |
| A method for reducing bump defects on the SiC epitaxial film surface | ZL202411925059.1 | Growth of SiC epitaxial wafers | Improve the quality of epitaxial wafers | 20250808 | 20441225 |

Despite our efforts to protect our proprietary rights, unauthorized parties may attempt to copy or otherwise obtain and use our technology. See "Risk Factors — Risks Related to Our Business and Industry — Our business depends on our ability to protect our proprietary know-how and intellectual property rights."

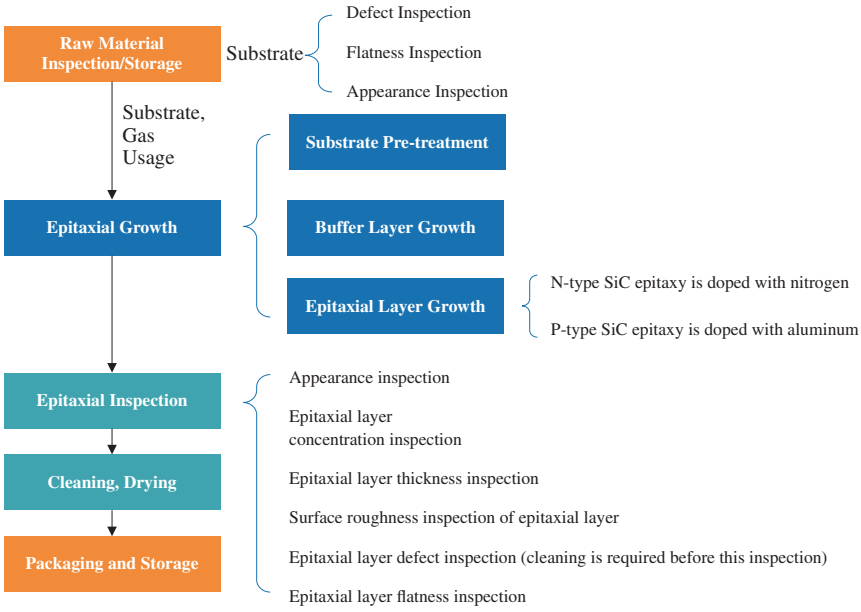
During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes or any other pending legal proceedings regarding intellectual property rights with third parties.

## PRODUCTION

Through years of persistent technological innovation, we have mastered the entire epitaxial growth process, including pre-treatment, epitaxial growth, cleaning, and inspection. By optimizing various parameters of the epitaxial growth process, such as temperature, reaction pressure, gas flow rate, and C/Si ratio, we have developed procedures to reduce defects caused by substrate raw materials and epitaxial growth itself, while enhanced the uniformity of epitaxial layer thickness and concentration, and achieved high yield rates of our SiC epitaxial wafer products.

## Production Process

Our production process consists of seven steps, which is illustrated by the following diagram.




Set forth below are details of each key production step:

1. *Raw material inspection*: We inspect parameters such as defects, flatness, and appearance of each substrate, and only those that meet the standards are approved for storage.

2. *Substrate pre-treatment*: The substrate undergoes in-situ etching treatment using hydrogen chloride or hydrogen prior to epitaxial growth. This process improves the surface quality of the substrate, eliminates certain substrate defects, and creates a solid foundation for subsequent epitaxial growth.

3. *Buffer layer growth*: By introducing different gaseous chemical materials into the epitaxy reactor, chemical reactions occur on the surface of the SiC substrate under high temperature and low pressure, resulting in the deposition of a solid-state homo-epitaxial single-crystal thin film on the substrate surface.

4. *Epitaxial layer growth*: Based on doping types, gaseous chemical materials of varying concentrations are introduced into the epitaxy reactor to undergo chemical reactions on the surface of the SiC substrate under high temperature and low pressure. This process deposits a solid-state homo-epitaxial SiC single-crystal thin film on the buffer layer.

5. *Epitaxial inspection*: Upon the completion of epitaxial layer growth, we inspect parameters such as epitaxial layer thickness, concentration, defects, roughness, and flatness. Once the inspection results meet customer requirements, the epitaxial wafer proceeds to the cleaning and drying processes.

6. *Pre-storage cleaning and drying*: SiC epitaxial wafers that pass inspection undergo multiple rounds of cleaning with chemical mixed solutions and deionized (DI) water. After drying, they are processed for storage.

7. *Packaging and storage*: Qualified SiC epitaxial wafers are packaged and stored.

**Production Equipment and Machinery**

During the Track Record Period, our core production equipment includes epitaxial growth equipment, epitaxial inspection equipment, and cleaning equipment. Our epitaxial growth equipment primarily sourced from global industry leader. As of December 31, 2022, 2023 and 2024 and September 30, 2025, we had 13, 19, 24 and 26 suppliers for core production equipment, respectively. All of our equipment undergoes regular maintenance and servicing in accordance with established standards, ensuring optimal operational performance. During the Track Record Period, no major operational failures have occurred as a result of equipment or facility malfunctions. Depreciation rates are determined based on the asset category, estimated useful life, and expected residual value. The depreciation period for our major equipment ranges from three to ten years.

We purchased high-quality core manufacturing equipment and established a fully integrated SiC epitaxial production line:

***Sophisticated Epitaxy Equipment.*** In the selection of critical epitaxial production equipment, we have primarily procured epitaxial growth reactors manufactured in Europe, including both single-wafer and multi-wafer epitaxial reactors. These reactors are suitable for high-end product development, customized production, and large-scale production, with technical parameters leading the industry.

***Advanced Inspection Systems.*** We have procured industry-leading automated high-precision inspection equipment, enabling 100% measurement and control of all critical epitaxial parameters: thickness and doping concentration, defect density, surface roughness, wafer flatness and metallic contamination.

***Fully Automated Cleaning Systems.*** We implemented "dry-in/dry-out" automated wafer cleaning systems with real-time online process monitoring of both cleaning capacity and cleaning effectiveness to ensure cleanliness of finished products.

Currently, our SiC epitaxial production line is certified by IATF 16949. Our current configuration of epitaxial production, inspection and cleaning equipment has exceeded a monthly production capacity of 50,000 SiC epitaxial wafers as of the Latest Practicable Date, creating synergistic advantages of "high precision—high capacity—high yield" to provide global power device customers with high-quality products and services.

**Production Facilities**

We currently maintain one production base in Xiamen, China. During the Track Record Period, our production volume reached 88.0 thousand pieces in 2022, 223.0 thousand pieces in 2023, 145.1 thousand pieces in 2024, and 132.0 thousand pieces for the nine months ended September 30, 2025. The table below sets forth details of our production base as of September 30, 2025.

| Production Base | Location | Gross Floor Area | Primary Products |
|---|---|---|---|
| | | *(sq.m.)* | |
| Xiamen production base . . . . | No. 196 and No. 198 Shitou East Second Rd, Xiang'an District, Xiamen 361101, China | 135,804.7 | 4-inch, 6-inch and 8-inch SiC epitaxial wafers |

Set forth below are the maximum available production capacity, production volume and utilization rates of our production base for the years/periods indicated. We are currently expanding our production base in Xiamen.

| | Year ended December 31, | | | | | | | | | Nine Months Ended September 30, | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | 2023 | | | 2024 | | | 2025 | | |
| | Maximum available production capacity[1] | Production Volume[2] | Utilization Rate | Maximum available production capacity[1] | Production Volume[2] | Utilization Rate | Maximum available production capacity[1] | Production Volume[2] | Utilization Rate | Maximum available production capacity[1] | Production Volume[2] | Utilization Rate |
| Xiamen production base | 99.0 thousands | 88.0 thousands | 88.9% | 235.5 thousands | 220.6 thousands | 93.7% | 258.6 thousands | 145.1 thousands | 56.1%[3] | 307.0 thousands | 132.0 thousands | 43.0%[4] |

*Notes:*

(1) In pieces of wafers. Maximum available production capacity in a period is calculated as the number of reactors in operations multiplied by the maximum number of epitaxial wafers produced by each reactor per day, multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year and 273 days for nine months ended September 30). However, the number of actual operating reactors may be affected by time of equipment installation and tuning.

(2) In pieces of wafers. Production volume refers to the actual epitaxial wafer output in a given period.

(3) Our utilization rate of 56.1% in 2024 was primarily due to expansion of our production capacity and our customers' adjustments of their inventory levels. We are adaptive to changing market conditions and focused on operational efficiency in 2024. We remain committed to monitoring market dynamics closely and responding strategically for future growth.

(4) Expansion of production capacity contributed to the decline of our utilization rate for the period as compared to the year of 2024. We are strategically expanding our capacity and we plan to do so in a disciplined and prudent manner. We operate in an industry with rapid growth. According to CIC, the industry we operate in is expected to grow at a CAGR of 38.2% from 2024 to 2029. Therefore, our current capacity may soon become insufficient to meet rising demand. In addition, expanding early can position the Company to capture a larger market share, stay ahead of the production lead time, benefit from economies of sale, and reduce per-unit costs in the long run. Moreover, we are upgrading our product lines, including introducing new 8-inch production lines, to improve our competitiveness.

## SALES AND MARKETING

During the Track Record Period, our SiC epitaxial wafer products were sold worldwide, including Asia, Europe, North America, and others. The table below sets forth the breakdown of our revenue by geographic region, based on the locations of our direct contracting customers, for the years and periods indicated:

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | *(unaudited)* | | | |
| **Revenue by region** | | | | | | | | | | |
| Asia[1] | 275,470 | 62.5 | 745,220 | 65.2 | 672,429 | 69.0 | 543,971 | 67.3 | 455,961 | 85.2 |
| Greater China | 167,703 | 38.1 | 307,249 | 26.9 | 207,656 | 21.3 | 161,343 | 20.0 | 340,026 | 63.5 |
| Europe[2] | 149,339 | 33.9 | 323,343 | 28.3 | 268,943 | 27.6 | 235,014 | 29.1 | 64,160 | 12.0 |
| North America[3] | 14,083 | 3.2 | 73,938 | 6.5 | 32,944 | 3.4 | 29,265 | 3.6 | 14,942 | 2.8 |
| Others[4] | 1,800 | 0.4 | – | – | – | – | – | – | – | – |
| **Total** | **440,691** | **100.0** | **1,142,502** | **100.0** | **974,316** | **100.0** | **808,250** | **100.0** | **535,063** | **100.0** |

*Notes:*

(1) Asia primarily comprises Greater China, South Korea and Japan.

(2) Europe primarily comprises Austria, Switzerland and the U.K.

(3) North America primarily comprises the U.S.

(4) Others primarily comprises Australia.

During the Track Record Period, our sales were primarily from sales of SiC epitaxial wafers. The following sets forth the salient terms of our standard direct sales agreement:

- *Product specifications.* We specify the products, packaging, brand, quantity, and logistics of shipment in our agreements with customers.

- *Pricing.* We sell our products to customers at mutually agreed price levels.

We engage with channel partners for a small percentage of our sale in Asian markets. According to CIC, facilitating transactions through channel partners are widely adopted and are industry norm in the relevant regions. The channel partners are primarily engaged to complement our sales team and to facilitate transactions in accordance with the distribution trading practice of the region where our end customers are located. By leveraging their local market expertise, established networks, and logistical capabilities, the channel partners help us to accelerate our market entry and reduce operational complexities. Channel partners provide valuable insights into regional regulations, customer preferences, and competitive landscapes, enabling us to focus on core competencies while ensuring efficient market penetration and scalable growth. This strategic partnership mitigates risks, enhances cost efficiency, and strengthens our ability to deliver satisfactory customer service in diverse international markets. In December 31, 2022, 2023 and 2024 and for the nine months ended September 30, 2025, we had three, three, three and three channel partners, respectively. In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, revenue from our channel partners amounted to RMB96.1 million, RMB126.7 million, RMB72.0 million and RMB32.1 million, respectively, representing 21.8%, 11.1%, 7.4% and 6.0% of the total revenue for the respective periods. During the Track Record Period, to the best of our Directors' knowledge, all of our channel partners were Independent Third Parties. We do not work with sub-channel partners during the Track Record Period. During the Track Record Period and up to the Latest Practicable Date, we have no material unresolved disputes or lawsuits with our channel partners.

**Marketing**

We have an experienced and highly trained sales and marketing team, who proactively identify market opportunities and tailor sales strategies. Due to the highly specialized nature of the industry, we often participate in trade shows and industry forums to enhance the awareness of our brand and promote our new and existing products.

**Our Channel Partners**

We engage independent third-party channel partners to sell our SiC epitaxial wafers to certain regions and markets in Asia, including Taiwan, Japan and South Korea. We believe our channel partners help us effectively execute our marketing strategies specifically tailored to each geographical location with their local customer base and regional market insights. We and our channel partners constitute a seller and buyer relationship, under which we do not pay commissions or make other payments to our channel suppliers. Accordingly, we recognize revenue when our products are delivered to and accepted by the channel partners. We categorize our sales to channel partners under our Turnkey/Consign models according to the choice and arrangement of our channel partners where both models coexist.

During the Track Record Period, we had three, three, three and three channel partners in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively. We generated a minor portion of revenue from our channel partners of RMB96.1 million, RMB126.7 million, RMB72.0 million and RMB32.1 million in 2022, 2023 and 2024 and for the nine months ended

September 30, 2025, respectively, accounting for 21.8%, 11.1%, 7.4% and 6.0% of our total revenue for the same years/periods, respectively. Our channel partners primarily engage in the trading and sales of semiconductor components and relevant services. We started our business relationship with the channel partners through targeted marketing activities in certain regions by identifying these regional sales network and actively reaching out to seek opportunities of collaboration.

Channel Partner A served five end customers during the Track Record Period, including a semiconductor component manufacturer listed on the Taiwan Stock Exchange, which generated revenue of RMB87.9 million, RMB102.1 million, RMB25.4 million, and RMB10.7 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively, accounting for 93.3%, 90.8%, 47.3% and 45.9% of the total revenue generated from Channel Partner A for the same years/periods, and 20.0%, 8.9%, 2.6% and 2.0% of our total revenue for the same years/periods. Channel Partner B served 11 end customers during the Track Record Period, including a semiconductor device and storage solution provider headquartered in Japan, which generated revenue of RMB0.2 million, RMB9.6 million, RMB5.6 million and nil in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively, accounting for 9.4%, 74.6%, 62.9% and nil of the total revenue generated from Channel Partner B for the same years/periods, and 0.04%, 0.8%, 0.6% and nil of our total revenue for the same years/periods. Channel Partner C served three end customers during the Track Record Period, including a semiconductor device manufacturer listed in the Korea Exchange and London Stock Exchange, which generated revenue of nil, nil, RMB6.2 million and RMB7.7 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively, accounting for nil, nil, 65.8% and 99.9% of the total revenue generated from Channel Partner C for the same years/periods, and nil, nil, 0.6% and 1.4% of our total revenue for the same years/periods. To our knowledge, the following table sets forth certain details of the operations of our channel partners during the Track Record Period.

| Channel Partner | Background | Number of End Customers | Background of End Customers | Years of Relationship | Revenue | | % of Total Revenue |
|---|---|---|---|---|---|---|---|
| | | | | | | *(RMB in millions)* | *%* |
| Channel Partner A | A company that engages in the agency businesses of semiconductor supply chain, headquartered in Taiwan and incorporated in 2004 | 5 | primarily Taiwan companies that primarily engage in the sales and production of semiconductor components | 9 years | 2022 | 94.3 | 21.4 |
| | | | | | 2023 | 112.5 | 9.8 |
| | | | | | 2024 | 53.7 | 5.5 |
| | | | | | Nine months ended September 30, 2025 | 23.3 | 5.1 |
| Channel Partner B | A company that engages in the agency businesses of wafers and semiconductor manufacturing equipment, headquartered in Japan and incorporated in 1998 | 11 | primarily Japanese companies that primarily engage in the sales and production of semiconductor and storage devices | 12 years | 2022 | 1.7 | 0.4 |
| | | | | | 2023 | 12.9 | 1.1 |
| | | | | | 2024 | 8.8 | 0.9 |
| | | | | | Nine months ended September 30, 2025 | 1.0 | 0.2 |
| Channel Partner C | A company that engages in the sales of wafers and semiconductor materials, headquartered in South Korea and incorporated in 2004 | 3 | primarily South Korean companies that primarily engage in the sales and production of SiC devices used in energy, industrial application and EVs | 5 years | 2022 | 0.1 | 0.0 |
| | | | | | 2023 | 1.4 | 0.1 |
| | | | | | 2024 | 9.4 | 1.0 |
| | | | | | Nine months ended September 30, 2025 | 7.7 | 1.7 |

We typically enter into a framework agreement with our channel partners for the sales of our solutions. The following sets forth the salient terms of our standard agreement:

- *Duration*: typically one year, subject to renewal by mutual agreement;
- *Geographical region*: within the agreed areas, typically the region that our channel partner has coverage and expertise;
- *Risk allocation*: all significant risks, including inventory risks, are transferred to our channel partners upon delivery and acceptance, and we retain no ownership control over the products sold to our channel partners;
- *Credit terms*: we generally offer a 30-90 day credit terms upon delivery and acceptance to our channel partners;
- *Product returns and warranty*: our channel partners can only claim for return our products due to our shipping error or quality issues, and we typically provide a warranty period of one year;
- *Product supply*: orders only become effective after our confirmation and we should subsequently respond within reasonable time with sufficient product supply; and
- *Pricing restriction*: our partners shall strictly adhere to our advised prevailing product sales price range provided by us.

A director of Channel Partner B is a family member of one of our shareholders who owns 1.49% equity interest in our Company as of the Latest Practicable Date. Save for such relationship, to the best of our knowledge, all of our other channel partners are independent third parties without other past or present relationships between the channel partners and our Company, Directors, shareholders, senior management, or any of their respective associates during the Track Record Period and up to the Latest Practicable Date.

**Customers**

We provide SiC epitaxial wafers to power device companies, which then fabricate the wafers into devices for their customers. During the Track Record period, we had served 134 customers. Our customers are primarily global leaders of semiconductor power devices.

***Top Five Customers***

During the Track Record Period, we generally became acquainted with our top five customers through targeted marketing activities. We locate leading downstream customers with potential to develop technology synergy and long-term collaboration through public information, and our management actively reaches out to seek opportunities of cooperation. We do not set compulsory target volumes for our customers and allow them to adjust their purchase plans according to actual demands. Our sales to the five largest customers in each year/period during the Track Record Period were RMB381.5 million, RMB938.0 million, RMB790.6 million and RMB331.0 million, respectively, and accounted for 86.5%, 82.1%, 81.2% and 61.9% of the total revenue for the respective years/periods. Our sales to the largest customer in each year/period during the Track Record Period were RMB246.6 million, RMB614.6 million, RMB393.6 million and RMB163.0 million, respectively, and accounted for 56.0%, 53.8%, 40.4% and 30.5% of our total revenue for the respective years/periods. According to CIC, given the stringent technical requirements and the critical need for supply chain stability across the downstream semiconductor sectors, power device industry are dominated by limited leading players, which constitute the majority of our customer base. As a result, we maintain deep collaborations with these leading players, leading to our relatively high customer concentration. The fluctuation in revenue generated from our five largest

customers during the Track Record Period was primarily attributable to volatile macroeconomic conditions and the cyclical nature of the semiconductor industry. As a result, our customers adjusted their procurement plans against the fluctuation in downstream industries, such as automotive and industry applications, which further impacted our revenue. In particular, the revenue generated from Customer A, Customer B, Customer F, Customer G and Customer H significantly increased from 2022 to 2023, primarily due to wider adoption of downstream applications of SiC power devices, such as EVs and smart grid, as well as our increased production capacity, which enabled us to provide sufficient supply and fulfill large-scale orders. The revenue generated from Customer F and Customer I significantly increased from 2023 to 2024, primarily due to successful product validation and strong recognition from these customers, reflecting their confidence in our product quality, service, and reliable delivery based on our previous cooperation. Revenue from Customer A decreased from RMB614.6 million in 2023 to RMB104.4 million in 2024, and further to nil for the nine months ended September 30, 2025. We believe the decrease in the sales to Customer A is a combined effect of a large inventory backlog carried over from previous years, Customer A's product cycles and its evolving business focuses. At the same time, as it is headquartered in the U.S., we cannot exclude the possibility that evolving tariff and geopolitical conditions adversely affected its purchase decisions. For more analysis on the impact of geopolitical tension, see "Risk Factors — Risks Related to Our Business and Industry — Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions, international trade policies, international export controls and economic sanctions." On the basis that revenue generated from the United States only accounted for a minority of our total revenue during the Track Record Period, and considering our continuous effort to expand our customer base, such events would not have a material adverse effect on our overall financial condition or results of operations.

Our customers generally have a relatively long certification and validation cycle for their selected raw material suppliers due to the high safety requirements of the production of their semiconductor products, particularly for automotive-grade products, thereby creating a high entry barrier for potential competitors. Nonetheless, considering the broad-based yet relatively fragmented nature of domestic customer demand and our effort to extend our customer base, as well as the current inventory level of certain of our largest customers, we expect the proportion of revenue from our top five customers to decline, reducing our reliance on their revenue contribution. In particular, the domestic market is characterized by demand arising from a wide range of industries and applications, resulting in a large but relatively fragmented customer base with diverse needs. This structure is primarily due to the broad downstream applications of SiC products and the unique attributes of the industry, which stand in contrast to the global market's high concentration among a few dominant providers. To grow our customer base in the domestic market, we have implemented a systematic customer expansion strategy focused on deepening regional coverage, refining market segmentation, and establishing dedicated teams to address specific industry requirements. By enhancing the competitiveness of our products and solutions, and tailoring our offerings to the needs of both large enterprises and emerging players, we are able to lower barriers to entry for new customers and effectively serve under-penetrated market segments. Furthermore, in light of the elevated inventory levels currently held by some of our major customers and reduced demands from some of these customers, we are strategically prioritizing the acquisition of new customers and the development of high-growth market segments. This proactive approach to expanding into emerging markets and diversifying our customer base is expected to mitigate customer concentration risks and support sustainable growth going forward. Considering the ongoing geopolitical tension and broad market slowdown, we plan to mitigate the risk of deterioration of our relationships with top customers through a series of comprehensive strategies, including actively expanding our customer base, deepening cooperation with existing key customers to enhance business stickiness, continuously investing in innovation to strengthen our core competitiveness, and establishing comprehensive risk monitoring and contingency mechanisms.

| Rank | Customers | Type of Products Purchased | Background | Approximate Years of Business Relationship | Revenue | % of Our Total Revenue |
|---|---|---|---|---|---|---|
| | | | | | *(RMB in millions)* | *%* |
| For the year ended December 31, 2022 | | | | | | |
| 1 | Customer A | SiC epitaxial wafers (Turnkey & Consign) | A company that provides intelligent power and intelligent sensing solutions, headquartered in Arizona, U.S., incorporated in 1999 and listed on the Nasdaq Stock Exchange | 8 years | 246.6 | 56.0 |
| 2 | Customer B | SiC epitaxial wafers (Turnkey & Consign) | A company that engages in the agency of semiconductor supply chain, headquartered in Taiwan and, incorporated in 2004 | 9 years | 94.3 | 21.4 |
| 3 | Customer C | SiC epitaxial wafers (Turnkey & Consign) | A company that provides turn-key chip solutions focusing on SiC power semiconductor applications, headquartered in Shanghai and incorporated in 2017 | 6 years | 15.4 | 3.5 |
| 4 | Customer D | SiC epitaxial wafers (Turnkey) | A company that provides automotive integrated circuit chips, headquartered in Shanghai and incorporated in 2017 | 5 years | 14.6 | 3.3 |
| 5 | Customer E | SiC epitaxial wafers (Turnkey) | A company that engages in the development and management of microelectronics business, headquartered in Jiangsu, incorporated in 2002 and listed in STAR Market | 8 years | 10.6 | 2.4 |
| For the year ended December 31, 2023 | | | | | | |
| 1 | Customer A | SiC epitaxial wafers (Turnkey & Consign) | A company that provides intelligent power and intelligent sensing solutions, headquartered in Arizona, U.S., incorporated in 1999 and listed in the Nasdaq Stock Exchange | 8 years | 614.6 | 53.8 |
| 2 | Customer B | SiC epitaxial wafers (Turnkey & Consign) | A company that engages in the agency of semiconductor supply chain, headquartered in Taiwan and incorporated in 2004 | 9 years | 112.5 | 9.8 |

| Rank | Customers | Type of Products Purchased | Background | Approximate Years of Business Relationship | Revenue | % of Our Total Revenue |
|---|---|---|---|---|---|---|
| | | | | | *(RMB in millions)* | *%* |
| 3 . . . . | Customer F | SiC epitaxial wafers (Turnkey & Consign) | A company that provides power system and IoT solutions, headquartered in Neubiberg, Germany, incorporated in 1999 and listed on the Frankfurt Stock Exchange | 3 years | 94.2 | 8.2 |
| 4 . . . . | Customer G | SiC epitaxial wafers (Consign) | A company that provides SiC power solutions and materials, headquartered in North Carolina, U.S., incorporated in 1987 and listed on the New York Stock Exchange | 3 years | 62.7 | 5.5 |
| 5 . . . . | Customer H | SiC epitaxial wafers (Turnkey) | A company that provides electrified railway equipment and systems, headquartered in Hunan, incorporated in 2005 and listed on the Hong Kong Stock Exchange and STAR Market | 9 years | 54.0 | 4.7 |
| For the year ended December 31, 2024 | | | | | | |
| 1 . . . . | Customer I | SiC epitaxial wafers (Turnkey) | A company that provides integrated circuit and semiconductor devices, headquartered in Kyoto, Japan, incorporated in 1958 and listed on the Tokyo Stock Exchange | 2 years | 393.6 | 40.4 |
| 2 . . . . | Customer F | SiC epitaxial wafers (Turnkey & Consign) | A company that provides power system and IoT solutions, headquartered in Neubiberg, Germany, incorporated in 1999 and listed on the Frankfurt Stock Exchange | 3 years | 201.5 | 20.7 |
| 3 . . . . | Customer A | SiC epitaxial wafers (Turnkey & Consign) | A company that provides intelligent power and intelligent sensing solutions, headquartered in Arizona, U.S., incorporated in 1999 and listed on the Nasdaq Stock Exchange | 8 years | 104.4 | 10.7 |
| 4 . . . . | Customer B | SiC epitaxial wafers (Turnkey & Consign) | A company that engages in the agency of semiconductor supply chain, headquartered in Taiwan and incorporated in 2004 | 9 years | 53.7 | 5.5 |

| Rank | Customers | Type of Products Purchased | Background | Approximate Years of Business Relationship | Revenue | % of Our Total Revenue |
|---|---|---|---|---|---|---|
| | | | | | *(RMB in millions)* | *%* |
| 5 . . . . | Customer J | SiC epitaxial wafers (Turnkey & Consign) | A company that provides semiconductor devices and sensors, headquartered in Zhejiang, incorporated in 1997 and listed on the Shanghai Stock Exchange | 4 years | 37.4 | 3.8 |
| For the nine months ended September 30, 2025 | | | | | | |
| 1 . . . . | Customer I | SiC epitaxial wafers (Turnkey) | A company that provides integrated circuit and semiconductor devices, headquartered in Kyoto, Japan, incorporated in 1958 and listed on the Tokyo Stock Exchange | 2 years | 163.0 | 30.5 |
| 2 . . . . | Customer F | SiC epitaxial wafers (Turnkey & Consign) | A company that provides power system and IoT solutions, headquartered in Neubiberg, Germany, incorporated in 1999 and listed on the Frankfurt Stock Exchange | 3 years | 62.7 | 11.7 |
| 3 . . . . | Customer B | SiC epitaxial wafers (Turnkey & Consign) | A company that engages in the agency of semiconductor supply chain, headquartered in Taiwan and incorporated in 2004 | 9 years | 41.1 | 7.7 |
| 4 . . . . | Customer K | SiC epitaxial wafers (Turnkey) | A company that provides automotive-grade and industrial controlling SiC devices, headquartered in Guangdong, incorporated in 2021 | 3 years | 38.3 | 7.2 |
| 5 . . . . | Customer C | SiC epitaxial wafers (Turnkey & Consign) | A company that provides turnkey chip solutions focusing on SiC power semiconductor applications, headquartered in Shanghai and incorporated in 2017 | 6 years | 25.9 | 4.8 |

As of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors 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. As of the Latest Practicable Date, Customer E owns 2.69% equity interest in our Company. Save for Customer E, to the best of our knowledge, all of our five largest customers in each year during the Track Record Period are independent third parties without other past or present relationships between them and our Company, Directors, shareholders, senior management, or any of their respective associates during the Track Record Period and up to the Latest Practicable Date.

### Sales To The Five Largest Customers

Our sales to the five largest customers in each period during the Track Record Period were RMB381.5 million, RMB938.0 million, RMB790.6 million and RMB331.0 million, respectively, and accounted for 86.5%, 82.1%, 81.2% and 61.9% of the total revenue for the respective periods. Our sales to the largest customer in each period during the Track Record Period were RMB246.6 million, RMB614.6 million, RMB393.6 million and RMB163.0 million, respectively, and accounted for 56.0%, 53.8%, 40.4% and 30.5% of our total revenue for the respective periods. We actively nurture our relationships with top customers by continuously innovating and enhancing our product and service offerings. We regularly engage in dialogue with our customers to understand their evolving needs, provide customized solutions, and continuously advance our products to meet their technical requirements. For risks related to customer concentration, please see "Risk Factors — Risks Related to Our Business and Industry — A significant portion of our revenue was derived from our major customers in each year/period comprising the Track Record Period. Any decrease in sales from, or loss of major customers may have negative impacts on our results of operations."

We believe our relationships with our top five customers are robust and unlikely to experience any material adverse change or termination, primarily due to our integrated collaboration model that engenders customer stickiness and imposes high switching costs. As our production is embedded into our customers' production workflows and accommodates their customized specifications, replacing us would necessitate an operational overhaul, which involves substantial process restructuring, extensive personnel retraining, and complex system reintegration, leading to excessive business risk. This stickiness is further reinforced by our joint R&D initiatives and regular technical alignment with our customers where our product roadmap is synchronized with their evolving needs, making us an indispensable partner in their innovation cycle rather than a mere vendor. Moreover, backed by long-term framework agreements and a history of high renewal rates, our position is protected by significant industry barriers and stringent demands of the end-market ecosystem. The industry sectors our customers serve typically require high product stability and consistency, necessitating lengthy certification processes for their suppliers. As our major customers are established stable suppliers to these end-users, they are reluctant to replace us once qualified to maintaining the product quality consistency required by the end-customers. According to CIC, our downstream semiconductor industry demands a rigorous validation cycle of at least one to two years for new suppliers, meaning any attempt to switch would result in prohibitive time-to-market delays and substantial validation costs that effectively lock in our partnership.

We believe that we have built long-standing, strategic partnerships with our top five customers, upheld by our product quality and service standards. Our products and services are integrated into customers' operations, resulting in significant switching costs and operational risks for customers seeking to replace us.

## PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

We primarily procure raw materials (such as substrates, gases, accessories, and other materials) and epitaxial growth equipment from qualified suppliers. To meet production needs while maintaining reasonable inventory levels, we have established a comprehensive procurement management system and procedures.

We rely on market feedback and forecasted orders to plan in advance for procurements of key raw materials and submit purchase requests accordingly. We select suppliers from the list of qualified suppliers and finalizes purchase orders through inquiry, price comparison, and negotiation. Our procurement contracts typically specify product specifications and pricings, requirements for packaging and product quality, delivery and payment terms, agreement on product inspection and warranty, term for contract termination, confidentiality, dispute resolution, among others. We mainly source our primary raw materials in the PRC, with 95% domestic procurement of raw materials in 2024.

The following sets forth the salient terms of our arrangements with our suppliers:

- *Product specifications.* We specify the technical specifications of products, packaging, brand, quantity, and price in purchase agreements with our suppliers.

- *Durations.* The duration of the supply agreements typically spans a period of from one month (for a single purchase order) to five years (for framework supply agreements).

- *Payment, credit term and delivery.* The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order. In terms of payment, we are generally granted by our suppliers a credit term of 60 days.

- *Quality guarantee.* In the event of a quality issue arising during the warranty period, the supplier is obliged to either attend the site or provide a response and resolution within specified periods (ranging from five hours for raw materials to three days for equipment) upon receipt of our notification.

- *Termination.* We are entitled to terminate the purchase order when the supplier fails to perform and does not make timely corrections after receiving our notice.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material disputes with our suppliers.

**Top Five Suppliers**

Our purchase from the five largest suppliers in each year/period during the Track Record Period were RMB430.3 million, RMB1,342.8 million, RMB376.5 million and RMB220.5 million, respectively, and accounted for 65.4%, 72.1%, 83.3% and 79.1% of the total cost of revenues for the respective years/periods. Our purchase from the largest supplier in each year/period during the Track Record Period were RMB215.3 million, RMB718.7 million, RMB129.4 million and RMB79.2 million, respectively, and accounted for 32.7%, 38.6%, 28.6% and 28.4% of the total cost of revenues for the respective years/periods. According to CIC, given the technical barrier of SiC substrate manufacturing and the limited number of suppliers that are able to deliver substrates with quality and stability, it is industry norm for foundries like us to have relatively high supplier concentration. During the Track Record Period, we generally entered into long-term agreements with our important substrate suppliers to secure necessary supply, which stipulate annual target purchase volumes. We expect the proportion of purchase from our five largest suppliers to remain relatively stable in the next few years. Nonetheless, our purchase from Supplier D decreased from RMB718.7 million in 2023 to RMB37.7 million in 2024, and further decreased for the nine months ended September 30, 2025, primarily because we adopted domestic equipment with better cost efficiency and comparable performance, which will further benefit our production efficiency.

As of the Latest Practicable Date, none of our Directors, Supervisors, their close associates or any of our Shareholders (who or which to the knowledge of the Directors 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. To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, each of our top five suppliers are independent from each other. As of the Latest Practicable Date, nothing has caused us to believe that our relationship with our major suppliers will materially deteriorate, and we do not anticipate facing material supply issues in the near future on the basis of our long-term stable strategic collaboration with our suppliers rooted in our centralized procurement policy. However, we cannot assure you that our business relationships with major suppliers will not change in a way that adversely affect us. For details, see "Risk Factors — 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 relationship with us." To mitigate the risk of any deterioration, we will continue to solidify our strategic collaboration with suppliers and implement a comprehensive supply chain risk alert system. We plan to actively

strengthen our supplier management procedures, implement stringent quality control policies, monitor our suppliers' comprehensive performance and maintain stable supplier relationship. In addition, considering the rapid development of our upstream industries such as manufacturing of substrates, which led to additional choices of suppliers with qualities, we believe that we are able to identify new suppliers with similar supply capacity on comparable commercial terms within a reasonable period of time in case that our relationship with existing suppliers materially and adversely changed.

| Rank | Suppliers | Type of Products/ Services Provided | Background | Approximate Years of Business Relationship | Credit Terms | Purchase Amount | % of Our Total Purchase |
|---|---|---|---|---|---|---|---|
| | | | | | | *(RMB in millions)* | *%* |
| For the year ended December 31, 2022 | | | | | | | |
| 1 | Supplier D | Equipment and consumables | A company that provides semiconductor equipment and SMT solutions, headquartered in Netherlands, incorporated in 1968 and listed on Euronext | 9 years | installment payment | 215.3 | 32.7 |
| 2 | Supplier H | Equipment | A company that provides semiconductor equipment and industry gases, headquartered in Shanghai and incorporated in 2010 | 4 years | installment payment | 72.4 | 11.0 |
| 3 | Supplier A | Substrates | A company that engages in the development, manufacture and sales of SiC single crystal substrate materials, headquartered in Shandong, incorporated in 2010 and listed in the STAR Market | 12 years | 30 days | 58.2 | 8.9 |
| 4 | Supplier G | Equipment | A company that provides semiconductor equipment, headquartered in Taiwan, incorporated in 1979 and listed on the Taiwan Stock Exchange | 10 years | installment payment | 52.2 | 7.9 |
| 5 | Supplier F | Substrates | A company that provides metal products, chemical products and machinery accessories, headquartered in Guangdong, incorporated in 1996, whose parent is listed in the Tokyo Stock Exchange | 7 years | 30 days | 32.3 | 4.9 |
| For the year ended December 31, 2023 | | | | | | | |
| 1 | Supplier D | Equipment and consumables | A company that provides semiconductor equipment and SMT solutions, headquartered in Netherlands, incorporated in 1968 and listed on Euronext | 9 years | installment payment | 718.7 | 38.6 |

| Rank | Suppliers | Type of Products/ Services Provided | Background | Approximate Years of Business Relationship | Credit Terms | Purchase Amount | % of Our Total Purchase |
|---|---|---|---|---|---|---|---|
| | | | | | | *(RMB in millions)* | *%* |
| 2 . . . . | Supplier A | Substrates | A company that engages in the development, manufacture and sales of SiC single crystal substrate materials, headquartered in Shandong, incorporated in 2010 and listed in the STAR Market | 12 years | 30 days | 213.1 | 11.4 |
| 3 . . . . | Supplier C | Substrates and others | A company that provides electronic materials and devices and information system solutions, headquartered in Beijing and incorporated in 2002, who has subsidiaries listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange | 4 years | 60 days | 201.3 | 10.8 |
| 4 . . . . | Supplier F | Substrates | A company that provides metal products, chemical products and machinery accessories, headquartered in Guangdong and incorporated in 1996, whose parent is listed on the Tokyo Stock Exchange | 7 years | 30 days | 116.0 | 6.2 |
| 5 . . . . | Supplier G | Equipment | A company that provides semiconductor equipment, headquartered in Taiwan, incorporated in 1979 and listed on the Taiwan Stock Exchange | 10 years | installment payment | 93.7 | 5.0 |
| For the year ended December 31, 2024 | | | | | | | |
| 1 . . . . | Supplier A | Substrates | A company that engages in the development, manufacture and sales of SiC single crystal substrate materials, headquartered in Shandong, incorporated in 2010 and listed in the STAR Market | 12 years | 30 days | 129.4 | 28.6 |
| 2 . . . . | Supplier B | Equipment, substrates and consumables | A company that provides semiconductor equipment and substrate materials, headquartered in Zhejiang, incorporated in 2006 and listed on the Shenzhen Stock Exchange | 3 years | Equipment: installment payment; Others: 30/60 days | 105.5 | 23.4 |

| Rank | Suppliers | Type of Products/ Services Provided | Background | Approximate Years of Business Relationship | Credit Terms | Purchase Amount | % of Our Total Purchase |
|---|---|---|---|---|---|---|---|
| | | | | | | *(RMB in millions)* | *%* |
| 3 . . . . | Supplier C | Substrates and others | A company that provides electronic materials and devices and information system solutions, headquartered in Beijing and incorporated in 2002, who has subsidiaries listed on the Shenzhen Stock Exchange and the Shanghai Stock Exchange | 4 years | 60 days | 88.6 | 19.6 |
| 4 . . . . | Supplier D | Equipment and consumables | A company that provides semiconductor equipment and SMT solutions, headquartered in Netherlands, incorporated in 1968 and listed on Euronext | 9 years | installment payment | 37.7 | 8.3 |
| 5 . . . . | Supplier E | Gases | A company that develops and provides industry gases, headquartered in Jiangsu and incorporated in 2002, whose parent is listed on the Taiwan Stock Exchange | 13 years | 30 days | 15.4 | 3.4 |
| For the nine months ended September 30, 2025 | | | | | | | |
| 1 . . . . | Supplier A | Substrates | A company that engages in the development, manufacture and sales of SiC single crystal substrate materials, headquartered in Shandong, incorporated in 2010 and listed in the STAR Market | 12 years | 30 days | 79.2 | 28.4 |
| 2 . . . . | Supplier B | Equipment, substrates and consumables | A company that provides semiconductor equipment and substrate materials, headquartered in Zhejiang, incorporated in 2006 and listed on the Shenzhen Stock Exchange | 3 years | Equipment: upon installment; Others: 30/60 days | 62.9 | 22.6 |
| 3 . . . . | Supplier J | Substrates | A company SiC semiconductor materials, headquartered in Shanxi and incorporated in 2018 | 3 years | 60 days | 50.3 | 18.0 |
| 4 . . . . | Supplier K | Substrates | A company that develops SiC single crystal materials, headquartered in Guangdong and incorporated in 2018 | 2 years | 60 days | 15.2 | 5.4 |
| 5 . . . . | Supplier L | Substrates | A company that develops SiC single crystal substrates, headquartered in Hebei and incorporated in 2012 | 3 years | 60 days | 12.9 | 4.6 |

**Supply Chain and Inventory Management**

We believe that we have effectively managed our supply chain during the Track Record Period and up to the Latest Practicable Date. During the Track Record Period, we did not encounter any material supply chain issues, enabling us to continuously deliver our SiC epitaxial wafer products to our customers.

We have adopted a rigorous supplier selection process that involves supplier qualification review, material validation, quality system audit, and risk assessment. Only after passing the evaluation can suppliers be included in our "qualified supplier list", thereby ensuring the stability and reliability of the supply chain. Our inventories mainly include raw materials, finished goods, work-in-progress (WIP), goods dispatched, and processing materials for our Consigned services.

We are actively pursuing the following supply chain and inventory management strategies:

- *Long-term agreements and bulk purchasing:* We flexibly adjust our supply chain and inventory management strategies based on market supply and demand conditions. Under the circumstances of supply shortage, we typically enter into long-term agreements with suppliers to lock in prices and supply quantities, and reduce costs through bulk purchasing. In contrast, we do not enter into long-term agreements with suppliers to lock in prices and supply quantities when supply exceeds demand.

- *Supply chain diversification:* We actively seek to expand supplier channels to reduce reliance on a single supplier and enhance the stability of the supply chain. Furthermore, we are promoting domestic substitution for our core production equipment such as epitaxial growth equipment, epitaxial inspection equipment, and cleaning equipment, thereby reducing dependence on imported equipment.

- *Inventory management optimization:* We utilize advanced inventory management systems to monitor inventory levels, ensuring stock remains within a reasonable range and avoiding overstocking or shortages.

- *Market forecasting and flexible adjustments:* We regularly adjust procurement plans based on market forecasts to ensure timely responses to demand fluctuations.

We believe that our operation is not dependent on any particular supplier. During the Track Record Period, we maintained multiple suppliers to avoid over-reliance on any of suppliers and we believe there is no significant difficulty to find suitable substitutes for our suppliers.

During the Track Record Period, our inventory levels fluctuated, reflecting our strategic decision to stock and destock raw materials to effectively accommodate changing market conditions. In order to mitigate the risk of supply chain shortage and ensure our delivery of our own products to our customers in time, we proactively built up our strategic inventories. For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, our inventory turnover days were 106.7 days, 115.8 days, 170.2 days and 178.4 days, respectively. Our enhanced inventory management measures have enabled us to effectively monitor and manage our inventory levels. In accordance with these policies, we generally conduct a semi-annual review and record corresponding impairment provisions, resulting in an increase in write-downs at mid-year. Concurrently, we have further optimized our inventory structure by prioritizing the depletion of aged stock. Our inventory aged over one year has decreased significantly compared to early 2025, and the current scale of impairment has improved notably. At the second half of 2025, driven by a substantial increase in sales orders, we strategically increased our reserves of raw materials and finished goods to fulfill current orders and anticipate future sales demand. See "Financial Information — Discussion of Selected Items from the Consolidated Balance Sheets — Assets — Inventories."

### Overlapping of Customers and Suppliers

During the Track Record Period, we had five major overlapping customers and suppliers. The total revenue we generated from the overlapping customers and suppliers amounted to RMB357.9 million, RMB791.2 million, RMB180.5 million and RMB68.2 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, respectively, and the purchases from the overlapping customers and suppliers amounted to RMB11.2 million, RMB16.6 million, nil and RMB0.1 million in the corresponding years/periods, respectively. Such overlapping was primarily caused by our Consign model, under which our customers supply substrates to us for epitaxial growth. We will then sell the epitaxial wafers to such customers. See "— Our Products and Business Models — Our Business Models — Consign." Our Directors have confirmed that none of our sales to and purchases from our overlapping customer and supplier during the Track Record Period was inter-conditional, inter-related or otherwise considered as one transaction. We negotiate the transactions with our overlapping customer and supplier on an arm's-length basis with reasonable and fair pricing terms.

## QUALITY CONTROL

We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with the regulatory requirements and quality requirements during the entire development, manufacturing, delivery and services processes. We strictly adhere to the requirements of the IATF 16949 management system, implementing rigorous quality control measures and establishing a comprehensive customer feedback and complaint handling process to promptly and effectively address customer concerns. We have mainly implemented the following procedures for quality control.

- **Raw Material Inspection and Selection:** we have established a strict certification process for selecting qualified suppliers and a comprehensive evaluation and introduction process for new raw materials. Additionally, we implemented rigorous material inspection standards. For critical raw materials that have the significant impact on the quality of our final products such as substrates, we would inspect all of the substrates to ensure their quality.

- **Production Process Monitoring:** we have set up key quality control points throughout the production process to enable on-site inspections and monitoring so that we could identify potential issues promptly. Critical parameters and data are recorded in real-time for subsequent analysis and traceability.

- **Product Inspection and Testing:** we have implemented a set of product quality inspection standard, along with nonconforming product and abnormality management standards. We utilize advanced inspection equipment to ensure the accuracy and reliability of testing. Every product undergoes 100% inspection to guarantee the quality of outgoing shipments.

- **Employee Skill Training:** all of our employees undergo rigorous training and pass competency assessments. Additionally, we regularly organize professional skills and quality awareness training to continuously improve employees' quality consciousness and technical proficiency.

- **Quality Records and Management:** we maintain a quality record system to ensure data integrity and traceability. We conduct statistical analysis of quality data to identify potential issues for improvement timely, fostering continuous enhancement of product quality.

Our SiC epitaxial wafer products exhibit stable physical properties and typically do not have a fixed shelf life. If it is determined that the delivered product fails to meet the technical specifications outlined in the agreement with the customer due to quality issues, we offer return or replacement support. In principle, there is no time limit on after-sales service, ensuring maximum effort to maintain strong customer relationships.

During the Track Record Period, we have not experienced significant product returns, replacements, or customer complaints.

## DATA PRIVACY AND INFORMATION TECHNOLOGY SYSTEMS

As our customers are power device companies rather than individual consumers, we do not collect personal information from third parties for our research and development purposes. In the course of our research and development, we process data in compliance with the applicable legal requirements and cooperate with qualified partners responsible for desensitizing data and anonymizing personal information to ensure the data security. See "Risk Factors — Risks Related to Our Business and Industry — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer." for further details describing the data privacy risks associated with our operations.

We enforce IT and data securities compliance measures through the implementation of the Information Security Management Procedure. For technical information, we ensure data security and business continuity by adopting practices such as data encryption, regular audits, and the development of data backup and recovery plans, while regularly identifying and addressing potential risks. For customer data management, we implement commercial information protection measures and access control mechanisms to effectively safeguard customer data.

During the Track Record Period and up to the Latest Practicable Date, we have not received any claim from any third party against us on the ground of infringement of such party's right to data and privacy protection as provided by any applicable laws and regulations in the PRC. See "Risk Factors — Risks Related to Our Business and Industry — We may be subject to claims by third parties for intellectual property infringement."

Through continuous improvement of our information systems, we have extended the construction of these systems to cover research and development, sales, production, quality, supply chain, and other operational departments. This ensures strong support for the Company's rapid growth and swift response to market changes. Below are our key information systems.

- *ERP System.* We deploy ERP system as an integrated platform for financial, sales, procurement, and production processes, ensuring smooth collaboration among the core business departments that form the foundation of the Company's operations.

- *Manufacturing Operations Management System.* We deploy Manufacturing Operations Management system which includes multiple modules such as MES (Manufacturing Execution System), WMS (Warehouse Management System), and PMS (Predictive Maintenance System). Through real-time data collection and transmission, we ensure effective control over the production process, timely delivery of production tasks, real-time monitoring of process yield rates, and strong assurance of product quality.

- *CIM System.* The CIM system we have deployed encompasses subsystems such as EAP (Equipment Automation Program), FDC (Fault Detection and Classification), SPC (Statistical Process Control), and RMS (Recipe Management System). These subsystems, in conjunction with the manufacturing operations system, efficiently manage automated production equipment. By predicting equipment failures through data

analysis, coordinating production tasks with equipment control, and minimizing manual intervention in the production process, we have significantly enhanced production efficiency and product quality.

- *HR System.* We use HR system to manage the Company's organizational structure, employee attendance, recruitment, training, and performance, ensuring scientific and efficient overall management of the Company's human resources.

- *OA System.* We use OA system to implement the Company's management system and process, so that various departments can carry out compliance and efficient cross-department and cross-team collaboration in daily collaboration, which greatly improves the overall operational efficiency of the Company.

During the Track Record Period and up to the Latest Practicable Date, we did not experience significant IT system failures or outages that adversely affected our business operations.

## COMPETITION

The SiC epitaxy industry in which we operate is highly competitive and rapidly evolving with technological innovations, changes in customer demands and preferences, frequent introduction of new products and application fields. We face intense competition with other leading players in various aspects of our business, including product design, manufacture and consumer experience. See "Industry Overview." See "Risk Factors — Risks Related to Our Business and Industry — We face substantial competition."

We believe that we have established our competitive moat. We possess extensive R&D expertise and large-scale production experience, and we continue refining our SiC foundry technology to deliver top-tier SiC epitaxial wafers. Furthermore, we have established stable collaborations with leading semiconductor companies and reputable suppliers, which allows us to consistently strengthen our market share.

## EMPLOYEES

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we employed an aggregate of 402, 833, 592 and 532 full-time employees, respectively. The number of our full-time employees increased from 402 as of December 31, 2022 to 833 as of December 31, 2023, primarily because we experienced continuous business expansion and capacity ramp-up, leading to an increase in our business scale and staff. The number of our full-time employees subsequently decreased to 592 as of December 31, 2024 and 532 as of September 30, 2025, primarily attributable to our ongoing efforts in digitalization and automation, as well as the introduction of more efficient equipment, leading to significant improvements in overall work efficiency. These efforts reduced demand for staff and labor, especially for production related functions. The following table sets forth a breakdown of the number of our employees as of December 31, 2022, 2023, and 2024, respectively, by work function.

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| Research and Development | 67 | 141 | 124 | 106 |
| Production | 289 | 627 | 400 | 356 |
| Sales and Marketing | 7 | 7 | 11 | 13 |
| General and Administrative | 39 | 58 | 57 | 57 |
| **Total** | **402** | **833** | **592** | **532** |

Substantially all of our employees are based in the PRC. Our success depends on our ability to attract, retain and motivate qualified personnel, and we have adopted high standards and strict procedures in our recruitment, including campus recruitment, online recruitment and internal referral. We recruit employees based on their educational background, relevant experience in similar positions and professional qualifications, as well as our expansion strategy and job vacancies. We offer competitive compensation for our employees. In addition, we provide bonus regularly to employees who make contributions to our technological innovation. Also, for those with outstanding work performance, we reward them with higher compensation or promotion. We also enhance the development of corporate culture and employee engagement by organizing various activities and trainings to enrich employee's professional skills, boost morale, and improve the work environment.

We entered into confidentiality and non-compete agreements with all employees. These agreements stipulate that employees must maintain lifelong confidentiality regarding the Company's trade secrets and that intellectual property created by employees during their tenure belongs to the Company. We also enforce non-compete clause with employees with access to the Company's core technologies and trade secrets. Under this clause, employees are prohibited from joining competing companies operating in the SiC industry chain for a period of two years after their departure. During this non-compete period, the Company provides monthly compensation.

As required by PRC laws and regulations, we participate in various employee social security schemes organized by municipal and provincial government, including pension, maternity insurance, unemployment insurance, work-related injury insurance, health insurance and housing provident fund.

We believe that we maintain a good working relationship with our employees, and we have not experienced any significant labor disputes or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

## INSURANCE

Pursuant to PRC regulations, we provide social insurance including pension insurance, unemployment insurance, work-related injury insurance, maternity insurance and medical insurance for our employees based in China. We also purchase supplemental employer's liability insurance to cover generic risks that may arise from our ordinary course of business and property insurance to safeguard our property and mitigate risks of various accidental losses. Our Directors consider our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in China. See "Risk Factors — Risks Related to Our Business and Industry — We may not have sufficient insurance coverage to cover our potential liability or losses."

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We are committed to fostering sustainable practices, promoting social responsibility, and maintaining strong governance standards, reflecting our dedication to Environmental, Social, and Governance ("ESG") principles. We have established environmental and occupational health and safety management systems, as well as a production safety system. We have developed a comprehensive set of policies and procedures covering aspects including environmental protection, production safety, employee welfare, and anti-corruption efforts.

As our clients increasingly emphasize the importance of ESG management, many of them have integrated ESG-related criteria into the compliance audits of our production operations. The audit processes include online reviews, completion of ESG checklists, and CSR checklists. During compliance audits conducted by our clients, the ESG-related evaluation typically encompasses areas including environmental management, greenhouse gas emissions, energy use, ethical business practices, legal compliance, labor rights, human rights, and occupational health and safety. There

has not been any material adverse findings from our customer compliance audits on our Group as of the Latest Practicable Date. Our operations and facilities comply with extensive environmental, health, and safety laws and regulations. These include the management of hazardous materials and the disposal of hazardous and harmful waste produced by our facilities. We also actively reduce energy consumption and waste generation by upgrading production processes. We are committed to creating a positive work environment for all employees. We place significant emphasis on employee safety and welfare. We regularly conduct relevant skills training for our employees to enhance workplace safety. We have introduced independent directors into our board to oversee the effective implementation of our corporate governance initiatives.

**ESG Governance**

We are fully aware of our responsibilities to promote corporate social responsibility and integrating it into all major aspects of our business operations. We are committed to complying with ESG reporting requirements and we strive to carry out our business in a manner that protects the environment and the health and safety of our employees and we plan to establish a committee specifically tasked with the implementation of ESG-related measures. To effectively manage ESG issues, we plan to establish a set of ESG policies, in accordance with the standards of Appendix C2 to the Listing Rules, which outlined, among others, (i) the appropriate risk governance on ESG matters, including climate-related risks and opportunities, (ii) ESG strategy formation procedures, (iii) ESG risk management and monitoring, (iv) the identification of key performance indicator ("KPI") and (v) the relevant measurements and mitigating measures. Our Board of Directors will be responsible for ESG decision-making, governance and supervision. This includes, among others, (i) the formulation and revision of ESG strategies, framework and policies; (ii) the assessment, management and control of ESG risks; (iii) the review of ESG objectives and evaluation of the implementation of ESG objectives; (iv) the examination of the ESG management systems and reports; and (v) the provision of oversight and guidance on ESG matters. Our Board of Directors serves as the highest governance body concerning ESG matters. We have dedicated personnel responsible for identifying applicable laws, regulations, and industry standards. Their focus encompasses a range of ESG risks, including environmental protection, production safety, employee welfare, anti-corruption, and community engagement. We have adopted a comprehensive set of ESG policies in accordance with the standards set forth by the Listing Rules. This includes, but is not limited to, our "Corporate Environmental, Social, and Governance Management Manual" and "Corporate Social Responsibility Management Policy." We have also established an "Environmental and Occupational Health and Safety Management System," which is certified under the ISO 45001 standard.

Through regular ESG-related training, we seek to promote and provide guidance on ESG-related knowledge to all employees and the management. The Board will supervise the preparation of our ESG reports and conduct a thorough review of these reports. We plan to develop a set of ESG strategies. These procedures include formulating plans that clearly define the measures to be taken, responsible personnel, timelines and the metrics for evaluating goal achievement, as well as inspections conducted from time to time to promptly correct any issues identified and report on the implementation status of the plans. In addition, we are committed to transparency in our ESG performance. Our ESG goals and metrics will be disclosed in the annual ESG reports, providing stakeholders with information on our progress and performance.

**ESG Risk Identification, Assessment and Management and Opportunities**

We regularly assess ESG-related risks and our Board remains well-informed of the major risks faced by the Company and the current status of risk management, enabling it to make effective risk control decisions and to consider and approve the risk assessment of major decisions and solutions to major risks, all while maintaining effective control over various operations and matters within an acceptable level of risk tolerance. Regarding the materiality assessment process and factors, we place great emphasis on the control of ESG risks and the enhancement of our governance framework and management mechanisms. Specifically:

- We take a comprehensive approach to consider the interests of various stakeholders, including employees, investors, customers, suppliers, and community members. We are committed to creating a safe, equal, and respectful working environment for our employees, implementing standardized safety production practices, and conducting regular safety education and training. We actively respond to ESG-related concerns from investors and customers, incorporate ESG factors into the evaluation and assessment of suppliers, and fulfill our social responsibilities.

- We continuously monitor and assess environmental and climate-related risks that may affect our business, strategy, and financial performance.

- Upholding the principles of sustainable development, we actively fulfill our environmental responsibilities. Through our comprehensive environmental management system, stringent pollution control measures, and ongoing investment in environmental protection, we have achieved significant results in environmental governance. This includes effective waste management, control of emissions, risk management related to environmental factors, and greenhouse gas emissions management. We have designated personnel responsible for collecting and analyzing pollutant emission indicators during production processes and tracking improvement outcomes.

- In addressing climate change, we have implemented a series of initiatives aimed at optimizing our energy structure, enhancing energy efficiency, promoting green office practices, and strengthening our carbon footprint management.

The following section sets out our assessment of actual and potential ESG-related risks:

***Environmental Risks***

Natural disasters, public health emergencies, or other unforeseen events pose risks to our operations. These events could disrupt production and supply chains, leading to potential financial losses and operational downtime. See "Risk Factors — Risks Related to Our Business and Industry — We may be subject to natural disasters, health epidemic, acts of war, terrorism or other factors beyond our control." Water resources, particularly ultrapure water, are critical for the production of SiC epitaxial wafers, and any shortages could severely hinder our production capabilities. Additionally, the implementation of more stringent waste disposal requirements may increase the likelihood of environmental pollution and regulatory violations, which could result in hefty fines and reputational damage.

***Climate-Related Risks***

Our production facilities are exposed to physical risks from extreme weather events such as typhoons and heavy rains. These extreme weather conditions can cause power outages, flooding, and other disruptions, which could lead to safety issues, forced suspension of research and production activities, and increased operating costs. The impact on our production capabilities could be significant, potentially causing delays and financial losses.

In addition, guided by the principles of the Task Force on Climate-related Financial Disclosures (TCFD), we assess climate-related risks over short-term (0-3 years), medium-term (3-10 years), and long-term (10+ years) periods to inform our planning.

Short-term physical risks, driven by climate change, include extreme weather events like typhoons, heavy rainfall, flooding, and rising temperatures, pose threats to our production facilities, supply chain stability, and operational continuity. Over the medium term, rising sea levels and extended heatwaves may require costly upgrades or relocation of facilities, with energy costs potentially increasing due to higher cooling demands. Looking further ahead, long-term climate shifts could disrupt raw material availability, particularly for water-intensive processes, potentially

reducing production capacity by 10-15% by 2040 if not addressed. Transition risks, stemming from the global move toward a low-carbon economy, present additional challenges through changing regulations, investor expectations, and customer preferences.

In the coming years, new ESG-related rules, such as carbon taxes, could increase annual operating costs with non-compliance risking fines and production delays. Over the medium term, heightened investor focus on ESG performance could raise our cost of capital by 1-2% if we fall short of sustainability standards, while shifting consumer demand toward sustainable products may lead to a revenue drop by 2030 if we fail to adapt. In the long term, achieving carbon neutrality to meet net-zero goals may require heavy investment to transform production processes, with the risk of obsolete infrastructure. We actively track national and global regulatory changes, compare our ESG performance to industry peers, try to stay ahead of these challenges.

Growing scrutiny of our ESG performance by regulators, investors, and customers may expose us to transition risk. The ongoing implementation of ESG-related regulations is elevating the expectations for corporate practices and disclosures in areas such as emissions and resource utilization. Investors are increasingly prioritizing ESG principles, incorporating corporate ESG performance into their decision-making processes. Meanwhile, our customers are becoming more aware of ESG impact, favoring products that incorporate sustainable elements in their design and production. See "Risk Factors — Risks Related to Our Business and Industry — We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, which may increase our operational costs and our risk of non-compliance despite our effort to be law-abiding and rule compliant. Compliance with evolving regulations may also cause delays in our production."

***Regulatory Risks***

Compliance with PRC laws and regulations related to environmental, safety, and occupational health matters presents social risks. Maintaining strict compliance is essential to avoid legal issues and ensure the safety and well-being of our employees and communities. Failure to fully adhere to these regulations can lead to substantial fines or other liabilities, and adversely affect our business, financial condition, and operating results. See "Risk Factors — Risks Related to Our Business and Industry — We are subject to changing laws, regulations and social trends regarding environmental, social and governance risks, which may increase our operational costs and our risk of non-compliance despite our effort to be law-abiding and rule compliant. Compliance with evolving regulations may also cause delays in our production."

**Goals and Measures**

To mitigate the identified risks, we have established quantitative targets and implemented various measures aimed at reducing the environmental, social, and climate-related impacts on our business. Our quantitative targets for 2030 include a 5.0% reduction in energy consumption and in water consumption per wafer compared to 2024.

We plan to establish internal procedures and collaborate with third parties to monitor changes in ESG-related laws and regulations, assess their applicability, and ensure our adherence to the relevant requirements. We have incorporated environmental criteria into our supplier selection process to ensure alignment with our policy on energy saving, emission reduction and clean production. During the Track Record Period and up to the Latest Practicable Date, we were not subject to any penalties for non-compliance with relevant regulations on environmental, social and governance.

**Environmental Protection**

Our business operations comply with the Law of the People's Republic of China on the Prevention and Control of Air Pollution, the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste, the Law of the People's Republic of China on Energy Conservation and various present laws and regulations on environmental protection promulgated by the PRC regulatory authorities which have material effects on our operations.

We have adopted an environmental evaluation and control policy as the foundational document for our environmental management, guiding our internal environmental management practices and signifying our commitment to external stakeholders. We plan to formulate additional internal policies to facilitate environmental protection practices in our everyday operations.

Unless otherwise specified, the scope of our report on environmental protection performance indicators covers the Company and our wholly-owned subsidiary, Epiworld Materials.

We pay close attention to resource consumption, greenhouse gas emissions and waste disposal in our operations, and we actively seek to optimize our business and production processes to manage the environmental and climate-related risks.

- *Resource consumption.* We primarily utilize resources such as energy, water, paper, and packaging materials in our daily operations. We actively promote energy saving and consumption reduction to reduce resource usage. The following table sets forth a breakdown of the consumption of energy, water, paper, and packaging materials during the years indicated:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| Energy consumption *(MWh)* | 16,456.86 | 44,031.40 | 43,390.16 |
| Energy consumption intensity *(MWh per employee)* | 38.54 | 52.86 | 73.29 |
| Water consumption *($m^3$)* | 99,636.77 | 288,091.67 | 300,221.00 |
| Water consumption intensity *($m^3$ per employee)* | 233.34 | 345.84 | 507.13 |
| Paper consumption *(tonne)* | 0.0011 | 0.0013 | 0.0016 |
| Paper consumption intensity *(tonne per employee)* | 2.57 | 1.58 | 2.74 |
| Packaging materials *(tonne)* | 6.11 | 14.29 | 13.29 |
| Packaging materials intensity *(tonne per employee)* | 0.01 | 0.02 | 0.02 |

- *Greenhouse gas emission.* Our Scope 1 emission represents direct GHG emissions generated from the use of gasoline from the Company's vehicles. Our Scope 2 emission represents indirect GHG emissions generated from the use of purchased electricity. Our Scope 3 emission represents other indirect GHG emissions generated from paper disposal, business air travels, water consumption and sewage treatment. Committed to reducing environmental impact through better service provision, product selection, and usage, we have adopted systematic polices on the management of GHG emissions, in accordance with relevant laws and regulations as well as our business operation. For Scope 1, we implement policies of effective resource use by exploring opportunities of less fuel consumption in any manufacturing process. For example, we encourage our employees to actively participate in energy conservation, resource recycling, and other initiatives to promote sustainable development. For Scope 2, we have energy

conservation guidance to reduce related emissions. For example, we recommend turning off office lights when not in use and maximize the use of natural light whenever possible. We also encourage our employees to set computers and monitors to enter power-saving or sleep mode and unplug electrical appliances when not in use. For Scope 3, we are committed to actively promoting sustainability principles in each aspect of our operations, including supply chain management and our daily activities to contribute to the sustainable development of our industry. We actively promote the best environmental management practices within the industry, sharing experiences and achievements with peers. The following table below sets forth a breakdown of our Scope 1, Scope 2, and Scope 3 emissions for the years indicated:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| Total GHG emission *(tonne of $CO_2$ equivalent)* | 11,054.71 | 46,931.67 | 63,570.63 |
| Scope 1 *(tonne of $CO_2$ equivalent)* | 201.82 | 700.68 | 463.30 |
| Scope 2 *(tonne of $CO_2$ equivalent)* | 10,040.33 | 26,859.74 | 26,463.92 |
| Scope 3 *(tonne of $CO_2$ equivalent)* | 812.55 | 19,371.25 | 36,643.41 |
| Total GHG emission intensity *(tonne of $CO_2$ equivalent per employee)* | 25.89 | 56.34 | 107.38 |

- *Waste disposal.* The wastes generated in our daily operations include air emissions, hazardous waste and non-hazardous waste. Our air emissions comprise mobile fuel emitted from our vehicles in 2023 and 2024. Our hazardous waste includes lubricant oil, HW49, and HW13, all of which are handled by incineration. Our non-hazardous waste includes industrial waste such as construction waste, material and facility equipment packaging, and others. Our non-hazardous waste is collected and transported by vendors and ultimately incinerated. To ensure that our waste disposals are compliant with relevant laws and regulations, we engaged third-party testing agencies to conduct evaluation. The following table sets forth a breakdown of the wastes generated during the years indicated:

| | Years Ended December 31, | | |
|---|---|---|---|
| | 2022 | 2023 | 2024 |
| Air emissions | | | |
| Nitrogen oxides *(kg)* | –[1] | 1.27 | 1.72 |
| Sulphur oxides (kg) | –[1] | 0.25 | 0.34 |
| Particulate matter *(kg)* | –[1] | 0.09 | 0.13 |
| Hazardous waste *(tonne)* | 6.91 | 457.81 | 696.69 |
| Hazardous waste intensity *(tonne per employee)* | 0.02 | 0.55 | 1.17 |
| Non-hazardous waste *(tonne)* | –[2] | 66.68 | 29.80 |
| Non-hazardous waste intensity *(tonne per employee)* | –[2] | 0.08 | 0.05 |

*Notes:*

(1) There are no records available for air emissions in 2022 as we did not retain data for mobile fuel used during that year.

(2) There are no records available for non-hazardous waste in 2022.

### Metrics and Targets

We employ a set of metrics, targets and measures to assess and manage the environmental risks impacting our business. These efforts are aimed at reducing the consumption of energy and water, thereby mitigating the environmental footprint of our operations.

| Metric | Target | Timeline | Measures |
|---|---|---|---|
| Energy consumption and density . . . . | We aim to reduce energy consumption by 5.0% per wafer compared to 2024 levels. | By December 31, 2030. | To achieve this target, we plan to develop internal policies and systems to standardize our use of energy. Furthermore, we have adopted energy saving measures such as maintaining optimal air conditioning temperatures, advocating the rational use of lifts, and promoting the use of energy-efficient appliances. We also require employees to switch off lights and electronic devices when they leave, and continuously carry out campaigns and activities on energy-saving skills, energy saving behaviors and other topics related to environmental protection for the purposing of encouraging employees to jointly create a green office environment. |
| Water consumption and density . . . . | We aim to reduce water consumption by 5.0% per wafer compared to 2024 levels. | By December 31, 2030. | To achieve this target, we have implemented water saving projects and relied upon storage systems to recycle and reuse water. We have also formulated internal policies and systems to utilize and manage water resource in a sustainable manner. Additionally, we require employees to close faucets after use, and we have put up water saving reminder labels to raise our employees' water saving awareness. |
| GHG emission. . . . | We aim to reduce GHG emission by 10% in Scope 2 compared to 2024 levels. | By December 31, 2030. | To achieve this target, we have formulated formal emission reduction policies related to utilizing green electricity sources and upgrading certain lighting facilities in our plants to reduce energy consumption. |
| Waste disposal . . . | We aim to reduce non-hazardous waste disposal by 10% compared to 2024 levels. | By December 31, 2030. | To achieve this target, we plan to implement strategies to reduce waste generation during our business activities, such as increasing material recycling rates and promoting low-carbon disposal methods. |

**Social Responsibility**

***Employment and Care***

We are committed to creating a diverse, equal and positive work environment and development platform for our employees. Our workforce comprised 402, 833, 592 and 532 dedicated employees as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively. For further details on employment, see "— Employees".

We strictly comply with the Labor Law of the PRC, the Labor Contract Law of the PRC and the Provisions on Prohibition of the Use of Child Labor and other pertinent laws and regulations. We established comprehensive policies, including the (i) Employee Manual, (ii) New Hire Management Policy, (iii) Business Code of Conduct, and (iv) Whistle-blower Protection Management Policy, to guarantee that our employment practices are both lawful and compliant.

We are guided by the principles of openness, fairness and justice and provide equal opportunities to all employees and job seekers. We hire employees based on their merits, following the principles of lawfulness, fairness, equality, voluntariness, consensus, honesty and credibility. We have established a series of key employment policies, including the "Employee Handbook," "Recruitment Management Regulations," and "Corporate Social Responsibility Management," to ensure that all employees receive equitable treatment in areas such as hiring, compensation, training opportunities, promotions, terminations, and retirement. We strictly prohibit discrimination based on ethnicity, race, nationality, religion, gender, age, or any other status. We have implemented the "Training Management Procedure," which outlines requirements for employee onboarding, pre-job training, and on-the-job training. This ensures that employees receive comprehensive training to acquire the skills necessary for their roles. Additionally, our "Employee Promotion Management Regulations" clearly define the promotion criteria for various job levels, providing employees with a transparent career development pathway. The company is certified under the ISO 45001 standard. We diligently comply with legal and regulatory requirements related to occupational health, including regular health check-ups and assessments of occupational hazards. We adhere to safety-related laws and regulations and have established safety management documents such as the "Hazard Identification, Evaluation, and Control Procedure" and the "Environmental and Occupational Health Safety Monitoring Plan," which facilitate regular assessments of our safety risk status. We have developed the "Employee Handbook" and "Employee Termination Management Regulations" to standardize the termination process, ensuring compliance with labor-related laws and regulations. Furthermore, we have established the "Employee Incentive and Satisfaction Management Procedure," which includes mechanisms for employee feedback. We also provide an open channel for feedback and complaints through the "Employee Voice" feedback hotline and email. During the Track Record Period and up to the Latest Practicable Date, there were no incidents in violation of the Company's policies or relevant laws and regulations pertaining to child labor, forced labor, labor trafficking or employee discrimination.

The table below presents the composition of our workforce.

| | | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2022 | | 2023 | | 2024 | |
| | | | *(%)* | | *(%)* | | *(%)* |
| **Total Number** | | **402** | **100.0** | **833** | **100.0** | **592** | **100.0** |
| **By Gender** | Male | 288 | 71.6 | 621 | 74.6 | 421 | 71.1 |
| | Female | 114 | 28.4 | 212 | 25.5 | 171 | 28.9 |
| **By Age Group** | Below 30 | 240 | 59.7 | 628 | 75.4 | 407 | 68.8 |
| | 30 – 50 | 154 | 38.3 | 199 | 23.9 | 179 | 30.2 |
| | Over 50 | 8 | 2.0 | 6 | 0.7 | 6 | 1.0 |

| | | Years Ended December 31, | | | | | |
|---|---|---|---|---|---|---|---|
| | | 2022 | | 2023 | | 2024 | |
| | | | (%) | | (%) | | (%) |
| **By Geographical Region** | China | 399 | 99.3 | 830 | 99.6 | 588 | 99.3 |
| | Malaysia | – | – | – | – | 1 | 0.2 |
| | Australia | 1 | 0.3 | 1 | 0.1 | 1 | 0.2 |
| | United States | 2 | 0.5 | 2 | 0.2 | 2 | 0.3 |
| **By Employment Type** | Senior Management | 8 | 2.0 | 7 | 0.8 | 7 | 1.2 |
| | Middle Management | 48 | 11.9 | 71 | 8.5 | 70 | 11.8 |
| | General Staff | 346 | 86.1 | 755 | 90.6 | 515 | 87.0 |

***Development and Training***

Recognizing that the cultivation and expression of our employees' personal values are integral to our overall value, we provide a comprehensive training system and development channels for our employees.

To support professional development, we provide our employees with onboarding training and on-the-job training. The onboarding training for employees includes explaining professional knowledge, internal policies and procedures, and company culture and values. The on-the-job training is provided based on the specific work requirements. At the same time, we also provide relevant leadership training for managers at different levels to help managers improve their team management skills and continue to move towards better management positions.

***Occupational Health and Safety***

We are committed to providing and maintaining a healthy and safe workplace for our employees. The Company has obtained ISO45001:2018 for Occupational Health and Safety Management System. To mitigate the risks in the workplace that may endanger the health of employees or damage the property of the Company, we have formulated safety management of hazardous chemicals and pollution prevention and control strategies. We are in the process of developing additional procedures to establish operating standards and emergency response protocols.

We have implemented measures and policies include, but are not limited to, the Environmental Health and Safety Management Manual, the Potential Hazard Identification and Management Measures, the Operator Safety Procedures Related to SiC Epitaxy Production Operations and various types of procedural documents and management measures that outline our operating standards, emergency response protocols, safety management of hazardous chemicals and control strategies.

We regularly provide EHS training to our employees in accordance with our internal policies to ensure adherence to relevant laws and regulations. We also remind our employees to take safety precautions and enhance their safety awareness on a daily basis. During the Track Record Period and up to the Latest Practicable Date, we did not experience any work-related fatalities or material work-related injuries or incur penalties arising from any material non-compliance with work-related safety laws and regulations. During the Track Record Period and up to the Latest Practicable Date, our rate of material workplace injuries was 0.0%.

***Supply Chain Management***

We have established procedures related to supplier selection and management, which include a rigorous supplier vetting and approval process, as well as detailed protocols for ongoing monitoring and review of our suppliers, to mitigate risks relating to our supply chain and build a more environmentally friendly supply chain. To support our climate-related objectives, we actively engage our supply chain by communicating our environmental goals and policies. We encourage suppliers to collaborate in achieving these targets by providing relevant data, such as greenhouse gas (GHG) emissions and details of their energy-saving and carbon reduction initiatives. This approach enables us to assess and mitigate climate-related risks across the supply chain, ensuring alignment with our sustainability strategy. We have adopted a rigorous supplier selection process that involves supplier qualification review, material validation, quality system audit, and risk assessment. Our supplier selection process stringently governs the entry criteria for suppliers and conduct regular assessments and evaluations of supplier qualifications to ensure compliance with our environmental and social responsibility requirements. Only after passing the evaluation can suppliers be included in our "qualified supplier list", thereby ensuring the stability and reliability of the supply chain.

After the selection process, we have also established a systematic supply chain management framework to assess the comprehensive performance of our suppliers, focusing on their commitments to corporate social responsibility, environmental safety and health, and hazardous substance control. Our approach is guided by policies such as the "Supplier Development Management Process" and the "Code of Business Conduct." We conduct multidimensional evaluations and scoring of suppliers based on several criteria, including internal management structure, strict entry standards, execution of supplier integrity agreements and confidentiality agreements, and continuous compliance and regular assessments. Our evaluations cover various aspects, including supply capacity and risk levels. Based on the results of these risk assessments, we develop supplier audit plans to conduct audits and performance evaluations.

***Product Liability***

We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with the regulatory requirements and quality requirements during the entire development, manufacturing, delivery and services processes. For details on product liability, please see "— Quality Control."

***Anti-corruption***

We attach great importance to business ethics and integrity, and have formulated a series of policies such as the Employee Integrity and Self-Discipline Management Measures and the Business Code of Conduct. In addition, all employees are required to sign the Integrity and Self-Discipline Guarantee upon joining the Company. We also conduct occasional training, meetings and presentations regarding anti-corruption.

To prevent and detect fraud, we established internal control mechanisms that include hotlines, emails and offline options, are open to employees at all levels and any external parties in society who have direct or indirect economic relations with the Company. All submissions are investigated in accordance with an approved investigation plan. The internal audit department will fully protect the confidentiality of the whistle-blowers, and the information of all whistle-blowers will be kept strictly confidential. Furthermore, we require our suppliers to enter into integrity agreements and to promise in writing to comply with the requirements of ethical conduct stipulated in the agreement.

As of the Latest Practicable Date, we were not involved in any legal proceedings in relation to corruption, bribery or fraud.

## PROPERTIES

Our principal executive office is located in Xiamen, China. We own and occupy certain land parcels and buildings in the PRC for our business operations. These owned properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As of the Latest Practicable Date, we owned two land parcels with a total site area of 96,721.6 sq.m., seven properties with a total gross floor area of 42,777.5 sq.m. in the PRC, and one construction-in-progress with an expected gross floor area of approximately 93,027.0 sq.m in the PRC. These properties are primarily used as our manufacturing facilities, warehouses and offices to support our business operations. The Company has two major construction projects, Phase I and Phase II, of which Phase I has completed construction and property ownership registration procedures, and Phase II is under construction. According to our PRC Legal Adviser, we have obtained all material licenses, permits and certificates with respect to land and properties as required by relevant PRC laws and regulations.

According to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice, this Prospectus is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all our interests in land or buildings, for the reason that, as of the Latest Practicable Date, none of the properties owned or occupied by us had a carrying amount of 15% or more of our consolidated total assets.

As of the Latest Practicable Date, we currently do not lease any properties from third parties.

## LICENSES, APPROVALS AND PERMITS

The following table sets forth the details of the material licenses and permits necessary for the business operations in which we engaged in China.

| License/Permit | Entity Holding the License/Permit | Grant Date | Expiration Date |
|---|---|---|---|
| Enterprise Intellectual Property Management System Certification | The Company | 2025.07.01 | 2028.07.07 |
| High and New Technology Enterprise | The Company | 2023.12.07 | 2026.12.06 |
| Environmental Management System Certification | The Company | 2025.11.20 | 2028.12.16 |
| Occupational Health and Safety Management System Certification | The Company | 2025.11.20 | 2028.12.12 |
| ISO Quality Management System Certification | The Company | 2025.10.13 | 2028.12.16 |
| IATF Quality Management System Certification | The Company | 2025.10.09 | 2028.10.08 |
| Receipt on Customs Import and Export Consignor and Consignee Registration | The Company | 2011.11.14 | –[(1)] |

| License/Permit | Entity Holding the License/Permit | Grant Date | Expiration Date |
|---|---|---|---|
| Permit for the Discharge of Urban Sewage into Drainage Network. . . . . | The Company | 198#: 2023.11.29<br>196#: 2025.02.26 | 198#: 2028.11.28<br>196#: 2030.02.25 |
| Registration Form of Pollution Discharge for Fixed Pollution Sources and Receipt on the Registration of Pollution Discharge for Fixed Pollution Sources . . . . . | The Company | 198#: 2024.01.29<br>196#: 2024.01.17 | 198#: 2029.01.28<br>196#: 2029.01.16 |

*Note:*

(1): The customs registration receipt for consignees and consignors of imported and exported goods that the Company obtained remains effective for long term and does not have an expiration date as of the Latest Practicable Date.

During the Track Record Period and up to the Latest Practicable Date, we had obtained all material licenses, permits, approvals and certificates necessary to conduct our actual business operations from the relevant government authorities in the PRC, and such licenses, permits, approvals and certificates remained in full effect.

## IMPACT OF TRADE RESTRICTIONS AND TARIFFS

Since February 2025, the U.S. administration has cumulatively imposed additional 145% tariffs on Chinese imports. On April 11, 2025, China responded by increasing tariffs on U.S. goods to 125%. On May 12, 2025, China and the U.S. announced that an agreement has been reached, under which the U.S. would reduce the tariff on Chinese imports to 30% from its current 145%, while Chinese duties on U.S. imports will fall to 10% from 125% for the next 90 days, which was extended for 90 days by mutual agreement on August 11, 2025. On October 10, 2025, U.S. president Donald Trump said the U.S. would impose new tariffs of 100% on imports from China starting November 1, 2025. On November 1, 2025, the U.S. government released a fact sheet that documents the latest actions to be taken by the U.S. and Chinese governments to relax tariff and other trade controls as a result of a trade and economic deal reached between the two sides. The U.S. will, among other measures, lower the tariffs on Chinese imports by removing 10 percentage points of the cumulative rate, effective November 10, 2025, and will maintain its suspension of heightened reciprocal tariffs on Chinese imports until November 10, 2026. The U.S. will further extend the expiration of certain Section 301 tariff exclusions, currently due to expire on November 29, 2025, until November 10, 2026. The U.S. also will suspend for one year, starting on November 10, 2025, the implementation of the interim final rule titled Expansion of End-User Controls to Cover Affiliates of Certain Listed Entities. These are all measures to relax tariff and other trade controls, and therefore the Directors and legal adviser engaged in connection with the foregoing matters are of the view that these recent regulatory developments do not have any material adverse impact on the Group's business operations and financial performance. Our Directors will continue to monitor developments regarding relevant tariffs.

We do not rely on any U.S.-originated technologies or raw materials for our operations. In addition, substrate is our primary raw material. With the ongoing advancements in the substrate supply chain, domestic manufacturers are now capable of providing alternatives to imported substrates. The increased supply, cost advantages of domestic manufactured substrates and technological developments in producing more cost-effective substrates have led to an overall decline in raw material prices. We have established stable procurement arrangements with domestic substrate suppliers, which has reduced raw material costs and enabled us to offer competitive prices.

During the Track Record Period, revenue generated from North America accounted for 3.2%, 6.5%, 3.4%, 3.6% and 2.8% of our total revenue in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. We do not expect our sales to the U.S. to increase significantly and does not have plan to devote significant resources to expand our sales in the U.S.

Given our limited export and import activities in connection with the U.S. during the Track Record Period and up to the Latest Practicable Date and the latest agreement between the U.S. and China on lowering tariff rates for the 90 days aftermath, our Directors believe that the recent tariffs have had no material or immediate direct or indirect impact on our supply chain, production, operations and financial performance during the Track Record Period and up to the Latest Practicable Date. Furthermore, as we currently do not target nor plan to shift our strategic focus to the U.S. market and the U.S. market is not expected to account for a significant portion of our revenue, our Directors are of the view that the recent tariffs will not have any material adverse impact, directly or indirectly, on our operations and financial performance in the near to mid term.

We have reviewed and analyzed our engineering data and data on our use and transfer of items to their parties, and we understand that the items we export from the U.S. or transfer to third parties are all classified as either EAR99 or in an ECCN subject only to anti-terrorism controls, and we understand that we do not transfer any anti-terrorism controlled items subject to the EAR to any third parties. In addition, (i) we manufacture our products in the PRC without any presence in the U.S.; (ii) we do not incorporate or bundle any U.S.-origin items into our end products; and (iii) we do not sell or transfer hardware, software or technology (technical data) to destinations that subject to comprehensive embargo by the U.S. government. Based on these factors, we conclude the U.S. export control have had no material or immediate direct or indirect impact on our operations and financial performance during the Track Record Period and up to the Latest Practicable Date. Our Directors are also of the view that the restrictions imposed by the EAR, including the BIS 2022/23 IFRs, have not had any material adverse impact on our operations or financial performance as of the Latest Practicable Date.

That said, we acknowledge that tariffs have historically contributed to increased trade and political tensions, particularly between the U.S. and China, as well as with other trading partners. Such tensions may negatively affect trade volume, cross-border investment, technological exchange, and other international economic activities. In turn, this could have a material adverse impact on global economic conditions and the stability of financial and capital markets. Heightened geopolitical uncertainty and the risk of further escalation may also discourage investment in securities issued by China-based companies, including ours, and weigh on the broader macroeconomic environment. See "Risk Factors — Risks Relating to Our Business and Industry — Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions, international trade policies, international export controls and economic sanctions."

## LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

We, our shareholders, affiliates, Directors, Supervisors, senior management and employees may be involved from time to time in disputes with various parties, including but not limited to our customers, suppliers, competitors, employees, former shareholders, device providers, insurers and banks. For example, in January 2025, Tang Xiuhao (湯秀豪), our former shareholder and an Independent Third Party, brought a legal action against Dr. Zhao as defendant and our Company as a third party, among others, alleging and requesting the court to confirm that the subscription of Dr. Zhao for the 50% equity interest of the Company upon its establishment in 2011 was inaccurate capital contribution (出資不實) over the transfer of the bipolar junction transistor ("BJT") technology. BJT is a current-controlled device. SiC BJTs, in particular, are distinguished by their

ability to operate reliably at high voltages exceeding 10 kV. At the inception, the Company utilized certain underlying technologies associated with developing SiC BJTs, including those related to requirements for substrate and epitaxial quality, epitaxial structure design, and advanced substrate and epitaxial processing, when building its platform for SiC epitaxial growth, covering from pre-growth substrate treatment and epitaxial deposition to post-growth cleaning and inspection. The technology was self developed by Dr. Zhao without the use of, or reliance upon, resources belonging to his former employer or associated with his prior positions. Accordingly, the risk of any potential intellectual property infringement claims arising from BJT is considered extremely remote. Furthermore, we did not utilize the BJT technology in our production during the Track Record Period. Tang Xiuhao was not a shareholder or investor of the Company upon the establishment of the Company and when the aforesaid contribution was made. Further, Tang Xiuhao and his affiliate had divested all his investment in the Company in 2018 and had no other relationship with the Company ever since. On June 9, 2025, Dr. Zhao won the case in the first instance (一審) and the claims of Tang Xiuhao were dismissed in their entirety, and Tang Xiuhao disagreed with the judgment and filed an appeal. As confirmed by our PRC Legal Adviser, Dr. Zhao's then capital contribution has fulfilled the necessary procedures and registration requirement and has complied with the then laws and regulations in the PRC. The case has been concluded with a final judgment on appeal on October 22, 2025. The Fujian Higher People's Court upheld the original judgment and dismissed all of Tang Xiuhao's claims. As confirmed by our PRC Legal Adviser, as of the date of the Prospectus, the judgment of the Fujian Higher People's Court is the final judgment of the aforementioned lawsuit.

In January 2024, Tang Xiuhao brought a legal action against Dr. Zhao and Li Qinghua as defendant, alleging and requesting the court to terminate the equity proxy between Tang Xiuhao and Dr. Zhao and Li Qinghua, and request Dr. Zhao and Li Qinghua to jointly return the portion of the equity held in proxy to Tang Xiuhao. On May 24, 2024, Dr. Zhao won the case in the first instance and the claims of Tang Xiuhao were dismissed in their entirety, and Tang Xiuhao disagreed with the judgment and filed an appeal. The case has been concluded with a final judgment on appeal on March 3, 2025. The Xiamen Intermediate People's Court upheld the original judgment and dismissed all of Tang Xiuhao's claims.

Mr. Tang filed the application for retrial on August 6, 2025 and initiated a trial supervision procedure to request the court to review instances of judicial misconduct during the trial process. As confirmed by our PRC Legal Advisor, as of the Latest Practicable Date, this procedure does not affect the conclusion of the case or the validity of the final judgment. The Company has not yet received any notice from the court that a retrial has been approved or commenced. As a result, as confirmed by our PRC Legal Adviser, as of the Latest Practicable Date, the aforementioned application for a retrial has not yet been approved by the court and there are no other pending litigation or arbitration proceedings in respect of Dr. Zhao's shareholding, and the Company's equity structure is clear.

Further, even though Dr. Zhao is a U.S. citizen, the U.S. Final Rule would not apply to his investment unless the investee is a "covered foreign person." Our legal adviser engaged in connection with the foregoing matters is of the view that we are not a "covered foreign person" based on the Final Rule because we do not engage in a "covered activity" as defined by the Final Rule. The term "covered foreign person" is defined under the Final Rule to include (i) a "person of a country of concern" that engages in a "covered activity" as well as (ii) a person that holds ownership or governance over a person identified in such "person of a country of concern", if that person derives more than 50% of revenue, net income, capital expenditures, or operating expenses from that entity. The term "covered activities" means, in the context of a particular transaction, any activities covered by the prohibited transactions and notifiable transactions as specified under the Final Rule. Prohibited transactions include (i) an exhaustive list of covered transactions involving certain electronic design automation software, fabrication or advanced packaging equipment, advanced packaging technology, and the design and fabrication of certain integrated circuits and high-end or supercomputing applications; (ii) covered transactions involving AI systems designed exclusively for or intended to be used for military, government intelligence or mass surveillance end uses or that meet certain technical specifications; and (iii) covered transactions related to the

development of quantum computers and production of critical components, the development or production of certain quantum sensing platforms, and the development or production of quantum networking and quantum communication systems. Notifiable transactions include (i) covered transactions involving the design, fabrication and packaging of integrated circuits not covered by the prohibited transactions; and (ii) covered transactions involving AI systems intended by the covered foreign person to be used for cybersecurity applications, digital forensics tools, penetration testing tools, control of robotic systems or that meet certain technical specifications. Dr. Zhao will not cease to be our single largest shareholder due to the Final Rule, and the suitability of Dr. Zhao to act as our Director under Rules 3.08 and 3.09 will not be affected either.

According to our PRC Legal Adviser, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

## RISK MANAGEMENT AND INTERNAL CONTROL

We have established and currently maintain risk management and internal control systems consisting of policies and procedures that we consider to be appropriate for our business operations. We are dedicated to continuously improving these systems. We have adopted and implemented risk management policies in various aspects of our business operations. Our Board of Directors is responsible for the establishment of our internal control systems, while our senior management monitors the daily implementation of the internal control procedures and measures.

### Operational Risk Management

Operational risk includes risk of direct or indirect financial loss resulting from incomplete or problematic internal processes, personnel mistakes, IT system failures or external events, and we have adopted a series of internal procedures to address such risk. Our administration, information technology, human resources, and finance departments are collectively responsible to ensure the compliance of our operations with internal procedures. In the event of a major adverse event, the matter will be escalated to our senior management to take appropriate measures.

### Compliance Risk Management

We have designed and adopted strict internal procedures to ensure the compliance of our business operations with the relevant rules and regulations. In accordance with such procedures, we have designated personnel carefully reviews the contracts we enter into with customers, suppliers and partners and examines related documents, including necessary due diligence materials and licenses and permits obtained by the other party to fulfill its obligations under the relevant contract. In addition, we regularly review and monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations. We also have an internal audit department that continuously supervises compliance efforts within departments and reports to our senior management.

### Intellectual Property Risk Management

As a technology-focused company, we may face claims related to intellectual property rights. To ensure proper management of our intellectual property, we have various internal policies and established an internal intellectual property management system:

- We have developed and enacted systematic internal policies and procedures for the management of intellectual property rights, including the management of intellectual property acquisition, maintenance, implementation, licensing and transfer, as well as the requirements and job responsibilities for positions related to intellectual property management.

- To safeguard against potential infringements on both our intellectual property rights and those of others, we have designated personnel responsible for intellectual property management, conducts thorough searches and analyses of our R&D outcomes upon the completion of scientific research projects and technology development, which includes the determination of any possible infringements and preparing detailed inspection reports to ensure compliance and prevent infringement. In addition, our employees are required to adhere to strict confidentiality obligations and sign confidentiality agreements and non-compete agreements.

**Investment Risk Management**

We invest in or acquire businesses that are complementary to our business and in line with our overall growth strategies, such as businesses that can expand our service offerings and strengthen our technological capabilities. We evaluate and screen investment opportunities based on our growth strategies and we engage in comprehensive due diligence process to assess the risks of potential projects.

**Information Security and Data Privacy Risk Management**

Sufficient maintenance, storage and protection of our data and other related information are critical to our success. We have implemented relevant internal procedures and controls to ensure that our data is protected and that leakage and loss of such data are avoided. To ensure information security, we have implemented a suite of IT security policies and procedures to govern various aspects of data handling, including information security, IT device management and system maintenance, and network and database management. We have also developed strict internal control and data accessing mechanisms and detailed approval and operation procedures regarding data storage and processing.

During the Track Record Period and up to the Latest Practicable Date, we have not become aware of any material information leakage or loss of our data and we did not experience any material system failure in our IT infrastructure.

**Anti-corruption Risk Management**

Anti-corruption risk refers to the risk of use of cheating, bribery or other illegal measures for (i) the pursuit of improper personal benefits at the expense of our Company's economic interests and (ii) the pursuit of improper interests of the Company. We have implemented thorough anti-corruption policies and a whistleblower mechanism for reporting misconduct anonymously, either for the pursuit of improper personal benefits or improper interests of the Company. Our internal audit department provides regular reports to the Audit Committee of the Board. Violations of these policies result in appropriate disciplinary action, and we provide internal training to all employees while keeping our customers and suppliers informed of our anti-corruption policies and practices.

**Audit Committee Experience and Qualification and Board Oversight**

To ensure the effectiveness of our risk management policies, we have established an Audit Committee to review and supervise our financial reporting process and internal control system on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. Any major issues identified will be reported to the Audit Committee and the Board annually.

## AWARDS AND RECOGNITIONS

| Award/Recognition | Award Authority | Award Year |
|---|---|---|
| Strategic Cooperation Award (戰略合作獎) | Zhuzhou CRRC Times Semiconductor Co., Ltd. | 2024 |
| Fujian Provincial-Level Manufacturing Industry Single Champion Enterprises (福建省省級製造業單項冠軍企業) | Fujian Provincial Department of Industry and Information Technology | 2024 |
| Fujian Provincial Advantageous Products and Technologies in the Field of Industry and Information Technology (First Batch) (福建省工業和信息化領域優勢產品和技術(第一批)) | Fujian Provincial Department of Industry and Information Technology | 2023 |
| Outstanding Quality Award (卓越品質獎) | Zhuzhou CRRC Times Semiconductor Co., Ltd. | 2022 |
| State Grid Smart Grid Research Institute Award for Progress in Science and Technology (國網智慧電網研究院科技進步獎) | State Grid Smart Grid Research Institute | 2021 |
| Perfect Quality Award (完美品質獎) | Customer A | 2020 |

## BOARD OF DIRECTORS

Our Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Pursuant to the Articles of Association, our Directors are elected and appointed by our Shareholders at a Shareholders' meeting for a term of three years, which is renewable upon re-election and re-appointment.

The following table sets out key information about our Directors.

| Name | Age | Position/Title | Time of Joining our Group | Date of Appointment as a Director | Responsibilities |
|---|---|---|---|---|---|
| **Executive Directors** | | | | | |
| Dr. Zhao Jianhui (趙建輝) | 66 | Executive Director and chairperson of the Board | March 2011 | March 31, 2011 | Responsible for the Company's overall strategic planning and operational decisions |
| Ms. Pan Menghan (潘夢菡) | 62 | Executive Director | March 2011 | March 31, 2011 | Responsible for assisting in overseeing the day-to-day operation of the Company |
| Ms. Bai Liting (白麗婷) | 64 | Executive Director | March 2022 | July 5, 2022 | Responsible for the human resources matters of the Company |
| **Non-executive Directors** | | | | | |
| Mr. Fang Wei (方偉) | 50 | Non-executive Director | March 2025 | March 30, 2025 | Participating in the formulation of our Company's corporate and business strategies |
| Mr. Su Ping (蘇平) | 65 | Non-executive Director | June 2011 | October 18, 2013 | Participating in the formulation of our Company's corporate and business strategies |
| Ms. Xie Jieping (謝潔平) | 52 | Non-executive Director | March 2025 | March 30, 2025 | Participating in the formulation of our Company's corporate and business strategies |
| **Independent Non-executive Directors** | | | | | |
| Dr. Kang Junyong (康俊勇) | 65 | Independent non-executive Director | May 2023 | May 12, 2023 | Responsible for providing independent opinion and judgment to the Board |
| Dr. Liao Yi (廖逸) | 40 | Independent non-executive Director | March 2025 | March 30, 2025 | Responsible for providing independent opinion and judgment to the Board |
| Dr. Su Xinlong (蘇新龍) | 61 | Independent non-executive Director | May 2023 | May 12, 2023 | Responsible for providing independent opinion and judgment to the Board |

**Executive Directors**

**Dr. Zhao Jianhui (趙建輝)**, aged 66, is our founder, executive Director and chairman of the Board mainly responsible for the Company's overall strategic planning and operational decisions.

Dr. Zhao is a renowned scientist with over 35 years of dedicated R&D experiences in SiC technology development. He is the first scientist elected as an IEEE Fellow based on significant contributions to the R&D and application of SiC technologies. After he founded the Company in 2011, he has been serving as our Director and also our chairman of the Board from 2011 to 2012 and since 2014. He has been a chair professor at Xiamen University (廈門大學) in the PRC since December 2021. Between 1988 and 2021, Dr. Zhao served in Rutgers University in the United States.

Dr. Zhao obtained a bachelor of science degree in physics from Xiamen University (廈門大學) in the PRC in July 1982. He received a doctorate degree in electrical and computer engineering from Carnegie Mellon University in May 1988.

**Ms. Pan Menghan (潘夢菡)** (former name: Pan Menghan (潘孟菡)), aged 62, is our executive Director mainly responsible for assisting in overseeing the day-to-day operation of the Company.

Ms. Pan has over 26 years of experience in the telecommunications and engineering sectors. Before joining the Group, she served at a manufacturing company in the United States until around 2010. Prior to that, Ms. Pan worked as a staff member in projects and business for various computer and manufacturing companies in the United States until around early 2000s. Following Ms. Pan's graduation, in mid 1980s until around 1989, Ms. Pan worked in the technical department of Xinhua News Agency.

Ms. Pan obtained her bachelor's degree in radio technology communication from Chengdu Institute of Radio Engineering (成都電訊工程學院) (currently known as University of Electronic Science and Technology of China (電子科技大學)) in the PRC in July 1984. She received a master's degree in electrical engineering in October 1993 from New Jersey Institute of Technology.

**Ms. Bai Liting (白麗婷)**, aged 64, is our executive Director mainly responsible for the human resources matters of the Company.

Ms. Bai joined our Company in March 2022 and has been serving as our deputy director of administration and human resources. Prior to joining our Company, she served as the vice chair of the risk control committee at Xiamen Lianfa (Group) Forever Co., Ltd. (廈門聯信誠有限公司) from May 2016 to January 2019 after serving as its assistant to the general manager and deputy general manager from February 2003 to May 2016. Prior to that, Ms. Bai was the department manager and assistant general manager at Xiamen Lianfa (Group) ETOP Co., Ltd. (廈門聯儀通有限公司) from February 2001 to January 2003.

Ms. Bai obtained her bachelor's degree in radio technology from Fuzhou University (福州大學) in the PRC in October 1982.

**Non-executive Directors**

**Mr. Fang Wei (方偉)**, aged 50 is our non-executive Director mainly responsible for participating in the formulation of our Company's corporate and business strategies.

Mr. Fang has over 25 years of experience in wireless product engineering and corporate management. Prior to joining our Company, he has been working in Huawei Technologies Co., Ltd. (華為技術有限公司) since February 1999 where he successively held various positions, last serving as the fifth track board director.

Mr. Fang has served as a director taking non-executive role at companies invested by Huawei, including JoulWatt Technology Co., Ltd. (傑華特微電子股份有限公司, stock code: 688141.sh) since May 2024, SICC Co., Ltd. (山東天岳先進科技股份有限公司, stock code: 688234.sh) since February 2024 and Suzhou Oriental Semiconductor Company Limited (蘇州東微半導體股份有限公司, stock code: 688261.sh) since December 2023, all being companies listed on the Shanghai Stock Exchange.

Mr. Fang obtained his bachelor's degree in communication engineering in July 1996 and his master's degree in communication and information systems in March 1999, both from Shanghai Jiao Tong University (上海交通大學) in the PRC.

**Mr. Su Ping (蘇平)**, aged 65, is our non-executive Director mainly responsible for participating in the formulation of our Company's corporate and business strategies.

Mr. Su joined our Group in June 2011 as a supervisor until October 2013, and has served as a Director since October 2013. From June 2018 to May 2023, he was the vice chairperson of the Company. Prior to joining our Company, he served as the general manager of Xiamen Lianfa (Group) Forever Co., Ltd. (廈門聯信誠有限公司) from August 1998 to March 2021.

Mr. Su obtained his bachelor of science degree in physics from the department of physics at Xiamen University (廈門大學) in the PRC in July 1982.

**Ms. Xie Jieping (謝潔平)**, aged 52, is our non-executive Director mainly responsible for participating in the formulation of our Company's corporate and business strategies.

Ms. Xie has served as the general manager of Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司) from May 2024 until now. Ms. Xie also served as the manager of the fund management department and deputy general manager from April 2013 to February 2015 and general manager responsible for daily operations from February 2015 to May 2024 in Xiamen Venture Capital Co., Ltd. (廈門市創業投資有限公司). Ms. Xie served as the managing partner, chief financial officer, and deputy general manager of Xiamen Taikun Investment Co., Ltd. (廈門泰坤投資有限公司) from January 2005 to July 2012. From June 2001 to December 2004, she has served as the director of the finance department, assistant to the chairman, and chief financial officer of Xiamen Weidiya Technology Co. Ltd (廈門威迪亞科技有限公司). From August 1993 to June 2002, she successively served as deputy director of the negotiation department, deputy director of the credit department, deputy director and director of the funds department in Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司).

Ms. Xie also holds multiple positions in various companies currently, including:

- a director at Xiamen Sky Semiconductor Technology Co., Ltd. (廈門雲天半導體科技有限公司) from December 2024 until now;
- a director at Xiamen Tianma Display Technology Co., Ltd. (廈門天馬顯示科技有限公司) from November 2024 until now;
- a director at Xiamen Shilan Jihong Semiconductor Co., Ltd. (廈門士蘭集宏半導體有限公司) from September 2024 until now;
- a non-executive director of CALB Group Co., Ltd. (中創新航科技集團股份有限公司) (stock code: 3931.hk), a company listed on the Stock Exchange since December 31, 2024;
- a director of Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司) from March 2024 until now;

- a director at Xiamen Yaxon Zhilian Technology Co., Ltd. (廈門雅迅智聯科技股份有限公司) from June 2023 until now;
- a director of Xiamen Tianma Optoelectronics Co., Ltd. (廈門天馬光電子有限公司) from May 2022 until now; and
- a director of Xiamen Venture Capital Co., Ltd. (廈門市創業投資有限公司) from March 2015 until now.

In addition, Ms. Xie currently serves as the president of the Xiamen Entrepreneurship and Investment Association (廈門市創業與投資協會). She served as the director of the Private Equity Fund Self-discipline and Supervision Committee of the Securities, Futures and Fund Association of Xiamen (廈門證券期貨基金業協會私募基金自律監察專業委員會) from April 2017 to December 2024. With many years of experience in the financial industry and industrial and equity investment fund sectors, she was recognised as a "High-Level Financial Specialist in Xiamen" (廈門市高層次金融人才) in 2021.

Ms. Xie obtained her bachelor's degree in economics in July 1993 and master's degree in business administration in June 2006 from Xiamen University (廈門大學) in the PRC.

Ms. Xie also notified the Board that she has served as director of UCAR (Xiamen) Information Technology Co., Ltd. (神州優車(廈門)信息科技有限公司) ("**UCAR**") since May 2019. UCAR was incorporated on March 14, 2019 in Xiamen City, Fujian Province, People's Republic of China, primarily as an investment platform to hold shares in Beijing Borgward Auto Co., Ltd. (北京寶沃汽車股份有限公司) ("**Borgward Auto**"). UCAR participated in the financing of Borgward Auto in 2019. However, due to its own failure of business operation and financing, UCAR was unable to settle all considerations due to Borgward Auto pursuant to the financing agreements. Therefore, Borgward Auto initiated a lawsuit against UCAR to request for repayment of all outstanding amount under the financing agreements. On October 31, 2023, it was apparent that UCAR lacked the capacity to discharge the debts due with its failure to repay all the defaulted debts due and inability to settle them even after compulsory enforcement by the People's Court. As such, the bankruptcy liquidation application of Borgward Auto against UCAR was ruled to be accepted by the Intermediate People's Court of Xiamen City, Fujian Province (the "**Court**"). Borgward Auto had ordinary claims of RMB1,121,280,281.68 and subordinated claims of RMB17,614,380 against UCAR confirmed by a ruling of the Court on May 6, 2024. On the same day, due to the insufficiency of UCAR's property to cover bankruptcy expenses, the court declared bankruptcy of UCAR and terminated its bankruptcy proceedings. Ms. Xie confirmed that (i) she was neither the applicant nor the respondent in the bankruptcy proceedings of UCAR; (ii) she was not aware of any actual or potential claim that had been or would be brought against her as a result of the bankruptcy; and (iii) there was no financial impact of the bankruptcy on her.

Considering the independent due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor which would cause them to cast reasonable doubt on the competence and suitability of Ms. Xie as a non-executive Director under Rules 3.08 and 3.09.

**Independent Non-executive Directors**

**Dr. Kang Junyong (康俊勇)**, aged 65, is our independent non-executive Director mainly responsible for providing independent opinion and judgment to the Board.

Dr. Kang has over 26 years of experience in the research of semiconductor sectors. He has been a professor since 1999 in the department of physics at Xiamen University (廈門大學) in the PRC, where he also successively served as an associate professor from December 1995 to December 1999, a lecturer from 1993 to 1995 and an assistant professor from 1987 to 1989.

Dr. Kang has also served as a director taking non-executive role in various companies, including as an independent director of Xiamen Guangpu Electronics Co., Ltd. (廈門光菁電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300632.sz), from July 2024 until now, and as an independent director of SANAN Optoelectronics Co., Ltd. (三安光電股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600703.sh), from December 2019 until December 2025.

Dr. Kang obtained a bachelor's degree in radio physics in July 1982 and a master's degree in semiconductor physics and device physics in August 1987, both from Xiamen University (廈門大學) in the PRC. In December 1993, he was awarded a doctorate degree in science from Xiamen University. He also completed the 18th University-Wide Training Session on Safe Handling of X-rays organized by the Atomic Energy and Engineering Committee of Tohoku University in May 2022.

**Dr. Liao Yi (廖逸)**, aged 40, is our independent non-executive Director mainly responsible for providing independent opinion and judgment to the Board.

Since September 2019, Dr. Liao has served as the associate professor at the Department of Management at The Hang Seng University of Hong Kong (香港恒生大學), after serving as an assistant professor since 2015. Previously, from 2013 to 2015, Dr. Liao was an assistant professor at Macau University of Science and Technology (澳門科技大學).

Dr. Liao obtained her bachelor's degree in information management and information system in Nanjing University (南京大學) in the PRC in June 2007, and her master's degree in business in Lingnan University (嶺南大學) in October 2009, and she obtained a doctorate degree in management in the University of Hong Kong in November 2013.

**Dr. Su Xinlong (蘇新龍)**, aged 61, is our independent non-executive mainly responsible for providing independent opinion and judgment to the Board.

Dr. Su has over 30 years of experience in the fields of accounting and finance education. He has been working as a full-time reappointed professor at Xiamen University (廈門大學) in the PRC since May 2024 after working as a professor at the university's accounting department from August 2008 to May 2024. Prior to that, Dr. Su served as an associate professor at the same department from December 2002 to July 2008. In addition to his academic roles, Dr. Su was a certified public accountant in the PRC from September 1994.

Dr. Su has been an independent director at Annto Logistics Supply Chain Technology Co., Ltd (安得智聯供應鏈科技股份有限公司) and Xiamen Keytop Communication & Technology Company Limited (廈門科拓通訊技術股份有限公司) since August 2023 and March 2021, respectively. He also held several other directorships and senior management positions, including serving as an independent director of Shanghai Chuangxing Resource Development Group Co., Ltd. (上海創興資源開發股份有限公司, "**Shanghai Chuangxing**"), a company listed on the Shanghai Stock Exchange (stock code: 600193.sh) from April 1999 to May 2005 and as the deputy general manager from June 2005 to April 2007. He served as a supervisor at Shanghai Chuangxing, a company listed on the Shanghai Stock Exchange, from May 2007 to July 2015. He previously held the position of independent director at Sensteed Hi-Tech Group (山子高科技股份有限公司) (formerly known as Yinyi Co., Ltd. (銀億股份有限公司)) (stock code: 000981.sz), a company listed on the Shenzhen Stock Exchange, from July 2019 to December 2021.

Dr. Su obtained his bachelor's degree and master's degree in accounting in July 1985 and July 1996, both from Xiamen University (廈門大學) in the PRC. He then received a doctorate degree in management from Wuhan University of Technology (武漢理工大學) in the PRC in December 2008.

In August 2015, the CSRC issued an administrative penalty decision to Shanghai Chuangxing and Dr. Su, among others, as to the inaccuracy and incompleteness of a connected transaction announcement issued by Shanghai Chuangxing in 2012, when Dr. Su was its supervisor. In the course of assessing the aforementioned connected transaction, Shanghai Chuangxin failed to engage a qualified assets valuer as required under applicable laws and regulations. It also failed to disclose the full name and certain contents of the assets valuation report and whether the report was prepared solely for the purpose of the connected transaction, which resulted in the inaccuracy and incompleteness of the connected transaction disclosure, and material recent development regarding market price of the underlying assets relevant to the connected transaction after the valuation date, which rendered the valuation report fail to provide fair value of the assets to the board. Pursuant to the administrative penalty decision, Dr. Su was imposed a warning and a penalty of RMB50,000, which he has fully paid up. As of the Latest Practicable Date and to our best knowledge, this incident has been concluded and there has not been any further regulatory request to or action against Dr. Su from the Shanghai Stock Exchange, the CSRC or other competent authorities as to this incident. Considering (i) such incident has been concluded long before the commencement of the Track Record Period, (ii) Dr. Su was not involved in the decision-making and execution of the relevant transaction, (iii) Dr. Su has completed relevant trainings and reviewed rectification measures after receiving the decision letter, and (iv) there was no dishonesty, fraud or integrity-related issues from Dr. Su, the Company is of the view that such incident would not affect the suitability of Dr. Su as a Director of the Company under Rules 3.08 and 3.09 of the Listing Rules. Save as disclosed above, there were no other disciplinary actions against Dr. Su as of the date of this Prospectus. Considering the independent due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor which would cause them to cast reasonable doubt on the competence and suitability of Dr. Su as an independent non-executive Director under Rules 3.08, 3.09 and 3.10(2).

Dr. Su has been and remains responsible for the following areas in his capacity as a professor of accounting, an independent director of listed or unlisted companies, through which the Directors are of the view that he has gained the appropriate accounting and financial management expertise required under Rule 3.10(2) of the Listing Rules:

- lecturing on and teaching accounting related courses at Xiamen University;
- working as a certified public accountant for years with involvement of audit work of public companies;
- being the author of numerous papers in the fields of accounting and auditing, and related textbooks and monographs;
- acting as an independent director in several listed or unlisted companies mentioned above, involved in their financial management, internal control and corporate governance matter, including in annual budget meetings, periodic financial reviews, annual financial audits and reporting, as well as reviewing and analysing audited financial statements; and
- working closely with the listed companies in the preparation of their financial statements, valuation analysis, participation in pricing and negotiation of transaction terms and other related financial documents in advance of their publication.

## SUPERVISORY COMMITTEE

The Supervisory Committee comprises three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include supervising the performance of duty of the Board and the senior management of our Company and overseeing the financial conditions of our Company.

The following table sets out key information about our Supervisors:

| Name | Age | Position/Title | Time of Joining our Group | Date of Appointment as a Supervisor | Responsibilities |
|---|---|---|---|---|---|
| Mr. Li Kaixi (李凱希) . . . . . | 33 | Employee representative Supervisor | July 2014 | May 12, 2023 | Responsible for monitoring the performance of the Directors and senior management |
| Mr. Qian Weining (錢衛寧) . . . . . | 38 | Supervisor | July 2013 | May 12, 2023 | Responsible for monitoring the performance of the Directors and senior management |
| Mr. Wu Guoyi (吳國屹) . . . . . | 48 | Chairman of the Supervisory Committee | October 2022 | October 21, 2022 | Responsible for monitoring the performance of the Directors and senior management |

**Mr. Li Kaixi (李凱希)**, aged 33, has served as our employee representative Supervisor since May 2023. Since May 2024, Mr. Li has been a supervisor at Epiworld Materials.

Mr. Li began his career in our Company as a process engineer from July 2014 to February 2017. He then successively served as a supervisor from February 2017 to March 2019, a deputy manager from March 2019 to June 2021 and a manager since June 2021 at the production department of our Company. He is responsible for product planning, delivery and marketing throughout the product lifecycle.

Mr. Li obtained his bachelor's degree in science from Nanjing University of Information Science &Technology (南京信息工程大學) in the PRC in June 2014.

**Mr. Qian Weining (錢衛寧)**, aged 38, has served as our Supervisor since May 2023. Mr. Qian is primarily responsible for monitoring the performance of the Directors and senior management.

Mr. Qian joined us in July 2013 and has since served as the manager of the research and development department at our technology center. He is responsible for overseeing the development of new technologies, products, or processes within our Group.

Mr. Qian obtained his bachelor's degree in applied physics from Taiyuan University of Science and Technology (太原科技大學) in the PRC in July 2010. He obtained his master's degree in microelectronic and solid state electronics in South China Normal University (華南師範大學) in the PRC in June 2013.

**Mr. Wu Guoyi (吳國屹)**, aged 48, is the chairman of our Supervisory Committee. Mr. Wu is primarily responsible for monitoring the performance of the Directors and senior management.

Mr. Wu joined us in October 2022. He has held various positions at China Resources Microelectronics Limited (華潤微電子有限公司) ("**CRMC**"), a company listed on the Shanghai Stock Exchange (stock code: 688396.sh, also formerly listed on the Stock Exchange under stock code: 0597.hk before it was privatized in November 2011), including its director from November 2021 to present, its chief financial officer from September 2021 to present, and its board secretary from May 2019 to present. Apart from the abovementioned positions, he held the position of

director of the strategic development department at CRMC. Prior to that, from October 2011 to December 2013, he was the assistant director of the strategic development department at CRMC. He served as a senior business development manager in the strategic development department at CRMC from November 2009 to October 2011. He began his tenure at CRMC as a senior manager at CRMC from September 2008 to November 2009.

Mr. Wu has been serving as the director of several subsidiaries of CRMC from January 2021 to now. Since September 2021, he has been the supervisor at China Resources Microelectronics.

Mr. Wu obtained his bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2000.

## SENIOR MANAGEMENT

The following table sets out key information about our senior management.

| Name | Age | Position/Title | Time of Joining our Group | Date of Appointment as Senior Management | Responsibilities |
|---|---|---|---|---|---|
| Dr. Feng Gan (馮淦) | 50 | General Manager | September 2011 | July 17, 2016 | Responsible for the overall day-to-day management of the Company |
| Dr. Hong Tu (洪圖) | 40 | Board Secretary | April 2023 | April 1, 2023 | Responsible for the equity financing and listing preparation works of our Company |
| Mr. Peng Xinghua (彭興華) | 42 | Financial Controller | July 2020 | July 8, 2020 | Responsible for overseeing the finance and accounting matters and financial reporting of our Group |
| Dr. Sun Yongqiang (孫永強) | 40 | Deputy General Manager | October 2011 | December 13, 2019 | Responsible for the management of the Company's manufacturing operations and supply chain |

**Dr. Feng Gan (馮淦)**, aged 50, has served as the general manager of our Company since July 2016 and since May 2024, he has also been the general manager of Epiworld Materials. He is primarily responsible for the overall day-to-day management of the Company. Dr. Feng joined us in September 2011 as our vice president of R&D.

Dr. Feng has over 20 years of experience in the fields of research and development in semiconductor technology. Prior to joining our Group, Dr. Feng was a program-specific researcher at Kyoto University from April 2007 to September 2011. He served as a part-time lecturer at Kyoto Institute of Technology from May 2004 to March 2007 and worked at Paul-Drude-Institute for Solid State Electronics as an academic from September 2003 to March 2004.

Dr. Feng obtained his bachelor's degree in metal materials and heat treatment in June 1997 and his master's degree in materials in March 2000, both from Nanjing University of Science and Technology (南京理工大學) in the PRC. He obtained his doctorate degree in materials science and chemistry from the Institute of Semiconductors, Chinese Academy of Sciences (中國科學院半導體研究所) in the PRC in August 2003.

**Dr. Hong Tu (洪圖)**, aged 40, has been our board secretary since April 2023. He is primarily responsible for the equity financing and listing preparation works of our Company.

Dr. Hong has nearly 10 years of experience in financing. From October 2013 to March 2023, Dr. Hong served at China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司, "**CMBC**"), a company listed on the Stock Exchange (stock code: 1988.hk), with positions held including staff member of the investment banking department of the headquarter of CMBC, the deputy general manager of the investment banking department of its Quanzhou branch, the general manager of the investment banking department of its Quanzhou branch, the general manager of the small and medium enterprise finance team of its Beijing branch and the deputy president of its Beijing Zhongguancun branch.

Dr. Hong obtained his bachelor's degree in physics, master's degree in physics and doctorate degree in finance from Xiamen University (廈門大學) in the PRC in July 2006, June 2009 and September 2013, respectively.

**Mr. Peng Xinghua (彭興華)**, aged 42, has served as the financial controller of our Company since July 2020. He is primarily responsible for overseeing the finance and accounting matters and financial reporting of our Group. He joined us in July 2020 as our chief financial officer and board secretary.

Mr. Peng has over 17 years of experience in finance and accounting. From May 2015 to February 2020, he served as the financial director at Xiamen Changelight Co., Ltd. (廈門乾照光電股份有限公司) (stock code: 300102.sz), a company listed on the Shenzhen Stock Exchange. Before that, he joined the company in 2008 and held various positions until February 2020, including deputy manager, manager of the finance department, deputy director of finance, and head of finance.

Mr. Peng obtained his bachelor's degree in management from Changchun Institute of Technology (長春工程學院) in the PRC in June 2006. He then obtained a bachelor's degree in engineering from the same institution in July 2006.

**Dr. Sun Yongqiang (孫永強)**, aged 40, has served as the deputy general manager of our Company since December 2019. He is primarily responsible for the management of our Company's manufacturing operations and supply chain. He joined us in October 2011 as the deputy manager of the production department.

Prior to joining our group, Dr. Sun worked as a technician in a technical position at the 55th Research Institute of China Electronics Technology Group Corporation from July 2010 to September 2011.

Dr. Sun obtained his bachelor's degree in materials science in July 2007 and a master's degree in materials science and chemistry in June 2010, both from Sichuan University (四川大學) in the PRC. He obtained his doctorate degree in microelectronics and solid state electronics in Xiamen University (廈門大學) in the PRC in December 2019.

## INTERESTS OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Save as disclosed above, none of the Directors, Supervisors or members of senior management of our Company has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this Prospectus.

Ms. Pan is the spouse of Dr. Zhao. Save as disclosed above, none of the Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management of our Company.

Save as disclosed in the biographies of our Directors, Supervisors and members of our senior management above, to the best knowledge, information and belief of our Directors and Supervisors having made all reasonable inquiries, there was no other matter with respect to the appointment of our Directors or Supervisors that needs to be brought to the attention of the Shareholders and there was no information relating to our Directors or Supervisors that is required to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

## COMPANY SECRETARY

Ms. Wong Wai Yee, Ella ("**Ms. Wong**") was appointed as a company secretary of the Company in March 2025. Ms. Wong is a director of Company Secretarial Services of Vistra Group. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies.

Ms. Wong is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute (formerly known as (The Hong Kong Institute of Chartered Secretaries) ("HKCGI") and The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom. Ms. Wong is a holder of the Practitioner's Endorsement from HKCGI. Ms. Wong obtained her bachelor's degree in Economics from The University of Hong Kong and a Postgraduate Diploma in Corporate Administration from the City University of Hong Kong.

## BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code, our Company has formed four Board committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Strategy Committee.

### Audit Committee

We have established an Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the Corporate Governance Code. The Audit Committee consists of 3 Directors, namely Dr. Su Xinlong (蘇新龍), Dr. Liao Yi (廖逸) and Mr. Su Ping (蘇平). Dr. Su Xinlong (蘇新龍) who has "appropriate accounting or related financial management expertise" pursuant to the note of Rule 3.10(2) of the Listing Rules, serves as the chairman of the Audit Committee. The primary duties of the Audit Committee include, but not limited to, the following:

- proposing the appointment or change of external auditors to our Board, and monitoring the independence of external auditors and evaluating their performance;

- examining the financial information of our Company and reviewing financial reports and statements of our Company;

- examining the financial reporting system, the risk management and internal control system of our Company, overseeing their rationality, efficiency and implementation and making recommendations to our Board; and

- dealing with other matters that are authorized by our Board.

**Nomination Committee**

We have established a Nomination Committee with written terms of reference in compliance with paragraph B.3 of the Corporate Governance Code. The Nomination Committee consists of 3 Directors, namely Dr. Liao Yi (廖逸), Dr. Kang Junyong (康俊勇) and Ms. Pan Menghan (潘夢菡). Dr. Liao Yi (廖逸) serves as the chairman of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- conducting extensive search and providing to our Board suitable candidates for our Directors, chief executive officer and other members of the senior management;

- reviewing the structure, size and composition of our Board at least annually, assist the Board in maintaining a board skills matrix and making recommendations on any proposed changes to our Board;

- researching and developing standards and procedures for the election of our Board members, chief executive officer and members of the senior management, and making recommendations to our Board;

- supporting the Company's regular evaluation of the Board's performance; and

- dealing with other matters that are authorized by our Board.

**Remuneration Committee**

We have established a Remuneration Committee with written terms of reference in compliance with paragraph E.1 of the Corporate Governance Code. The Remuneration Committee consists of 3 Directors, namely Dr. Kang Junyong (康俊勇), Dr. Liao Yi (廖逸) and Dr. Su Xinlong (蘇新龍). Dr. Kang Junyong (康俊勇) serves as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee include, but not limited to, the following:

- making recommendations to the Board on the Company's policy and structure for all Directors' and senior managements remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

- monitoring the implementation of remuneration system of our Company;

- making recommendations on the remuneration packages of our Directors and senior management; and

- dealing with other matters that are authorized by our Board.

**Strategy Committee**

The Strategy Committee of our Company consists of three Directors, namely Dr. Zhao, Dr. Kang Junyong (康俊勇) and Dr. Su Xinlong (蘇新龍). Dr. Zhao serves as the chairman of the Strategy Committee. The primary duties of the Strategy Committee include, but not limited to, the following:

- conducting regular review and making recommendations on our Company's business objectives and medium-term and long-term development strategies in light of our Company's operating;
- reviewing and making recommendations on major investment and financing plans, subject to the approval of our Board pursuant to the Articles of Association;
- reviewing and making recommendations on major transactions subject to approval of our Board pursuant to the Articles of Association;
- reviewing and making recommendations on matters materially affecting the development of our Company;
- examining the implementation of the above matters and report to the Board; and
- dealing with other matters that are authorized by our Board.

## CONFIRMATION FROM OUR DIRECTORS

**Rule 8.10 of the Listing Rules**

Each of our Directors confirms that as of the Latest Practicable Date, he or she did not have any interest in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

**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 March 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 or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of the Company under the Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointment.

## COMPENSATION OF DIRECTORS AND SUPERVISORS

Our Directors and Supervisors receive compensation in the form of fees, salaries, allowances, discretionary bonuses, share-based compensation, retirement benefit scheme contributions and other benefits in kind.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the aggregate amount of remuneration paid or payable to our Directors amounted to RMB30,530,000, RMB13,538,000, RMB23,895,000, and RMB17,810,000, respectively.

For the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025, the aggregate amount of remuneration paid or payable to our Supervisors amounted to RMB73,000, RMB6,067,000, RMB8,799,000, and RMB7,032,000, respectively.

Under the current compensation arrangement, we estimate the total compensation before taxation to be accrued to our Directors and our Supervisors for the year ending December 31, 2026 to be approximately RMB32,706,000.

The total emoluments for the remaining individuals among the five highest paid individuals amounted to RMB2,101,000, RMB148,367,000, RMB111,391,000 and RMB87,038,000 for the years ended December 31, 2022, 2023 and 2024, and the nine months ended September 30, 2025, respectively.

During the Track Record Period, no remuneration was paid by our Company to, or receivable by, our Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining our Company or as compensation for loss of office in connection with the management positions of our Company or any of our subsidiaries.

During the Track Record Period, none of our Directors or Supervisors waived any remuneration. Save as disclosed in this section headed "Compensation of Directors and Supervisors", no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

## CORPORATE GOVERNANCE

Our Company aims to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. To accomplish this, we expect to comply with the Corporate Governance Code set out in Appendix C1 to the Listing Rules and the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules after the Listing.

## BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural and educational background, and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, finance, accounting and corporate governance in addition to industry experience. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Our Company has evaluated the structure, size and composition of our Board, and is of the opinion that the structure of our Board is reasonable, and the experience and skills of the Directors in various aspects and fields can enable our Company to maintain a high standard of operations.

Besides, we particularly recognize the importance of gender diversity. We have taken, and will continue to take, steps to promote gender diversity at all levels of our Company, including but without limitation to our Board and senior management levels. Going forward, we will continue to work to enhance gender diversity of our Board when selecting and recommending suitable candidates for Board appointments. Our Company also intends to promote gender diversity at the

mid to senior level so that our Company can maintain a balanced gender ratio at different levels. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our board diversity policy.

Our Nomination Committee is responsible for ensuring the diversity of our Board members. After the Listing, our Nomination Committee will examine the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis. Our Board currently consists four female Directors and five male Directors. Going forward, we will continue to work on gender diversity of our Board when selecting and recommending suitable candidates for Board appointments and will maintain at least one female Director on the Board. To develop a pipeline of potential female successors to the Board, our Company will (i) ensure that there is gender diversity when recruiting staff at mid to senior levels, and (ii) engage more resources in training female staff with the aim of promoting them to be members of our senior management or the Board.

## COMPLIANCE ADVISER

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

(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, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this Prospectus or where our business activities, developments or results deviate from any forecast, estimate 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 its listed securities or any other matters in accordance with Rule 13.10 of the Listing Rules.

Pursuant to Rule 3A.24 of the Listing Rules, the Compliance Adviser will, on a timely basis, inform our Company of any amendment or supplement to the Listing Rules that are announced by the Stock Exchange. The Compliance Adviser will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the applicable requirements under the Listing Rules and laws and regulations.

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

## OUR SINGLE LARGEST SHAREHOLDER

Immediately following the completion of the Global Offering, Dr. Zhao will control 27.39% of our total issued share capital and he will be our Single Largest Shareholder upon Listing.

## RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, none of our Single Largest Shareholder or Directors had any interest in any business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

## INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Single Largest Shareholder and his close associates upon and after the Listing.

### Operational Independence

Our Company has full rights to make all decisions on, and to carry out, our own business operations independently. We hold our own operation resources including but not limited to customers and suppliers, as well as our own registered patents which can be used for producing our products. We have a team of senior management to operate the business independently from our Single Largest Shareholder and his close associates. We also have access to third parties independently from, and not connected with, our Single Largest Shareholders for sources of suppliers, customers and business partners. Based on the above, our Directors believe that we are operationally independent from our Single Largest Shareholder and their his close associates.

### Management Independence

Our management and operational decisions are made by the Board in a collective manner. The Board comprises nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors.

Our Directors have relevant experience to ensure the proper functioning of the Board. We further believe that our Directors and members of the senior management are able to perform their roles in our Company in managing our business independently from Single Largest Shareholder and his close associates for the following reasons:

(a) our independent non-executive Directors have extensive experience in different areas. We believe that they will be able to exercise their independent judgment and will be able to provide impartial opinions in the decision-making process of our Board to protect the interests of our Shareholders;

(b) each of our Directors is aware of his or her fiduciary duties as a director, which requires, among other things, that he or she acts for our Company's best interests and he or she must not allow any conflict between his or her duties as a Director and his or her personal interests; and

(c) where a Board meeting or Shareholders' meeting is held to consider a proposed transaction in which our Directors or Single Largest Shareholder or any of his close associates have a material interest, the relevant Directors or our Single Largest Shareholder and his close associates shall abstain from voting on the relevant resolutions and shall not be counted towards the quorum for the voting.

**Financial Independence**

We have a finance department independent from our Single Largest Shareholder and his close associates. We have also established an independent financial system to make the decisions based on our own business needs. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Single Largest Shareholder and his close associates. During the Track Record Period and as of the Latest Practicable Date, we had received the Pre-IPO Investments from third party investors independently. For details of the Pre-IPO Investments, see "History, Development and Corporate Structure" of this Prospectus. As of the Latest Practicable Date, there were no loans, advances and balances due to or from our Single Largest Shareholder or his close associates, nor were there any pledges and guarantees provided by and to our Single Largest Shareholder or his respective close associates.

## CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Single Largest Shareholder and our Group and to safeguard the interests of our Shareholders taken as a whole for the following reasons:

- where a Shareholders' meeting is to be held for considering proposed transactions in which our Single Largest Shareholder or any of his close associates has a material interest, our Single Largest Shareholder will not vote on the resolutions and shall not be counted in the quorum in the voting;

- our Group has established internal control mechanisms to identify connected transactions. Upon the Listing, if any transaction is proposed between our Group and our Single Largest Shareholder and his associates, we will comply with the requirements of the Articles of Association and the Listing Rules, including, where appropriate, the reporting, annual review by the independent non-executive Directors, announcement and independent shareholders' approval;

- our Board consists of a balanced composition of executive Directors and independent non-executive Directors, with independent non-executive Directors representing more than one-third of our Board to ensure that our Board is able to effectively exercise independent judgment in its decision-making process and provide independent advice to our Shareholders. Our independent non-executive Directors individually and collectively possess the requisite knowledge and experience to perform their duties. They will review whether there is any conflict of interests between our Group and our Single Largest Shareholder and provide impartial and professional advice to protect the interests of our minority Shareholders;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

- we have appointed Rainbow Capital (HK) Limited as our Compliance Adviser, who 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, and inform us on a timely basis of any amendment or supplement to the Listing Rules or applicable laws and regulations in Hong Kong.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Company and our Single Largest Shareholder, and to protect our minority Shareholders' interests after the Listing.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

## BEFORE THE COMPLETION OF THE GLOBAL OFFERING

As of the Latest Practicable Date, the issued share capital of our Company was RMB404,092,760 comprising 404,092,760 Unlisted Shares with a nominal value of RMB1.00 each.

## UPON THE COMPLETION OF THE GLOBAL OFFERING

Immediately following the completion of the Global Offering and the conversion of certain Unlisted Shares into H Shares, the issued share capital of our Company will be as follows:

| Description of Shares | Number of Shares | Approximate Percentage of the Total Share Capital of our Company |
|---|---|---|
| | | *(%)* |
| Unlisted Shares in issue | 306,661,179 | 72.06 |
| H Shares to be converted from Unlisted Shares | 97,431,581 | 22.89 |
| H Shares to be issued under the Global Offering | 21,492,050 | 5.05 |
| **Total** | **425,584,810** | **100.00** |

## RANKING

Upon completion of the Global Offering, we would have only one class of Shares. H Shares and Unlisted Shares are all ordinary Shares in the share capital of our Company. However, except for certain qualified domestic institutional investors in the PRC, qualified PRC investors under the Shanghai — Hong Kong Stock Connect or the Shenzhen — Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities, H Shares generally cannot be subscribed for by or traded between legal or natural persons of the PRC. Unlisted Shares and H Shares 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. All dividends in respect of the H Shares are to be paid by us in Renminbi, Hong Kong dollars or in the form of H Shares.

## CONVERSION OF OUR UNLISTED SHARES INTO H SHARES

According to the regulations issued by the CSRC, the holders of our Unlisted Shares may, at their own option, authorize the Company to apply to the CSRC for conversion of their respective Unlisted Shares to H Shares, and such converted Shares may be listed and traded on an overseas stock exchange provided that the required filings with the securities regulatory authorities of the State Council for the conversion, listing and trading of such converted Shares have been completed. Additionally, such conversion, trading and listing shall meet any requirement of internal approval process and in all respects 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. Save as disclosed in the section headed "History, Development and Corporate Structure — Capitalization" and to the best knowledge of our Directors, we are not aware of the intention of such existing Shareholders to convert their Unlisted Shares.

If any of the Unlisted Shares are to be converted, listed and traded as H Shares on the Stock Exchange, the filings with the relevant PRC regulatory authorities, including the CSRC, and the approval of the Stock Exchange are necessary for such conversion. Based on the procedures for the conversion of Unlisted Shares into H Shares as set forth below, we will apply for the listing of all or any portion of the Unlisted Shares on the Stock Exchange as H Shares in advance of any proposed conversion after the Global Offering 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 the listing of additional Shares after the 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 class 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 our initial listing is subject to prior notification by way of announcement to inform our Shareholders and the public of any proposed conversion.

After all the requisite filings have been completed and approvals have been obtained, the relevant Unlisted Shares will be withdrawn from the Unlisted Share register, and our Company will re-register such Shares on the H Share register maintained in Hong Kong and instruct the H Share Registrar to issue H Share certificates. Registration on the H Share register of our Company will be on the conditions that (i) the H Share Registrar lodges with the Stock Exchange a letter confirming the entry of the relevant H Shares on the H Share register and the due dispatch of H Share certificates; and (ii) the admission of the H Shares to be traded on the Stock Exchange complies with the Listing Rules and the General Rules of HKSCC and the HKSCC Operational Procedures in force from time to time.

Until the converted Shares are re-registered on the H Share register of our Company, such Shares would not be listed as H Shares. For details of our existing Shareholders' proposed conversion of Unlisted Shares into H Shares, see "History, Development and Corporate Structure — Capitalization" in this Prospectus.

## RESTRICTIONS OF SHARE TRANSFER

Pursuant to the PRC Company Law, our Shares issued prior to the Listing shall not be transferred within one year from the Listing Date.

Shares transferred by our Directors, Supervisors 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, Supervisors and members of the senior management in our Company.

## SHAREHOLDERS' GENERAL MEETING

For details of circumstances under which our Shareholders' general meeting is required, see "Appendix IV — Summary of Articles of Association" in this Prospectus.

So far as our Directors are aware, immediately following the completion of the Global Offering and the conversion of our Unlisted Shares to H Shares, the following persons will have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company:

| | | As of the Latest Practicable Date | | Immediately following the Global Offering | | |
|---|---|---|---|---|---|---|
| Name of Shareholder | Nature of interest | Number of Shares | Approximate percentage of shareholding in our total share capital | Number of Shares | Approximate percentage of shareholding in the Unlisted Shares/ H Shares | Approximate percentage of shareholding in our total share capital |
| | | | *(%)* | | *(%)* | |
| Dr. Zhao . . . . . | Beneficial owner | 116,560,399 | 28.84% | 86,814,160 Unlisted Shares (L) | 28.31% | 20.40% |
| | | | | 29,746,239 H Shares (L) | 25.01% | 6.99% |
| Mr. Li Qinghua[(1)] . . | Beneficial owner and interest as spouse | 43,523,817 | 10.77% | 32,642,862 Unlisted Shares (L) | 10.64% | 7.67% |
| | | | | 10,880,955 H Shares (L) | 9.15% | 2.56% |
| Ms. Xu Xiyun[(1)] . . | Interest in controlled corporation and interest as spouse | 43,523,817 | 10.77% | 32,642,862 Unlisted Shares (L) | 10.64% | 7.67% |
| | | | | 10,880,955 H Shares (L) | 9.15% | 2.56% |
| Mr. Su Ping (蘇平)[(2)] . . . . . | Interest in controlled corporation | 56,749,358 | 14.04% | 42,562,018 Unlisted Shares (L) | 13.88% | 10.00% |
| | | | | 14,187,340 H Shares (L) | 11.93% | 3.33% |
| Xike Zhongheng[(2)]. . | Beneficial owner | 56,749,358 | 14.04% | 42,562,018 Unlisted Shares (L) | 13.88% | 10.00% |
| | | | | 14,187,340 H Shares (L) | 11.93% | 3.33% |

*Notes:*

(1) Xincheng Zhongchuang is managed by Ms. Xu Xiyun, the spouse of Mr. Li Qinghua. As such, Mr. Li Qinghua is deemed to be interested in the Shares held by Xincheng Zhongchuang under the SFO, and Ms. Xu Xiyun is deemed to be interested in the Shares held by Mr. Li Qinghua under the SFO.

(2) Xike Zhongheng is one of our Pre-IPO Investors and a limited partnership established in the PRC, managed by its general partner, Mr. Su Ping (蘇平). As such, Mr. Su Ping (蘇平) is deemed to be interested in the Shares held by Xike Zhongheng under the SFO.

Save as disclosed above and the section headed "Appendix V — Statutory and General Information — Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders — Interests of the substantial shareholders in the Shares" in this Prospectus, our Directors are not aware of any person who will, immediately following completion of the Global Offering, have any interest and/or short position in the Shares or underlying Shares of our Company which will be required to be disclosed to our Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who are, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of the Company or any other member of our Group. Our Directors are not aware of any arrangement which may at a subsequent date result in a change of control of our Company.

## THE CORNERSTONE PLACING

We have entered into a cornerstone investment agreement (the "**Cornerstone Investment Agreement**") with the cornerstone investor (the "**Cornerstone Investor**") as set out below, pursuant to which the Cornerstone Investor has agreed to, subject to certain conditions, cause its designated entities to subscribe at the Offer Price for a certain number of Offer Shares (rounded down to nearest whole board lot of 50 H Shares) that may be purchased for an aggregate amount of US$99.1 million (approximately HK$774.8 million, inclusive of brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee) (the "**Cornerstone Placing**"). The calculations in this section, which are based on the exchange rate as disclosed in the section headed "Information about this Prospectus and the Global Offering", are for illustration purposes.

Based on the Offer Price of HK$76.26 per H Share, the total number of Offer Shares to be subscribed by the Cornerstone Investor would be 10,058,500 Offer Shares, representing approximately (i) 46.80% of the H Shares offered pursuant to the Global Offering; and (ii) 2.36% of our total issued share capital immediately upon completion of the Global Offering.

Our Company is of the view that, (i) the Cornerstone Placing will ensure a reasonable size of solid commitment at the beginning of the marketing period of the Global Offering and will provide confidence to the market, and (ii) leveraging on the investment experience of the Cornerstone Investor, the Cornerstone Placing will help to raise the profile of our Company and signify that such investor has confidence in our business and prospects. Our Company became acquainted with the Cornerstone Investor in its ordinary course of operations through the business network of our Group.

To the best knowledge of our Company, the Cornerstone Investor is a close associate of its existing minority Shareholders. The Stock Exchange has granted a waiver from strict compliance with the requirements under Rule 10.04 of the Listing Rules and consent under paragraph 1C of Appendix F1 to the Listing Rules to permit Offer Shares in the International Offering to be placed to our existing minority Shareholder and/or its close associates. For further details, please see the section headed "Waivers and Exemption". Save as disclosed above, (i) the Cornerstone Investor and its ultimate beneficial owner is an Independent Third Party and is independent of the Group, its connected persons and their respective close associates; (ii) the Cornerstone Investor is not accustomed to taking instructions from our Company, the Directors, the Supervisors, chief executives, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; (iii) none of the subscription of the relevant Offer Shares by the Cornerstone Investor is financed by our Company, the Directors, the Supervisors, chief executives, substantial Shareholders, existing Shareholders or any of their respective subsidiaries or their respective close associates; (iv) the Cornerstone Investor will be utilizing its internal resources as its source of funding for the subscription of the Offer Shares; and (v) no approval from another stock exchange is required for the Cornerstone Investor's investment in our Company as described in this section.

The Cornerstone Placing will form part of the International Offering and the Cornerstone Investor will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreement). The Offer Shares to be subscribed by the Cornerstone Investor will rank *pari passu* in all respect with the fully paid Shares in issue.

Other than a guaranteed allocation of the relevant Offer Shares at the Offer Price, the Cornerstone Investor does not have any preferential rights in the Cornerstone Investment Agreement compared with other public Shareholders. As confirmed by the Cornerstone Investor, there are no side arrangements between our Company and the Cornerstone Investor or any benefit, direct or indirect, conferred on the Cornerstone Investor by virtue of or in relation to the Listing.

The total number of Offer Shares to be subscribed by the Cornerstone Investor may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the

paragraph headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this Prospectus. The number of Offer Shares to be acquired by the Cornerstone Investor may be reduced on a *pro rata* basis in accordance with the terms of the Cornerstone Investment Agreement to satisfy the short fall, after taking into account the requirements under Appendix F1 to the Listing Rules.There will be no deferred settlement of the investment amount for the Offer Shares to be subscribed by the Cornerstone Investor pursuant to the Cornerstone Investment Agreement.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investor will be disclosed in the allotment results announcement of our Company to be published on or around March 27, 2026.

## OUR CORNERSTONE INVESTOR

The tables below set forth the aggregate number of Offer Shares, and the corresponding percentages to the Offer Shares and our Company's total issued share capital under the Cornerstone Placing based on the Offer Price:

| Name | Investment Amount[(1)] | Number of Offer Shares (rounded down to nearest whole board lot of 50 H Shares) | Approximate % of total number of Offer Shares | Approximate % of H Shares in issue immediately following the completion of the Global Offering | Approximate % of total Shares in issue immediately following the completion of the Global Offering |
|---|---|---|---|---|---|
| Xiamen Advanced Manufacturing (as defined below) . . . . . | HK$774,797,022.30 | 10,058,500 | 46.80% | 8.46% | 2.36% |

*Note:*

(1) The investment amount includes brokerage, SFC transaction levy, AFRC transaction levy and Stock Exchange trading fee, and is calculated based on the exchange rate set out in the section headed "Information about this Prospectus and the Global Offering" in this Prospectus. The number of Offer Shares to be subscribed by the Cornerstone Investor is subject to the exchange rate to be determined in accordance with the Cornerstone Investment Agreements, if applicable.

The following information about the Cornerstone Investor was provided to our Company by the Cornerstone Investor in relation to the Cornerstone Placing.

### *Xiamen Advanced Manufacturing Fund*

Xiamen Advanced Intelligent Manufacturing Industry Investment Limited (廈門先進智造產業投資有限公司) is a company incorporated in Hong Kong and is wholly owned by Xiamen Advanced Manufacturing Equity Investment Fund Partnership (Limited Partnership) (廈門先進製造業股權投資基金合夥企業(有限合夥), "**Xiamen Advanced Manufacturing Fund**"), a limited partnership established in the PRC on June 19, 2024. Xiamen Advanced Manufacturing Fund is managed and held as to 0.1% and 0.0125% by its respective general partners, (i) Xiamen Haiyi Investment Co., Ltd. (廈門海翼投資有限公司), a wholly-owned subsidiary of CCRE Group Co., Ltd. (廈門海翼集團有限公司) ("**CCRE**"), which is ultimately wholly owned and controlled by the State-owned Assets Supervision and Administration Commission of Xiamen Municipal People's Government (廈門市人民政府國有資產監督管理委員會) ("**Xiamen SASAC**") and (ii) Golden Brics (Xiamen) Equity Investment Fund Co., Ltd. (金磚(廈門)股權投資基金有限公司), which is held as to 51% by Fujian Pingtan Golden Brics Think Tank Investment Consulting Co., Ltd. (福建省平潭金磚智庫投資諮詢有限公司), an Independent Third Party, and 49% by CCRE. Xiamen Advanced

Manufacturing Fund has five limited partners, namely Xiamen Xinyi Technology Industry Co., Ltd. (廈門新翼科技實業有限公司), CCRE, Xiamen Jimei Industrial Investment Group Co., Ltd. (廈門集美產業投資集團有限公司), Xiamen Torch Industry Equity Investment Management Co., Ltd. (廈門火炬產業股權投資管理有限公司), and Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司), holding 62.50%, 24.88%, 7.50%, 5.00% and 0.01% interests in the partnership, respectively, and they are wholly owned by government bodies in Xiamen including Xiamen SASAC, Xiamen Municipal Finance Bureau (廈門市財政局) and Xiamen Jimei District Bureau of Finance (廈門市集美區財政局).

## CLOSING CONDITIONS

The obligation of the Cornerstone Investor to subscribe for the Offer Shares under the Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Underwriting Agreements being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Underwriting Agreements, and neither of the Underwriting Agreements having been terminated;

(ii) the Offer Price having been agreed according to the underwriting agreements in connection with the Global Offering;

(iii) the Listing Committee having granted the listing of, and permission to deal in, the H Shares (including the H Shares subscribed for by the Cornerstone Investor as well as other applicable waivers and approvals) and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the H Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreement and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective representations, warranties, acknowledgments, undertakings and confirmations of the relevant Cornerstone Investor under the Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Listing Date) accurate and true in all respects or material respects (as the case may be) and not misleading or not misleading in any material respect (as the case may be) and that there is no material breach of the Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

## RESTRICTIONS ON THE CORNERSTONE INVESTOR

The Cornerstone Investor has agreed that it will not, whether directly or indirectly, at any time during the period of 18 months from and including the Listing Date (the "**Lock-up Period**"), dispose of any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries which will be bound by the same obligations of such Cornerstone Investor, including the Lock-up Period restriction.

*You should read the following discussion and analysis in conjunction with our consolidated financial information including the notes thereto, included in the Accountant's Report set out in Appendix I to this Prospectus, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, 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."*

*For the purpose of this section, unless the context otherwise requires, references to 2022, 2023 and 2024 refer to our financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is described on a consolidated basis.*

## OVERVIEW

We are a global leader in the silicon carbide (SiC) epitaxy industry. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume, with a market share exceeding 30% in 2024.

We are committed to developing SiC epitaxy technology for manufacturing high-quality SiC epitaxial wafers, enabling us to capture market share with our reliable product quality and stable production capacity. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers and the first in China to commercialize and mass-produce 3-inch, 4-inch, 6-inch, and 8-inch SiC epitaxial wafers. We led the writing and establishment of the world's first and only Semiconductor Equipment and Materials International (SEMI) industry standard for SiC epitaxy. In 2024, our cumulative sales combining sales under Turnkey and Consign models exceeded 164,000 SiC epitaxial wafers. During the Track Record Period, we have delivered a total of over 599,700 SiC epitaxial wafers.

Among SiC epitaxial foundries worldwide, we achieved reliable performance in terms of product quality, yield rates and consistency. According to CIC, our products lead the industry in key performance metrics for SiC epitaxial products, including epitaxial thickness, doping concentration, epitaxial defect and yield rates. For example, for our Consign service provided to a leading global SiC device manufacturer, our SiC epitaxial wafer products reached a yield rate of 99%. Our success is also demonstrated by our profitability and cash flow in the Track Record Period. In 2024, our revenue, adjusted net profit (Non-IFRS measure) and operating cash flow reached RMB974.3 million, RMB323.5 million and RMB640.6 million, respectively. In the early stage of our operations, we primarily focused on the R&D of SiC epitaxial wafers, with substantial R&D investments and relatively low yield rates, resulting in an overall loss-making status. We also made substantial investments in production assets while primarily manufacturing on 4-inch SiC epitaxial wafers, which catered to a relatively limited market segment. During this period, we had not yet achieved mass production or large-scale sales, resulting in relatively low gross margins. Since 2020, however, market demand for 6-inch SiC epitaxial wafers has grown significantly. In response, we

have strategically expanded our production capacity to capture a larger share of the expanding 6-inch wafer market. We had incurred accumulated losses of RMB129.2 million as of January 1, 2022, but recorded net profits of RMB127.5 million, RMB107.5 million, RMB165.1 million, RMB118.4 million and RMB21.1 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. The primary reasons for our turnaround from losses to profitability during the Track Record Period were the significant growth in market demand for our SiC epitaxial products, primarily driven by the increasing adoption of silicon carbide in new energy vehicles, which substantially increased our operating revenue, as well as rising demand from our customers.

The sales volume and revenue of our epitaxial wafers we achieved during the Track Record Period was mainly due to (i) the widespread adoption of global automotive electrification, photovoltaic power generation, and smart grid applications in recent years, as SiC devices leveraging their excellent physical properties have seen continuous growth in market size and penetration, driving increased demand for epitaxial wafers; and (ii) our leading process technology, high-quality products, comprehensive delivery management, and after-sales services, through which we have gradually accumulated key customer resources from leading domestic and international SiC power device manufacturers, maintaining long-term and strong cooperative relationships that support sustainable revenue growth.

We offer and generate revenue from sales of SiC epitaxial wafers through Turnkey and Consign models. The key difference between the two models is the source of the substrates: we procure substrates under the Turnkey model and our customers supply substrates to us under the Consign model. Both services enable our customers to rely on our cumulative expertise in the production of SiC epitaxial wafers. During the Track Record Period, the average selling price of our SiC epitaxial wafers products showed an overall trend of decline. Specifically, the average price of 6-inch SiC epitaxial wafers declined year by year during the Track Record Period, while the average price of 4-inch wafers initially declined before subsequently rising. For 6-inch epitaxial wafers, the decline in average selling price was primarily due to lower raw material costs, which reduced unit production expenses and reflected broader industry trends.

During the Track Record Period, our revenue reached RMB440.7 million, RMB1,142.5 million, RMB974.3 million, RMB808.3 million and RMB535.1 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. Gross profit for the same period was RMB196.9 million, RMB445.4 million, RMB332.3 million, RMB285.7 million and RMB137.1 million, with gross profit margins of 44.7%, 39.0%, 34.1%, 35.3% and 25.6%, respectively. Net profit was RMB127.5 million, RMB107.5 million, RMB165.1 million, RMB118.4 million and RMB21.1 million, while adjusted net profit (Non-IFRS measure) was RMB171.9 million, RMB383.8 million, RMB323.5 million, RMB263.4 million and RMB163.3 million, respectively. Since 2024, our financial performance has been adversely affected by competitive market pressures that reduced our selling prices, coupled with weakened demand due to a downturn in our downstream customers' markets.

During the Track Record Period, our total assets grew steadily from 2022 to 2024 on an annual basis. Our total assets were RMB1,453.6 million, RMB3,073.6 million, RMB4,502.9 million and RMB4,366.6 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, while total liabilities were RMB870.1 million, RMB1,609.4 million, RMB1,689.5 million and RMB1,389.2 million, respectively. Our net assets were RMB583.5 million, RMB1,464.2 million, RMB2,813.5 million and RMB2,977.5 million as of December 31, 2022, 2023 and 2024 and September 30, 2025.

During the Track Record Period, our net cash flow generated from operating activities showed strong performance and growth from 2022 to 2024 on an annual basis, amounting to RMB170.0 million, RMB415.2 million, RMB640.6 million, RMB470.9 million and RMB176.2 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. Our net cash flow used in investing activities was RMB505.3 million, RMB1,140.5 million, RMB144.3 million, RMB144.5 million and RMB21.5 million in 2022, 2023 and 2024 and for the nine months

ended September 30, 2024 and 2025, respectively. Our net cash flow generated from financing activities was RMB459.1 million, RMB1,000.4 million, RMB984.8 million and RMB289.6 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024, and net cash flow used in financing activities was RMB352.6 million for the nine months ended September 30, 2025. As a result, cash and cash equivalents as of December 31, 2022, 2023 and 2024 and September 30, 2024 and 2025 amounted to RMB274.4 million, RMB549.5 million, RMB2,030.7 million, RMB1,165.5 million and RMB1,832.8 million, respectively.

## BASIS OF PRESENTATION AND PREPARATION

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting standards ("**IFRSs**") issued by International Accounting Standards Board ("**IASB**") and were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**"). For details of the basis of preparation, see Note 2 to the Accountant's Report included in Appendix I to this Prospectus.

The preparation of the Historical Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's 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 5 to the Accountant's Report included in Appendix I to this Prospectus.

## KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose challenges that we must successfully address in order to sustain our growth and improve our results of operations. Our business, results of operations and financial performance are principally affected by the following factors:

### The Market Demand from Key Industries and Our Product Offerings

Currently, SiC epitaxial wafer offered in the market can be classified as 3-inch, 4-inch, 6-inch and 8-inch in terms of its size. According to CIC, we were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers and the first in China to mass-produce and commercialize a comprehensive set of 3-inch, 4-inch, 6-inch, and 8-inch SiC epitaxial wafers.

Driven by technological developments in processing power, miniaturization and energy efficiency, as well as increasing demand from downstream industries, the SiC device market size witnessed overall growth from 2019 to 2024. Our revenue increased from RMB440.7 million in 2022 to RMB974.3 million in 2024, mainly driven by the increased market demand.

### Our Ability to Offer Competitive Products and Enrich Product Offerings

Our products are primarily based on the SiC epitaxy technologies, and our future success depends on the successful upgrade and expansion of our SiC epitaxy wafer product portfolio. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume, commanding a market share exceeding 30% in 2024. We believe our competitive product offerings are the backbone of our industry leading position and commercial success.

Our customers are constantly seeking products with better performance, and our success relies heavily on our ability to continue to develop and provide our customers with innovative products and improve existing products. During the Track Record Period, our SiC epitaxial wafer products are primarily sold to leading SiC power device companies with various end applications. Our continued success depends significantly on our ability to offer competitive products and enrich product offerings to cater to customers' evolving demands.

**Changes in Market Prices of Raw Materials and SiC Epitaxial Wafer Products and Our Manufacturing Costs**

During the Track Record Period, raw material costs were the largest component of our cost of sales. Our raw material costs amounted to RMB180.0 million, RMB495.0 million, RMB411.3 million, RMB327.3 million and RMB214.2 million, respectively, in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, representing for 73.9%, 71.0%, 64.1%, 62.6% and 53.8%, respectively, of our total cost of sales in the same periods. Our production costs and profit margin depend on our ability to source key raw materials at competitive prices. We procure a variety of raw materials necessary for the manufacturing of our SiC epitaxial wafers, including conductive SiC substrates and other accessory materials such as graphite components, chemicals, packaging materials and special gases. Any fluctuation in prices of raw materials or availability of raw materials could affect our pricing, production costs and, in turn the gross profit margin of our products. If we fail to price our products at a level that achieve desired margin while still remaining competitive in the market, our performance and results of operation will be adversely affected.

**Changes in Overseas Demand and Trade Policies**

Our business is subject to changes in customer demand from our overseas customers and trade policies such as tariffs or harsh trade conditions or other trade-related measures in various forms against certain countries. Sales to overseas markets, contributed a substantial portion of our revenue during the Track Record Period. Our revenue generated outside Greater China was amounted to RMB273.0 million, RMB835.3 million, RMB766.7 million, RMB646.9 million and RMB195.0 million, respectively, in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, accounting for 61.9%, 73.1%, 78.7%, 80.0% and 36.5% of our total revenue for the respective periods.

Changes in international trade policies can significantly impact our export activities. Adjustments in tariffs, quotas, and trade agreements may either facilitate or hinder our access to overseas markets. We must stay informed about these policy shifts to adapt our strategies accordingly, ensuring compliance and optimizing our competitive advantage in the global marketplace. Accordingly, our revenue and results of operations may be affected. We cannot fully predict or control the implications of any change in international trade policies and the resulting impact on our industry and the global economy. See "Risk Factors — Risks Related to Our Business and Industry — Our business, financial condition and results of operations may be materially and adversely affected by geopolitical tensions, international trade policies, international export controls and economic sanctions."

## CRITICAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies. Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances. For details on such estimates and judgments, see Note 3 to the Accountant's Report included in Appendix I to this Prospectus. For accounting treatment and details of Pre-IPO Investments, see Note 30 to the Accountants' Report.

Our management has identified below the accounting policies, estimates and judgments that they believe are critical to the preparation of our financial statements:

**Revenue Recognition**

***Revenue from Contracts with Customers***

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which we expect to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if our performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as we perform; or
- does not create an asset with an alternative use to us and we have an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or service.

Contracts with customers may include multiple performance obligations. For such arrangements, we allocate revenue to each performance obligation based on its relative standalone selling price. We generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to us, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Contract liabilities represent advanced consideration received from customers.

The determination of whether revenue shall be reported on a gross or net basis is based on an assessment of whether we are acting as the principal or an agent in the transactions. If we provide significant integration service to the hardware and is responsible for the overall management of the contract, we are the principal in the transaction and recognizes revenue in the gross amount of consideration to which it is entitled from the customer. We report the amount received from the customers and the amounts paid to the suppliers related to these transactions on a net basis if we are not primarily obligated in a transaction, does not generally bear the inventory risk and does not have the ability to establish the price.

***Other Income***

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVOCI, and is calculated by applying the effective interest rate to the gross carrying amount of the debt instruments when the asset is not credit-impaired. For debt instruments that have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

**Share-based Payments**

We operate share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of our operations. Employees (including directors) of us 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. Further details are included in Note 36 to the historical financial information of the Accountant's Report included in Appendix I of this Prospectus.

The cost of equity-settled transactions is recognized 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 recognized for equity-settled transactions at the end of each of the Track Record Period until the vesting date reflects the extent to which the vesting periods has expired and our 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 recognized as at the beginning and end of that periods.

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 our 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 recognized. 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 recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized 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 canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either us or the employee are not met. However, if a new award is substituted for the canceled award and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

**Impairment of Assets (other than Financial Assets)**

At the end of each reporting period, the Company reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognized no longer exists or may have decreased:

- Property, plant and equipment, including right-of-use assets;
- Investments in subsidiary; and
- Intangible assets.

Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently as cash generating units (CGUs). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount, which equals to the greater of the fair value less costs of disposal and value-in-use, of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately, unless the relevant asset is carried at a revalued amount under another IFRS rule, in which case the impairment loss is treated as a revaluation decrease under that IFRS rule.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. In respect of assets other than goodwill, reversal of an impairment loss is recognized in profit or loss immediately, unless the relevant asset is carried at a revalued amount under another IFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that IFRS. An impairment loss in respect of goodwill is not reversed.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

**Impairment of Financial Assets**

The measurement of the expected credit losses (ECLs) allowance for financial assets measured at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behavior, such as the likelihood of customers defaulting and the resulting losses. A number of significant judgments, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgments and assumptions used in measuring ECLs is set out in Note 4.10(b) and Note 42(b) to the Accountant's Report included in Appendix I. Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECLs to be recognized.

**Financial Liabilities and Equity**

***Classification as Debt or Equity***

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 a financial liability and an equity instrument.

***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. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

***Financial Liabilities***

We classify our financial liabilities at amortized cost. Financial liabilities at amortized cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortized cost including trade and bills payables and other payables and accruals are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized as described in Note 4.15 in Appendix I.

Gains or losses are recognized in profit or loss when the liabilities are de-recognized as well as through the amortization process.

## SUMMARY OF OUR CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets forth our consolidated statements of profit or loss for the years and periods indicated derived from the Accountant's Report included in Appendix I to this Prospectus:

| | Years Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| **Revenue** | **440,691** | **1,142,502** | **974,316** | **808,250** | **535,063** |
| Cost of sales | (243,754) | (697,103) | (642,007) | (522,542) | (397,982) |
| **Gross profit** | **196,937** | **445,399** | **332,309** | **285,708** | **137,081** |
| Other income and other gains, net | 21,534 | 63,451 | 168,402 | 107,583 | 132,621 |
| Selling and distribution expenses | (1,866) | (48,776) | (5,513) | (6,770) | (8,224) |
| Administrative and other expenses | (48,136) | (162,749) | (175,575) | (147,142) | (155,126) |
| Research and development costs | (43,829) | (101,786) | (79,992) | (62,096) | (50,374) |
| (Impairment loss)/reversal of impairment loss on financial assets, net | (901) | 149 | (1,253) | (200) | (2,116) |
| Finance costs | (20,281) | (32,535) | (30,197) | (21,595) | (9,636) |
| **Profit before taxation** | **103,458** | **163,153** | **208,181** | **155,488** | **44,226** |

| | Years Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Income tax credit/(expense) | 24,085 | (55,648) | (43,114) | (37,075) | (23,081) |
| **Profit for the year/period** | **127,543** | **107,505** | **165,067** | **118,413** | **21,145** |

For accounting treatment and details of Pre-IPO Investments, see Note 32 to the Accountants' Report.

## NON-IFRS MEASURE

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted net profit (Non-IFRS measure) for the period as additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that the non-IFRS measure facilitates comparisons of operating performance from period to period and company to company and provides useful information to investors and others in understanding and evaluating our operating performance in the same manner as it helps our management. However, our presentation of adjusted net profit (Non-IFRS measure) for the periods may not be comparable to similarly titled measure presented by other companies. The use of the non-IFRS measure has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRSs.

We define adjusted net profit (Non-IFRS measure) for the period as profit for the period adjusted by adding back (i) equity-settled share-based payment expenses, which are non-cash in nature, (ii) interest expenses for redemption right, which will be converted into equity of the Company upon the Listing, and (iii) listing expense, which are related to the Global Offering.

The following table reconciles our adjusted net profit (Non-IFRS measures) for the year/period presented in accordance with IFRSs, namely profit for the period:

| | Years Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| **Profit for the period** | **127,543** | **107,505** | **165,067** | **118,413** | **21,145** |
| *Adjustment by adding back:* | | | | | |
| Equity-settled share-based payment | 28,575 | 256,210 | 154,249 | 141,163 | 124,484 |
| Interest expenses for redemption right | 15,825 | 14,387 | 1,334 | 1,000 | 344 |
| Listing expense for previous listing application | – | 5,678 | 2,853 | 2,853 | – |
| Listing expense for the Listing | – | – | – | – | 17,368 |
| **Adjusted net profit (Non-IFRS measure)** | **171,943** | **383,780** | **323,503** | **263,429** | **163,341** |

### Adjusted net profit (Non-IFRS measure)

We had adjusted net profit (Non-IFRS measure) of RMB171.9 million, RMB383.8 million, RMB323.5 million, RMB263.4 million and RMB163.3 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. Our adjusted net profit (Non-IFRS measure) is adjusted by adding back equity-settled share-based payment to profit for the year/period.

## DESCRIPTION OF KEY COMPONENTS OF CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

### Revenue

We generate revenue from sales of SiC epitaxial wafers through Turnkey and Consign models. The key difference between the two models is the source of the substrates: we procure substrates under the Turnkey model and our customers supply substrates to us under the Consign model. Both services enable our customers to rely on our cumulative expertise in the production of SiC epitaxial wafers. See "Business — Our Products and Business Models" for details of our Turnkey and Consign services. We apply consistent revenue recognition policies between Turnkey and Consign services under which we recognize revenue at the point of delivery to customers. During the Track Record Period, the revenue generated from Turnkey service amounted to RMB277.8 million, RMB847.7 million, RMB839.6 million, RMB679.1 million and RMB483.4 million accounting for 63.0%, 74.2%, 86.2%, 84.0% and 90.3% in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025 of total revenue during the same periods, respectively. The revenue generated from Consign service amounted to RMB156.6 million, RMB292.8 million, RMB121.1 million, RMB118.1 million and RMB23.2 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, accounting for 35.5%, 25.6%, 12.4%, 14.6% and 4.3% of total revenue during the same periods, respectively.

The following table sets forth a breakdown of our revenue by product/type of service for the years and periods indicated, in absolute amounts and as percentages of revenue.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *(RMB in thousands, except for percentages)* | | | | | | *(unaudited)* | | | |
| **Turnkey** | | | | | | | | | | |
| 3-inch | – | – | – | – | – | – | – | – | 4 | 0.0 |
| 4-inch | 18,961 | 4.3 | 2,217 | 0.2 | 1,671 | 0.2 | 1,348 | 0.2 | 9 | 0.0 |
| 6-inch | 258,802 | 58.7 | 839,477 | 73.5 | 736,223 | 75.6 | 593,814 | 73.5 | 407,702 | 76.2 |
| 8-inch | – | – | 5,985 | 0.5 | 101,683 | 10.4 | 83,981 | 10.4 | 75,689 | 14.1 |
| **Subtotal** | **277,763** | **63.0** | **847,679** | **74.2** | **839,577** | **86.2** | **679,143** | **84.0** | **483,403** | **90.3** |
| **Consign** | | | | | | | | | | |
| 4-inch | 522 | 0.1 | 55 | 0.0 | 31 | 0.0 | 8 | 0.0 | 2,370 | 0.4 |
| 6-inch | 156,047 | 35.4 | 292,695 | 25.6 | 121,072 | 12.4 | 118,092 | 14.6 | 20,579 | 3.8 |
| 8-inch | – | – | – | – | – | – | – | – | 246 | 0.0 |
| **Subtotal** | **156,569** | **35.5** | **292,750** | **25.6** | **121,103** | **12.4** | **118,100** | **14.6** | **23,194** | **4.3** |
| Others[(1)] | 6,359 | 1.4 | 2,073 | 0.2 | 13,636 | 1.4 | 11,007 | 1.4 | 28,466 | 5.3 |
| **Total** | **440,691** | **100.0** | **1,142,502** | **100.0** | **974,316** | **100.0** | **808,250** | **100.0** | **535,063** | **100.0** |

*Note:*

(1) Others mainly include sales of SiC substrate.

***Revenue by Region***

During the Track Record Period, we derived revenues from sales to customers in various regions, mainly Asia and Europe. Our revenue from Asia and Europe markets accounted for 96.4%, 93.5%, 96.6%, 96.4% and 97.2% of our total revenue in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. In addition, the revenue from Greater China amounted to RMB167.7 million, RMB307.2 million, RMB207.7 million, RMB161.3 million and RMB340.0 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. We record revenue from our customers by region based on the customer's registered address or place of incorporation.

The following table sets forth a breakdown of revenue by region, based on the locations of our direct contracting customers, for the years and periods indicated, in absolute amount and as percentage of total revenues.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| **Revenue by region** | | | | | | | | | | |
| Asia[(1)] | 275,470 | 62.5 | 745,221 | 65.2 | 672,429 | 69.0 | 543,971 | 67.3 | 455,961 | 85.2 |
| Greater China | 167,703 | 38.1 | 307,249 | 26.9 | 207,656 | 21.3 | 161,343 | 20.0 | 340,026 | 63.5 |
| Europe[(2)] | 149,339 | 33.9 | 323,343 | 28.3 | 268,943 | 27.6 | 235,014 | 29.1 | 64,160 | 12.0 |
| North America[(3)] | 14,083 | 3.2 | 73,938 | 6.5 | 32,944 | 3.4 | 29,265 | 3.6 | 14,942 | 2.8 |
| Others[(4)] | 1,799 | 0.4 | – | – | – | – | – | – | – | – |
| **Total** | **440,691** | **100.0** | **1,142,502** | **100.0** | **974,316** | **100.0** | **808,250** | **100.0** | **535,063** | **100.0** |

*Notes:*

(1) Asia primarily comprises Greater China, South Korea and Japan.

(2) Europe primarily comprises Austria, Switzerland and the U.K.

(3) North America primarily comprises the U.S.

(4) Other primarily comprises Australia.

## Cost of Sales

Our cost of sales primarily include (i) raw materials, which mainly include conductive SiC substrates, graphite components, gases, chemicals and packaging materials, (ii) labor costs, which mainly include salaries and benefits, and (iii) share-based payment for our production personnel, (iv) depreciation of our production plant and equipment, utility expenses and parts and consumables, and (v) others.

Our cost of sales increased from RMB243.8 million in 2022 to RMB697.1 million in 2023, primarily due to the expansion of production capacity, a significant increase in sales volume during the same period and increased share-based payment for our employees. In 2023, we also recognized a substantial share-based payment, which included a portion of a one-time recognized share-based payment to attract and retain talents and for them to share and contribute to our growth. The employee share-based payments consist of two parts: the portion without a service period is recognized as a one-time expense in 2023, allocated to costs, selling expenses, or administrative expenses based on the employee's department; the portion with a service period is amortized over the service period and allocated to the corresponding costs or expenses for each year.

Our cost of sales decreased from RMB697.1 million in 2023 to RMB642.0 million in 2024, primarily due to a significant reduction in share-based payment expenses. This was because the one-time recognized share-based payment in 2023 was not present in 2024. Additionally, depreciation increased significantly as buildings and production equipment in our production site were gradually capitalized.

Our cost of sales decreased from RMB522.5 million for the nine months ended September 30, 2024 to RMB398.0 million for the same period in 2025, primarily due to the decrease in the costs of raw materials, in line with the fluctuation of our revenues. This was partially offset by the increase in our depreciation, primarily due to the completion of our certain construction projects, which started to record depreciation. In addition, share-based payment expenses were higher for the nine months ended September 30, 2024 than for the year ended December 31, 2024, as a partial reversal was recorded in the fourth quarter of 2024 following management's reassessment of certain sales targets under the incentive plan.

The following table sets forth a breakdown of cost of sales by nature for the years and periods indicated. See "— Discussion of Results of Operations" for year-over-year discussions of the changes of our cost of sales.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | *(unaudited)* | | | |
| Raw material | 180,013 | 73.9 | 494,960 | 71.0 | 411,273 | 64.1 | 327,301 | 62.6 | 214,202 | 53.8 |
| Labor cost | 25,747 | 10.5 | 53,683 | 7.7 | 57,673 | 9.0 | 51,941 | 9.9 | 36,725 | 9.2 |
| Share-based payment | – | 0.0 | 57,816 | 8.3 | 3,521 | 0.5 | 6,845 | 1.3 | 4,088 | 1.1 |
| Depreciation | 22,171 | 9.1 | 57,546 | 8.3 | 134,805 | 21.0 | 112,634 | 21.6 | 115,589 | 29.0 |
| Others[(1)] | 15,934 | 6.5 | 28,546 | 4.1 | 33,665 | 5.2 | 25,340 | 4.8 | 25,018 | 6.3 |
| **Less:** | | | | | | | | | | |
| Provision | (111) | (0.0) | 4,552 | 0.6 | 1,070 | 0.2 | (1,518) | (0.2) | 2,360 | 0.6 |
| **Total** | **243,754** | **100.0** | **697,103** | **100.0** | **642,007** | **100.0** | **522,543** | **100.0** | **397,982** | **100.0** |

*Note:*

(1) Others mainly include tax expenses related to operations, energy cost and testing costs.

## Gross Profit and Gross Profit Margin

The following table sets forth the gross profit and gross profit margins of the Group during the Track Record Period.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin | Gross Profit | Gross Profit Margin |
| | *(RMB in thousands, except for percentages)* | | | | | | *(unaudited)* | | | |
| Turnkey | 99,808 | 35.9 | 301,809 | 35.6 | 278,571 | 33.2 | 230,333 | 33.9 | 143,183 | 29.6 |
| Consign | 97,331 | 62.2 | 151,734 | 51.8 | 58,868 | 48.6 | 61,049 | 51.7 | 2,483 | 10.7 |
| Others[(1)] | (201) | (3.2) | (8,143) | (329.9) | (5,130) | (37.6) | (5,674) | (51.6) | (8,585) | (30.2) |
| **Total** | **196,937** | **44.7** | **445,399** | **39.0** | **332,309** | **34.1** | **285,708** | **35.3** | **137,081** | **25.6** |

*Note:*

(1) Others primarily represent sales of substrates.

Our gross profit represents our revenue less our cost of sales, and our gross margin represents gross profit divided by our revenue, expressed as a percentage. As a result of the foregoing, in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our gross profit was RMB196.9 million, RMB445.4 million, RMB332.3 million, RMB285.7 million and RMB137.1 million, respectively. Our overall gross profit margin was 44.7%, 39.0%, 34.1%, 35.3% and 25.6% for the same periods, respectively.

Our gross profit fluctuated during the Track Record Period, primarily due to changes in revenue. Our revenue increased by RMB701.8 million, from RMB440.7 million in 2022 to RMB1,142.5 million in 2023, which is mainly driven by the rapid growth of market demand. This drove a concurrent expansion in the gross profit of both Turnkey and Consign models. Our gross profit of Turnkey model increased by RMB747.9 million from 2022 to 2023, and our gross profit of Consign model increased by RMB195.4 million during the same period. However, our gross profit margin decreased from 44.7% in 2022 to 39.0% in 2023, primarily due to an increase in share based payments for core personnel in 2023.

Subsequently, our gross profit decreased from RMB445.4 million in 2023 to RMB332.3 million in 2024. This was mainly due to a reduction in gross profit from Consign service, which fell from RMB151.7 million in 2023 to RMB58.9 million in 2024. Additionally, our gross profit margin declined from 39.0% in 2023 to 34.1% in 2024, primarily because (i) the gross profit margin of our Consign service decreased from 51.8% to 48.6%, mainly due to the downward price pressure across the industry, and (ii) the proportion of revenue from our Turnkey increased, which has a relatively lower gross profit margin due to our revenue from and costs by Turnkey model both incorporate the price of the substrates. As we procure substrates under the Turnkey model, fluctuations in substrate prices could impact our margins. In addition, an increase in depreciation expenses contributed to higher costs in 2024.

Our gross profit decreased from RMB285.7 million for the nine months ended September 30, 2024 to RMB137.1 million for the same period in 2025. This was mainly due to the decrease in gross profit from our Turnkey service from RMB230.3 million for the nine months ended September 30, 2024 to RMB143.2 million for the same period in 2025, primarily due to our competitive pricing strategies, which were supported by the decline in raw material costs, including substrates. Additionally, gross profit from our Consign service decreased from RMB61.0 million for the nine months ended September 30, 2024 to RMB2.5 million for the same period in 2025, primarily due to the decrease in revenue, which was in turn because certain of our major customers experienced fluctuations in their business operations and reduced their procurement. Our gross profit margin decreased from 35.3% for the nine months ended September 30, 2024 to 25.6% for the same period in 2025, primarily due to our competitive pricing strategies and the decrease in the proportion of our Consign service, which inherently has a higher profit margin, combined with the write-down of inventories we recorded in the first quarter of 2025.

During the Track Record Period, a significant portion of our gross profit was attributed to our 6-inch SiC epitaxial wafers, in line with its relatively high sales volume. Our gross profit margin of 6-inch SiC epitaxial wafers under Turnkey model generally ranges from 30% to 35%, while our gross profit margin of 6-inch SiC epitaxial wafers under Consign model was approximately 50% during the Track Record Period. We experienced a decrease in gross profit margin of 6-inch SiC epitaxial wafers under Consign model for the nine months ended September 30, 2025, primarily due to the limited sales volume in that period, in combination with a decline in pricing.

**Other Income and Other Gains, net**

Other income and other gains, net primarily consist of (i) government grants, (ii) bank interest income from our time deposits, (iii) gain on disposal of property, plant and equipment, (iv) exchange gains/(losses), and (v) others.

Our government grants primarily consist of (i) asset-related grants and (ii) income-related grants. Asset-related grants refer to grants obtained by us for the purpose of purchasing, constructing, or otherwise forming long-term assets. The specific criterion for classifying a grant as asset-related is that it is used for the acquisition or formation of long-term assets. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our asset-related grants amounted to RMB7.3 million, RMB16.9 million, RMB23.9 million, RMB17.7 million and RMB24.1 million, respectively, which was then invested in our assets to support our business operation. Income-related grants are typically designed to compensate for expenses or losses, with the aim of encouraging research and development activities, as well as supporting business operations and growth. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our income-related grants amounted to RMB6.2 million, RMB30.4 million, RMB88.0 million, RMB78.0 million and RMB78.9 million, respectively, which was then used for various expenses in our ordinary and usual course of business.

Majority of our government grants are one-off in nature, although the actual grants can be by allotments. According to our agreements with the relevant government authority, the government grants were subject to certain conditions such as the Company's financial performance, capital investments and local tax contributions. There was no unfulfilled condition to receive government grants at the end of each period. Our government grants increased by RMB33.8 million from 2022 to 2023, RMB64.5 million from 2023 to 2024, and RMB7.3 million from the nine months ended September 30, 2024 to the same period in 2025. For the nine months ended September 30, 2025, our net profit was primarily attributable to the one-off government grants of RMB103.0 million, and we would have incurred loss for the period without the grants. According to CIC, it is common industry practice for governments to provide similar grants to other companies in the SiC or SiC epitaxial wafer industry.

The following table sets forth a breakdown of our other income and other gains, net for the years/periods indicated.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | | | | | | | *(unaudited)* | | | |
| | *(in thousands, except for percentages)* | | | | | | | | | |
| **Other income and other gains, net** | | | | | | | | | | |
| Government grants | 13,508 | 62.7 | 47,350 | 74.6 | 111,894 | 66.5 | 95,719 | 89.0 | 103,035 | 77.6 |
| Bank interest income | 3,480 | 16.2 | 12,103 | 19.1 | 39,950 | 23.7 | 26,363 | 24.5 | 48,889 | 36.9 |
| Gain/(loss) on disposal of property, plant and equipment | 26 | 0.1 | 3,487 | 5.5 | 20 | 0.0 | 20 | 0.0 | (5) | 0.0 |
| Fair value loss on derivatives financial instruments | – | – | – | – | – | – | – | – | (2,140) | (1.6) |
| Exchange gain/(loss) | 4,433 | 20.6 | 463 | 0.7 | 16,482 | 9.8 | (14,570) | (13.5) | (17,203) | (13.0) |
| Others | 87 | 0.4 | 48 | 0.1 | 56 | 0.0 | 51 | 0.0 | 45 | 0.0 |
| **Total** | **21,534** | **100.0** | **63,451** | **100.0** | **168,402** | **100.0** | **107,583** | **100.0** | **132,621** | **100.0** |

### Selling and Distribution Expenses

Our selling and distribution expenses primarily include share-based payments, employee expenses, travel expenses, sample costs and others. We recognized share-based payment of RMB46.2 million, RMB1.6 million, RMB4.2 million and RMB2.2 million in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively, accounting for 94.8%, 29.8%, 61.7% and 27.3% in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025 of total sales and distribution expenses, respectively. The relatively large amount in 2023 was primarily due to the amortization of share-based compensation expenses for key sales personnel in 2023. In addition, share-based payment expenses were higher for the nine months ended September 30, 2024 than for the year ended December 31, 2024, as a partial reversal was recorded in the fourth quarter of 2024 following management's reassessment of certain sales targets under the incentive plan. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our selling and distribution expenses were RMB1.9 million, RMB48.8 million, RMB5.5 million, RMB6.8 million and RMB8.2 million, respectively, representing 0.4%, 4.3%, 0.6%, 0.8% and 1.5% of our revenue, respectively.

The following table sets forth a breakdown of our selling and distribution expenses, in absolute amounts and as a percentage of total selling and distribution expenses, for the years and periods indicated.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| **Selling and distribution expenses** | | | | | | | | | | |
| Share-based payments | – | – | 46,219 | 94.8 | 1,642 | 29.8 | 4,174 | 61.7 | 2,248 | 27.3 |
| Employee expenses | 1,614 | 86.5 | 1,778 | 3.6 | 2,174 | 39.4 | 1,477 | 21.8 | 2,157 | 26.2 |
| Travel expenses | 54 | 2.9 | 328 | 0.7 | 505 | 9.2 | 249 | 3.7 | 721 | 8.8 |
| Sample costs | 91 | 4.9 | 346 | 0.7 | 735 | 13.3 | 693 | 10.2 | 2,646 | 32.2 |
| Others[(1)] | 107 | 5.7 | 105 | 0.2 | 457 | 8.3 | 177 | 2.6 | 452 | 5.5 |
| **Total** | **1,866** | **100.0** | **48,776** | **100.0** | **5,513** | **100.0** | **6,770** | **100.0** | **8,224** | **100.0** |

*Note:*

(1) Others mainly include promotional expenses and hospitality expenses.

### Administrative and Other Expenses

Our administrative and other expenses primarily include share-based payments, employee costs, depreciation and amortization, consulting fees and others. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, we recognized share-based payments of RMB28.6 million, RMB124.3 million, RMB141.4 million, RMB121.7 million and RMB111.4 million, respectively, accounting for 59.4%, 76.3%, 80.6%, 82.7% and 71.8% of total administrative and other expenses, respectively. The increase subsequent to 2023 was primarily due to the amortization of share-based compensation expenses for key management personnel. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our administrative and other expenses were RMB48.1 million, RMB162.7 million, RMB175.6 million, RMB147.1 million and RMB155.1 million, respectively, representing 10.9%, 14.2%, 18.0%, 18.2% and 29.0% of our revenue, respectively.

The following table sets forth a breakdown of administrative and other expenses, in absolute amounts and as a percentage of total administrative and other expenses, for the years and periods indicated.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| **Administrative and other expenses** | | | | | | | | | | |
| Share-based payments | 28,575 | 59.4 | 124,253 | 76.3 | 141,400 | 80.6 | 121,651 | 82.7 | 111,437 | 71.8 |
| Employee costs | 10,756 | 22.3 | 15,562 | 9.6 | 16,730 | 9.5 | 11,893 | 8.1 | 11,424 | 7.4 |
| Depreciation and amortization | 1,892 | 3.9 | 3,683 | 2.3 | 4,301 | 2.4 | 3,202 | 2.2 | 6,678 | 4.3 |
| Consulting fees | 2,337 | 4.9 | 9,531 | 5.9 | 6,613 | 3.8 | 5,649 | 3.8 | 20,357 | 13.1 |
| Others[(1)] | 4,576 | 9.5 | 9,720 | 5.9 | 6,531 | 3.7 | 4,747 | 3.2 | 5,230 | 3.4 |
| **Total** | **48,136** | **100.0** | **162,749** | **100.0** | **175,575** | **100.0** | **147,142** | **100.0** | **155,126** | **100.0** |

*Note:*

(1) Others mainly consist of office expenses.

## Research and Development Expenses

Our research and development expenses primarily included research material costs consist of substrates and gases, employee expenses, depreciation and amortization, share-based payments and others. In 2023, 2024 and for the nine months ended September 30, 2024 and 2025, we recognized share-based payments of RMB27.9 million, RMB7.7 million, RMB8.5 million and RMB6.7 million, respectively, accounting for 27.4%, 9.6%, 13.7% and 13.3% of total research and development expenses in same periods, primarily due to the amortization of share-based compensation expenses for key R&D personnel in 2023. In addition, share-based payment expenses were higher for the nine months ended September 30, 2024 than for the year ended December 31, 2024, as a partial reversal was recorded in the fourth quarter of 2024 following management's reassessment of certain sales targets under the incentive plan. In 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, our research and development expenses were RMB43.8 million, RMB101.8 million, RMB80.0 million, RMB62.1 million and RMB50.4 million, respectively, representing 9.9%, 8.9%, 8.2%, 7.7% and 9.4% of our revenue, respectively.

The following table sets forth a breakdown of research and development expenses, in absolute amounts and as a percentage of total research and development expenses, for the years and periods indicated.

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| **R&D expenses** | | | | | | | | | | |
| Research material costs | 26,301 | 60.0 | 39,039 | 38.0 | 33,600 | 42.0 | 26,348 | 42.4 | 17,748 | 35.2 |
| Share-based payments | – | – | 27,925 | 27.4 | 7,685 | 9.6 | 8,493 | 13.7 | 6,711 | 13.3 |
| Employee expenses | 8,127 | 18.5 | 14,191 | 13.9 | 15,627 | 19.5 | 10,880 | 17.5 | 11,442 | 22.7 |

| | Years Ended December 31, | | | | | | Nine Months Ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2024 | | 2025 | |
| | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* | *RMB* | *%* |
| | *(in thousands, except for percentages)* | | | | | | | | | |
| | | | | | | | *(unaudited)* | | | |
| Depreciation and amortization | 6,498 | 14.9 | 14,188 | 13.9 | 15,795 | 19.8 | 11,254 | 18.1 | 9,856 | 19.6 |
| Others[(1)] | 2,903 | 6.6 | 6,443 | 6.3 | 7,285 | 9.1 | 5,121 | 8.2 | 4,617 | 9.2 |
| **Total** | **43,829** | **100.0** | **101,786** | **100.0** | **79,992** | **100.0** | **62,096** | **100.0** | **50,374** | **100.0** |

*Note:*

(1) Others mainly include testing expense from R&D activities.

**Finance Costs**

Finance costs primarily included interest on bank borrowings, interest on lease liabilities and others. The following table sets forth a breakdown of finance costs, for the years and periods indicated.

| | Years Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Interest on bank borrowings | 4,600 | 18,168 | 30,135 | 21,410 | 9,919 |
| Interest on lease liabilities | 9 | 18 | 2 | 2 | 1 |
| Interests associated with the redemption liabilities | 15,825 | 14,387 | 1,334 | 1,000 | 344 |
| | 20,434 | 32,573 | 31,471 | 22,412 | 10,264 |
| Less: Finance costs capitalized | (153) | (38) | (1,274) | (817) | (628) |
| | **20,281** | **32,535** | **30,197** | **21,595** | **9,636** |

**Income Tax Credits/(Expenses)**

We recorded income tax credits of RMB24.1 million in 2022, income tax expenses of RMB55.6 million, RMB43.1 million, RMB37.1 million and RMB23.1 million in 2023 and 2024 and for the nine months ended September 30, 2024 and 2025. In 2022, we achieved profitability and anticipated that future taxable income could be utilized to offset prior losses. As a result, deferred tax assets related to prior years' losses were recognized through an one-time adjustment, leading to negative income tax expenses for the year/period. The increase in income tax expenses in 2023 was primarily driven by a substantial growth in adjusted net profit (Non-IFRS measure). Conversely, the decrease in income tax expenses in 2024 and for the nine months ended September 30, 2025 was attributed to a decline in adjusted net profit (Non-IFRS measure).

**Government Grants**

During the Track Record Period, besides profits from operations, we had government grants of RMB13.5 million, RMB47.4 million, RMB111.9 million, RMB95.7 million and RMB103.0 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively, which were a major and increasing contributor to our profit for the year/period during the Track Record Period.

**Profit for the Year/Period**

We recorded profit of RMB127.5 million, RMB107.5 million, RMB165.1 million, RMB118.4 million and RMB21.1 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively.

**TAXATION**

**PRC**

According to the Enterprise Income Tax Law of the People's Republic of China ("EIT Law"), companies established in China are generally subject to an enterprise income tax rate of 25%, unless otherwise specified. Under the EIT Law, our subsidiary is subject to a tax rate of 25%. In accordance with the EIT Law and relevant regulations, enterprises that qualify as "High and New Technology Enterprises" are eligible for a preferential enterprise income tax rate of 15% along with other related tax benefits. We obtained the High and New Technology Enterprise Certificate in both 2020 and 2023, each valid for three years. Therefore, during the Track Record Period, it calculated and paid enterprise income tax at the preferential rate of 15% and enjoyed other related tax incentives. Preferential tax treatments and incentives granted to us by PRC regulatory authorities are subject to review and may be adjusted or revoked at any time in the future.

Under the PRC Enterprise Income Tax Law and its implementation rules, an enterprise established outside of the PRC with a "de facto management body" within the PRC is considered a resident enterprise and will be subject to the enterprise income tax on its global income at the rate of 25%. In April 2009, the SAT, issued a circular, known as Circular 82, which provides certain specific criteria for determining whether the "de facto management body" of a PRC-controlled enterprise that is incorporated offshore is located in China. Although this circular only applies to offshore enterprises controlled by PRC resident enterprises or PRC resident enterprise groups, not those controlled by PRC resident individuals or foreigners like us, the criteria set forth in the circular may reflect the SAT's general position on how the "de facto management body" test should be applied in determining the tax resident status of all offshore enterprises. According to Circular 82, an offshore incorporated enterprise controlled by a PRC resident enterprise or a PRC resident enterprise group will be regarded as a PRC tax resident by virtue of having its "de facto management body" in China and will be subject to PRC enterprise income tax on its global income only if all of the following conditions are met: (i) the primary location of the day-to-day operational management is in the PRC; (ii) decisions relating to the enterprise's financial and human resource matters are made or are subject to approval by organizations or personnel in the PRC; (iii) the enterprise's primary assets, accounting books and records, company seals, and board and shareholder resolutions, are located or maintained in the PRC; and (iv) at least 50% of voting board members or senior executives habitually reside in the PRC.

We believe none of our entities outside of China is a PRC resident enterprise for PRC tax purposes. However, if the PRC tax authorities determine that any of our subsidiaries outside of China is a PRC resident enterprise for PRC enterprise income tax purposes, then such subsidiary could be subject to PRC tax at a rate of 25% on our or the subsidiary's worldwide income. In addition, such subsidiary will also be subject to PRC enterprise income tax reporting obligations.

## DISCUSSION OF RESULTS OF OPERATIONS

### Nine Months Ended September 30, 2025 Compared with Nine Months Ended September 30, 2024

#### *Revenue*

Our revenue decreased from RMB808.3 million for the nine months ended September 30, 2024 to RMB535.1 million for the same period in 2025, primarily due to the decrease in our revenue from Turnkey service.

By type of service, revenue from Turnkey service decreased from RMB679.1 million for the nine months ended September 30, 2024 to RMB483.4 million for the same period in 2025, primarily due to our competitive pricing strategies, in response to the general downward pricing trend across the industry. As the decrease in raw material prices provided more spaces for us to adjust our prices downward while maintaining profitability, we proactively passed savings to our customers, thereby strengthening client loyalty and securing market share in a competitive environment. Our sales volume from Turnkey service increased from 92,006 pieces for the nine months ended September 30, 2024 to 137,763 pieces for the same period in 2025. The revenue generated from Consign service decreased from RMB118.1 million for the nine months ended September 30, 2024 to RMB23.2 million for the same period in 2025, primarily due to the decrease in our sales volume under Consign service as certain of our major customers experienced fluctuations in their business operations and reduced their procurement volume, combined with our competitive pricing strategy. Our sales volume from Consign service decreased from 41,017 pieces for the nine months ended September 30, 2024 to 11,539 pieces for the same period in 2025. As of the Latest Practicable Date, we have no plans to phase out our Consign service despite the decline in its revenue and sales volume. As the production process of epitaxial wafers under the two service types are mainly the same, we plan to continue to offer Turnkey and/or Consign services according to our customers' demand.

By region, revenue from Asia decreased from RMB544.0 million for the nine months ended September 30, 2024 to RMB456.0 million for the same period in 2025, primarily due to the continued downward price trend. The revenue from Europe decreased from RMB235.0 million for the nine months ended September 30, 2024 to RMB64.2 million for the same period in 2025, primarily due to the decreased demand caused by lower production of some clients.

#### *Cost of Sales*

Our cost of sales decreased from RMB522.5 million for the nine months ended September 30, 2024 to RMB398.0 million for the same period in 2025, primarily due to the decrease in the costs of our raw materials of RMB113.1 million, reflecting the decreases in the price of our key raw materials and sales volume. Additionally, our labor cost decreased by RMB15.2 million, primarily due to the decrease in our personnel as we strengthened our automation capabilities. Decline in cost of sales was partially offset by the increase in depreciation of RMB3.0 million, primarily due to the completion of our certain construction projects, which started to record depreciation.

#### *Gross Profit and Gross Profit Margin*

As a result of the foregoing, our gross profit decreased by RMB148.6 million, or 52.0%, from RMB285.7 million for the nine months ended September 30, 2024 to RMB137.1 million for the same period in 2025. Our gross profit margin decreased from 35.3% for the nine months ended September 30, 2024 to 25.6% for the same period in 2025, primarily due to changes in offering mix, reflecting the decreased proportion of sales under our Consign service (which has higher margin) combined with the increased proportion of our other revenue, which was mainly generated from the sales of our stored inventories.

***Other Income and Other Gains, Net***

Our other income and other gains, net, significantly increased from RMB107.6 million for the nine months ended September 30, 2024 to RMB132.6 million for the same period in 2025, primarily due to the increase of (i) government grants of RMB7.3 million based on incentive policies to support our business growth and R&D activities; and (ii) bank interest income of RMB22.5 million as a result of our increased bank deposits from our financing activities and operational cash inflow. Our increases in other income and other gains were partially offset by the increase of foreign exchange loss of RMB2.6 million due to the decrease in the USD/RMB exchange rate.

***Selling and Distribution Expenses***

Our selling and distribution expenses increased by RMB1.4 million, or 21.5%, from RMB6.8 million for the nine months ended September 30, 2024 to RMB8.2 million for the same period in 2025, primarily attributable to the increase in sample costs as a result of our active marketing and business development activities, as well as the increase in employee expenses due to the increased selling and distribution personnel.

***Administrative and Other Expenses***

Our administrative and other expenses increased by RMB8.0 million, or 5.4%, from RMB147.1 million for the nine months ended September 30, 2024 to RMB155.1 million for the same period in 2025, primarily due to the listing expenses we incurred in early 2025, partially offset by the decrease in our share-based payments as a result of the write-off of share-based payments in accordance with conditions of our share-based compensation plan.

***Research and Development Expenses***

Our research and development expenses decreased by RMB11.7 million, or 18.9%, from RMB62.1 million for the nine months ended September 30, 2024 to RMB50.4 million for the same period in 2025, primarily due to the decrease in material costs resulted from price reduction of materials we use.

***(Impairment Loss)/Reversal of Impairment Loss on Financial Assets, Net***

Our net impairment loss on financial assets significantly increased by RMB1.9 million from RMB0.2 million for the nine months ended September 30, 2024 to RMB2.1 million for the nine months ended September 30, 2025, primarily due to the increase in impairment loss on trade and bills receivables as a result of a higher balance of our trade and bills receivables as of September 30, 2025.

***Finance Costs***

Our finance costs decreased by RMB12.0 million, or 55.4%, from RMB21.6 million for the nine months ended September 30, 2024 to RMB9.6 million for the same period in 2025, primarily due to our repayment of borrowings from our equity financing activities and operational cash inflow.

***Income Tax Expense***

Our income tax expense decreased from RMB37.1 million for the nine months ended September 30, 2024 to RMB23.1 million for the nine months ended September 30, 2025, primarily due to the decrease in our adjusted net profit (Non-IFRS measure) for the same periods.

***Profit for the Period***

As a result of the foregoing, the recorded profit of the period decreased from RMB118.4 million for the nine months ended September 30, 2024 to RMB21.1 million for the same period in 2025.

**Year Ended December 31, 2024 Compared with Year Ended December 31, 2023**

***Revenue***

Our revenue decreased by RMB168.2 million, or 14.7%, from RMB1,142.5 million in 2023 to RMB974.3 million in 2024, primarily due to the revenue from our Consign service decreased.

By type of service, revenue from Turnkey service slightly decreased from RMB847.7 million in 2023 to RMB839.6 million in 2024, primarily due to we offered competitive price as the price of key raw materials, including substrates, decreased, and the impact on our revenue due to such decreases in selling price was partially offset by our increased sales volume from Turnkey service, which increased from 96,428 pieces in 2023 to 122,283 pieces in 2024. The revenue generated from Consign service decreased from RMB292.8 million in 2023 to RMB121.1 million in 2024, primarily due to the decrease in our sales volume under Consign model and our competitive pricing strategy. The sales volume under Consign service decreased from 104,175 wafers in 2023 to 42,150 wafers in 2024, primarily due to reduced demand from certain customers under the Consign service, primarily due to a large inventory backlog carried over from the previous year.

By region, revenue from Asia decreased from RMB745.2 million in 2023 to RMB672.4 million in 2024, primarily due to lowered sales price, which was partially offset by increased sale volume from Turnkey service. The revenue from Europe decreased from RMB323.3 million in 2023 to RMB268.9 million in 2024, primarily due to decreased sales volume in 2024.

***Cost of Sales***

Our cost of sales decreased by RMB55.1 million, or 7.9%, from RMB697.1 million in 2023 to RMB642 million in 2024, primarily due to the share-based payment for our employees categorized as the cost of sales decreased by RMB54.3 million, from RMB57.8 million in 2023 to RMB3.5 million in 2024. Additionally, the decrease in substrate prices led to a reduction in raw material costs, while an increase in depreciation expenses contributed to higher costs.

***Gross Profit and Gross Profit Margin***

As a result of the foregoing, our gross profit decreased by RMB113.1 million, or 25.4%, from RMB445.4 million in 2023 to RMB332.3 million in 2024. Our gross profit margin decreased from 39.0% in 2023 to 34.1% in 2024, primarily due to the increased proportion of sales under our Turnkey service, which had a lower gross margin compared to the Consign service. This was because substrate costs were included in the Turnkey service, and substrate costs accounted for a relatively higher proportion of total costs, resulting in a lower gross margin for this type of service.

***Other Income and Other Gains, Net***

Our other income and other gains, net, significantly increased from RMB63.5 million in 2023 to RMB168.4 million in 2024, primarily due to the increase of (i) government grants of RMB64.5 million based on incentive policies to support our business and R&D activities; (ii) bank interest income of RMB27.8 million resulted from the increase of our short-term deposits with preferred interest rates; and (iii) net exchange gain of RMB16.0 million resulted from exchange rate fluctuations.

***Selling and Distribution Expenses***

Our selling and distribution expenses decreased by RMB43.3 million, or 88.7%, from RMB48.8 million in 2023 to RMB5.5 million in 2024, primarily due to the decrease in share-based payments for our employees, and increased employee costs associated with marketing activities.

***Administrative and Other Expenses***

Our administrative and other expenses increased by RMB12.9 million, or 7.9%, from RMB162.7 million in 2023 to RMB175.6 million in 2024, primarily due to the increase in share-based payments for our employees, partially offset by decreased consulting fees.

***Research and Development Expenses***

Our research and development expenses decreased by RMB21.8 million, or 21.4%, from RMB101.8 million in 2023 to RMB80 million in 2024, primarily due to the decrease in share-based payments for our employees, and decreased research material costs.

***(Impairment Loss)/Reversal of Impairment Loss on Financial Assets, Net***

We record impairment loss on financial assets, net, of RMB1.3 million in 2024, compared to reversal of impairment loss on financial assets, net, of RMB0.1 million in 2023, primarily due to the reversal of the provision for impairment of receivables and bills receivable of RMB0.1 million in 2023 and the provision for receivables and bills receivable of RMB1.2 million in 2024.

***Finance Costs***

Our finance costs decreased by RMB2.3 million, or 7.2%, from RMB32.5 million in 2023 to RMB30.2 million in 2024, primarily due to the decrease of our interests associated with the redemption liabilities as the termination of redemption rights.

***Income Tax Expense***

We record income tax expense of RMB43.1 million in 2024, compared to income tax expense of RMB55.6 million in 2023, primarily due to the decreased in adjusted net profit (Non-IFRS measure) for the year.

***Profit for the Year***

As a result of the foregoing, the recorded profit of the year increased by RMB57.6 million, or 53.5%, from RMB107.5 million in 2023 to RMB165.1 million in 2024.

**Year Ended December 31, 2023 Compared with Year Ended December 31, 2022**

***Revenue***

Our revenue increased by RMB701.8 million, or 159.3%, from RMB440.7 million in 2022 to RMB1,142.5 million in 2023, primarily driven by the growing demand for SiC power devices, fueled by the global rise in EV, ultrafast charging facilities, and other downstream applications. Additionally, the realization of our expanded production capacity contributed to an increase in our sales volume.

Our revenue from Turnkey service increased from RMB277.8 million in 2022 to RMB847.7 million in 2023, primarily due to an increase in sales volume for Turnkey service from 31,339 wafers in 2022 to 96,428 wafers in 2023. The revenue generated from sales from Consign service increased from RMB156.6 million in 2022 to RMB292.8 million in 2023, primarily due to an increase in sales volume for Consign service from 54,027 wafers in 2022 to 104,175 wafers in 2023.

Our revenue from Asia increased from RMB275.5 million in 2022 to RMB745.2 million in 2023, and revenue from Europe increased from RMB149.3 million in 2022 to RMB323.3 million in 2023, primarily driven by the growth of SiC power device demands across the regions.

***Cost of Sales***

Our cost of sales significantly increased from RMB243.8 million in 2022 to RMB697.1 million in 2023, primarily due to (i) the share-based payments we made to our employees in 2023; and (ii) the increase in our costs of raw materials, which was driven by the growth of our sales volume due to higher customer demand, which is partially offset by decrease in the price of our raw materials. Due to diversification of raw material sources, the expansion of supplier production capacity, and improvements in production yield, the prices of our raw materials, such as substrates and graphite components have decreased in 2023.

***Gross Profit and Gross Profit Margin***

As a result of the foregoing, our gross profit increased by RMB248.5 million from RMB196.9 million in 2022 to RMB445.4 million in 2023. Our gross profit margin decreased from 44.7% in 2022 to 39.0% in 2023, primarily due to the increase in share-based payments for our employees in 2023.

***Other Income and Other Gains, Net***

Our other income and other gains, net, significantly increased by RMB42.0 million from RMB21.5 million in 2022 to RMB63.5 million in 2023, primarily due to increase of (i) government grants of RMB33.8 million based on incentive policies for business and R&D activities; and (ii) bank interest income of RMB8.6 million resulted from increases of our short-term deposits and applicable interest rates.

***Selling and Distribution Expenses***

Our selling and distribution expenses significantly increased by RMB46.9 million from RMB1.9 million in 2022 to RMB48.8 million in 2023, primarily attributable to the increase in share-based payments for employees, and increased employee costs driven by rapid business expansion and sales growth.

***Administrative and Other Expenses***

Our administrative and other expenses significantly increased by RMB114.7 million from RMB48.1 million in 2022 to RMB162.8 million in 2023, primarily attributable to the increase in share-based payments for employees, and increased employee costs associated with business expansion.

***Research and Development Expenses***

Our research and development expenses significantly increased by RMB58.0 million from RMB43.8 million in 2022 to RMB101.8 million in 2023, primarily due to the increase in the share-based payments for employees, and increased research material costs reflecting our additional efforts in R&D.

***(Impairment Loss)/Reversal of Impairment Loss on Financial Assets, Net***

We record reversal of impairment loss on financial assets, net, of RMB0.1 million in 2023, compared to impairment loss on financial assets, net, of RMB0.9 million in 2022, primarily due to our impairment loss on trade and bills receivables of RMB0.9 million in 2022 turned into reversal of impairment loss on trade and bills receivables of RMB0.1 million in 2023.

***Finance Costs***

Our finance costs increased from RMB20.3 million in 2022 to RMB32.5 million in 2023, primarily due to the increase of interest on bank borrowings of RMB13.6 million resulted from larger bank borrowing base.

***Income Tax Credits/(Expenses)***

We record income tax expenses of RMB55.6 million in 2023, compared to income tax credits of RMB24.1 million in 2022, primarily due to deferred tax expenses caused by share-based payments and the increased adjusted net profit (Non-IFRS measure).

***Profit for the Year***

As a result of the foregoing, the recorded profit of the year decreased by RMB20.0 million, or 15.7%, from RMB127.5 million in 2022 to RMB107.5 million in 2023.

**DISCUSSION OF SELECTED ITEMS FROM THE CONSOLIDATED BALANCE SHEETS**

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountant's Report included in Appendix I to this Prospectus:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| Non-current assets | 956,390 | 2,043,223 | 2,054,279 | 1,958,168 |
| Current assets | 497,208 | 1,030,375 | 2,448,665 | 2,408,456 |
| **Total assets** | **1,453,598** | **3,073,598** | **4,502,944** | **4,366,624** |
| Non-current liabilities | 271,013 | 1,048,943 | 1,084,318 | 1,020,199 |
| Current liabilities | 599,083 | 560,488 | 605,142 | 368,961 |
| **Total liabilities** | **870,096** | **1,609,431** | **1,689,460** | **1,389,160** |
| **Net assets** | **583,502** | **1,464,167** | **2,813,484** | **2,977,464** |

For accounting treatment and details of Pre-IPO Investments, see Note 32 to the Accountants' Report.

### Current Assets and Current Liabilities

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

| | As of December 31, | | | As of September 30, | As of January 31, |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| | *(RMB in thousands)* | | | | |
| Inventories | 91,404 | 351,086 | 247,640 | 270,945 | 306,378 |
| Trade and bills receivables | 106,796 | 78,666 | 129,645 | 268,964 | 383,550 |
| Prepayments, deposits and other receivables | 15,527 | 7,992 | 7,468 | 21,169 | 40,456 |
| Value-added tax (VAT) recoverable | 8,564 | 22,488 | 33,259 | 14,591 | 1,918 |
| Term deposits | 500 | 20,622 | – | – | 608,920 |
| Cash and cash equivalents | 274,417 | 549,521 | 2,030,653 | 1,832,787 | 1,211,486 |
| **Total current assets** | **497,208** | **1,030,375** | **2,448,665** | **2,408,456** | **2,552,709** |
| Trade and bills payables | 54,863 | 32,912 | 71,883 | 154,964 | 213,138 |
| Other payables and accruals | 182,077 | 191,731 | 145,089 | 109,489 | 141,954 |
| Contract liabilities | 5,757 | 3,730 | 6,795 | 736 | 378 |
| Derivative financial instruments | – | – | – | 2,140 | 3,303 |
| Lease liabilities | 344 | 261 | 67 | 66 | 67 |
| Borrowings | 142,405 | 315,181 | 303,536 | 65,025 | 6,401 |
| Redemption liabilities | 213,637 | 16,673 | 18,007 | – | – |
| Income tax payable | – | – | 59,765 | 36,541 | 36,571 |
| **Total current liabilities** | **599,083** | **560,488** | **605,142** | **368,961** | **401,811** |
| **Net current (liabilities)/assets** | **(101,875)** | **469,887** | **1,843,523** | **2,039,495** | **2,150,898** |

Our net current assets increased from RMB2,039.5 million as of September 30, 2025 to RMB2,086.8 million as of January 31, 2026, primarily due to (i) an increase of trade and bills receivables of RMB114.6 million, (ii) an increase in inventories of RMB35.4 million, and (iii) an decrease in current borrowings of RMB58.6 million; partially offset by (i) an increase in trade and bills payables of RMB58.2 million, and (ii) an increase of other payables and accruals of RMB32.5 million.

Our net current assets increased from RMB1,843.5 million as of December 31, 2024 to RMB2,039.5 million as of September 30, 2025, primarily due to (i) a decrease of borrowings of RMB238.5 million, (ii) an increase of trade and bills receivables of RMB139.3 million, (iii) a decrease of other payables and accruals of RMB35.6 million, (iv) an increase of inventories of RMB23.3 million, and (v) a decrease of income tax payable of RMB23.2 million; partially offset by (i) a decrease of cash and cash equivalents of RMB197.9 million, and (ii) an increase of trade and bills payables of RMB83.1 million.

Our net current assets increased from RMB469.9 million as of December 31, 2023 to RMB1,843.5 million as of December 31, 2024, primarily due to (i) an increase of cash and cash equivalents of RMB1,481.2 million in relation to share issuance of RMB1,030.0 million from certain shareholders, (ii) an increase of trade and bills receivables of RMB51.0 million, (iii) a decrease of borrowings of RMB11.6 million, and (iv) an increase of VAT recoverable of RMB10.8 million, partially offset by (i) a decrease of inventories of RMB103.4 million, (ii) an increase of tax payable of RMB59.8 million, and (iii) a decrease of time deposits of RMB20.6 million.

Our net current liabilities of RMB101.9 million as of December 31, 2022 changed into net current assets of RMB469.9 million as of December 31, 2023, primarily due to (i) a decrease of redemption liabilities of RMB197.0 million, (ii) an increase of cash and cash equivalents of RMB275.1 million, and (iii) an increase of inventories of RMB259.7 million, partially offset by (i) an increase of borrowings of RMB172.8 million, (ii) a decrease of trade and bills payables of RMB22.0 million, and (iii) a decrease of trade and bills receivables of RMB28.1 million.

**Assets**

***Property, Plant and Equipment***

Our property, plant and equipment primarily consist of machinery, buildings, leasehold land, computer equipment, furniture, fixtures and office equipment, motor vehicle and construction-in-progress. The following table sets forth the breakdown of our property, plant and equipment in net value as of the dates indicated.

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Property, plant and equipment** | | | | |
| Machinery | 397,314 | 1,082,265 | 1,143,075 | 1,340,422 |
| Buildings | 139,267 | 308,772 | 290,226 | 427,275 |
| Leasehold land | 37,641 | 36,853 | 36,065 | 35,474 |
| Computer equipment | 4,040 | 6,003 | 5,614 | 5,818 |
| Furniture, fixtures and office equipment | 5,864 | 11,761 | 9,865 | 8,008 |
| Motor vehicles | – | 302 | 235 | 185 |
| Construction-in-progress | 289,692 | 591,275 | 562,486 | 125,828 |
| **Total** | **873,818** | **2,037,231** | **2,047,566** | **1,943,010** |

Our property, plant and equipment increased from RMB873.8 million as of December 31, 2022 to RMB2,037.2 million as of December 31, 2023, primarily due to the expansion of our production capacity, in resulting of (i) the increase of our machinery of RMB685.0 million, (ii) the increase of our constructions-in-progress of RMB301.6 million, and (iii) the increase of our buildings of RMB169.5 million. Our property, plant and equipment further increased to RMB2,047.6 million as of December 31, 2024, primarily due to the increase of our machinery of RMB60.8 million and was partially offset by the decrease of our constructions-in-progress of RMB28.8 million. Our property, plant and equipment subsequently decreased to RMB1,943.0 million as of September 30, 2025, primarily due to the decrease of our constructions-in-progress resulted from the completion of our certain construction projects and turned into buildings and machinery, partially offset by the corresponding increase in depreciation.

*Inventories*

Our inventories comprise of raw materials, finished goods and work in progress. Our raw materials mainly include substrates and other accessory materials, graphite components and gases. The following table sets forth the carrying amount of our inventories as of the dates indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Inventories** | | | | |
| Raw materials | 61,601 | 258,868 | 196,416 | 202,902 |
| Finished goods | 23,932 | 96,517 | 46,255 | 61,342 |
| Work in progress | 6,449 | 831 | 11,169 | 15,261 |
| Write-down of inventories to net realizable value | (578) | (5,130) | (6,200) | (8,560) |
| **Total** | **91,404** | **351,086** | **247,640** | **270,945** |

Our inventories increased from RMB91.4 million as of December 31, 2022 to RMB351.1 million as of December 31, 2023, primarily due to the increase of raw materials of RMB197.3 million reflecting our strategic stock of raw materials as of December 31, 2023 to prepare ourselves for sales growth, and the increase of finished goods of RMB72.6 million. Our inventories decreased from RMB351.1 million as of December 31, 2023 to RMB247.6 million as of December 31, 2024, primarily due to the decrease of raw materials of RMB62.5 million and the decrease of finished goods of RMB50.3 million. Our inventories increased from RMB247.6 million as of December 31, 2024 to RMB270.9 million as of September 30, 2025, primarily due to the increase of finished goods of RMB15.1 million.

The following table sets forth the aging analysis of our inventory after deduction of provision as of the dates indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Inventories** | | | | |
| Within 1 year | 84,821 | 333,023 | 103,453 | 175,529 |
| 1-2 years | 5,164 | 14,386 | 134,649 | 44,454 |
| 2-3 years | 265 | 2,634 | 8,240 | 46,102 |
| Over 3 years | 1,154 | 1,043 | 1,298 | 4,860 |
| **Total** | **91,404** | **351,086** | **247,640** | **270,945** |

Our raw materials include substrates and equipment accessories. Among them, equipment accessories are primarily used for non-routine consumption, being utilized only for maintenance and replacement when equipment so required. As a result, these items may have a longer aging period and are not subject to warranty or usage period limitations. The following table sets forth the aging analysis of our raw materials in gross value as of the dates indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Raw materials** | | | | |
| Within 1 year | 57,517 | 243,015 | 55,436 | 113,403 |
| 1-2 years | 3,508 | 13,677 | 132,468 | 40,173 |
| 2-3 years | 11 | 2,087 | 7,830 | 45,499 |
| Over 3 years | 565 | 89 | 682 | 3,828 |
| **Total** | **61,601** | **258,868** | **196,416** | **202,902** |

The following table sets forth the aging analysis of our finished goods in gross value as of the dates indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Finished goods** | | | | |
| Within 1 year | 20,887 | 93,149 | 40,708 | 51,947 |
| 4-inch | – | 92 | 470 | 683 |
| 6-inch | 20,887 | 92,874 | 37,460 | 46,189 |
| 8-inch | – | 185 | 2,778 | 5,075 |
| 1-2 years | 1,679 | 1,699 | 2,809 | 6,050 |
| 4-inch | 560 | 10 | 69 | 395 |
| 6-inch | 1,120 | 1,688 | 2,741 | 5,048 |
| 8-inch | – | – | – | 607 |
| 2-3 years | 267 | 579 | 1,594 | 1,340 |
| 4-inch | 267 | 493 | – | 78 |
| 6-inch | – | 86 | 1,594 | 1,262 |
| Over 3 years | 1,099 | 1,090 | 1,144 | 2,005 |
| 4-inch | 1,099 | 1,090 | 1,108 | 604 |
| 6-inch | – | – | 35 | 1,401 |
| **Total** | **23,932** | **96,517** | **46,255** | **61,342** |

During the Track Record Period, the relatively low proportion of inventory over one to two years in 2022 and 2023 was mainly due to the increased sales volume from both of our Turnkey and Consign services in 2022 and 2023. In 2024, the inventory aged over one to two years increased significantly, primarily due to we purchased a batch of 6-inch substrates to prepare ourselves for rapid demand growth. For the nine months ended September 30, 2025, the inventory aged over one years to two years significantly decreased, primarily due to our disposal of previously stored raw materials to maintain a healthy inventory level.

As of September 30, 2025, the inventories that aged over three years amounted to RMB4.9 million, representing 1.8% of total inventories, which is insignificant.

We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We regularly review our inventories to identify items with low sales or usage value and make impairment provisions accordingly. We further assess inventories based on the lower of cost or net realizable value to make any additional impairment provisions.

We plan to further enhance the refined management of inventory to mitigate the downward price pressure, including raw materials and finished goods. We plan to designate specialized personnel to closely monitor the level of inventory and make order-oriented procurement plan accordingly to avoid excessive storage and enhance the utilization efficiency. We also plan to enhance the management of supply chain to ensure timely and qualified raw material supply. We comprehensively considers various factors, including, among others, the complexity and structure of the products, the purchase volume and the raw material used, to determine the prices so as to balance profitability and competitiveness.

Specifically, we manage inventory through a dual focus on raw materials and finished goods. In raw material management: (i) inventory levels serve as a key procurement benchmark, maintaining sufficient stock while collaborating with qualified suppliers to ensure supply reliability; (ii) the production management control team analyze and set production schedules based on sales orders, considering material requirements, supplier lead times, and current inventory to formulate precise purchasing plans approved by production departments; (iii) make strategical reserves for critical materials to mitigate supply risks through combined annual contracts and spot orders, enabling flexible resource allocation. With respect to finished goods management, we have: (i) a "production-to-order" model, which aligns manufacturing and procurement with customer demand; (ii) a sophisticated warehousing system implements strict zoning for quality-controlled storage segregation, supported by real-time digital tracking; (iii) dedicated inventory monitoring system, which includes age-based classification and differentiated disposition strategies to maintain industry-appropriate turnover rates; and (iv) cross-functional teams to accelerate substandard product resolution through technical improvements, discounted sales, and rework processes, with specialized tracking mechanisms.

We provided provision against inventories by estimating the net realizable value based on the estimated selling price of such inventories in the ordinary course of business. The work in progress are primarily associated with products that have relatively lengthy production processes and cycles, indicating a potential for conversion. Among raw materials, spare parts are mainly used for the maintenance and upgrading of production equipment and are deemed durable consumables and also exhibit a longer conversion period and conversion potential. There are no recoverability issues for inventories aged over one year and we have made sufficient provision taking into account of our inventory utilization.

The following table sets forth the turnover days of our inventory for the periods indicated:

| | Year Ended December 31, | | | Nine Months Ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| Inventory turnover days[(1)] . . . . | 106.7 | 115.8 | 170.2 | 178.4 |

*Note:*

(1) Inventory turnover days for a year/period equals the average of the gross value of the opening and closing inventories balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant year/period (i.e. 365 days for a fiscal year and 273 days for nine months ended September 30).

Our turnover days increased from 106.7 days in 2022 to 115.8 days in 2023, and further to 170.2 days in 2024, primarily due to our strategic decision to stockpile raw materials at late 2023 in anticipation of future sales volume and customer demand, and the technical calculation of inventory turnover days was affected largely by the opening inventories balance. Our inventories dropped substantially towards the year end of 2024. Our turnover days slightly increased from 170.2 days in 2024 to 178.4 days for the nine months ended September 30, 2025, primarily because our cost of sales for the nine months ended September 30, 2025 experienced a relatively significant decline as compared to 2024, in line with the fluctuations in our revenue, and an increase in the closing balance of our inventories as of September 30, 2025, leading to higher turnover days.

As of January 31, 2026, RMB85.5 million, or approximately 30.6%, of our inventory balance as of September 30, 2025, had been sold or utilized.

***Trade and Bills Receivables***

Trade and bills receivables are amounts due for goods sold in the ordinary course of business. For instance, we granted credit terms to certain customers during the Track Record Period. Such credit terms typically range from 30 days to 90 days. We seek to maintain strict control over our outstanding receivables. Our finance department is responsible for minimizing credit risks. Overdue balances are reviewed regularly by senior management. In view of the aforementioned, there is no significant concentration of credit risks.

Our trade and bills receivables decreased from RMB106.8 million as of December 31, 2022 to RMB78.7 million as of December 31, 2023, due to adjusted production plan and our enhanced collection efforts during the year-end period of 2023. Our trade and bills receivables increased from RMB78.7 million as of December 31, 2023 to RMB129.6 million as of December 31, 2024, primarily due to the increase of our sale orders in fourth quarter of 2024 compared to the same period in 2023. Our trade and bills receivables increased from RMB129.6 million as of December 31, 2024 to RMB269.0 million as of September 30, 2025, primarily because our revenue in the third quarter of 2025 was higher than the fourth quarter of 2024, which accounted for the majority balance of trade and bills receivables for the respective reporting dates. The following table sets forth our trade and bills receivables as of the dates indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Trade and bills receivables** | | | | |
| Trade receivables | 106,342 | 76,868 | 130,135 | 273,206 |
| Bills receivable | 1,801 | 3,000 | 1,905 | 257 |
| Less: impairment loss allowance | (1,347) | (1,202) | (2,395) | (4,499) |
| **Total** | **106,796** | **78,666** | **129,645** | **268,964** |

The credit period granted to our customers was generally 30 days to 90 days from the date of billing. Sales that occurred before year end (December 31 of such year) and were still within such 30 to 90 day credit period on year end (December 31 of such year) will technically be recorded as receivables on December 31 of such year. The increased balance for trade and bill receivables of over three months subsequent to 2023 was primarily due to we had increased unpaid sales being recorded as trade and bill receivables due to certain customer applied for longer settlement arrangement. The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Trade and bills receivables** | | | | |
| Within 3 months | 104,654 | 77,461 | 123,752 | 249,558 |
| 3 months to 6 months | 949 | 634 | 1,151 | 17,327 |
| 6 months to 1 year | – | 17 | 4,635 | 2,079 |
| 1-2 years | 1,193 | 148 | 14 | – |
| 2-3 years | – | 406 | 93 | – |
| Over 3 years | – | – | – | – |
| **Total** | **106,796** | **78,666** | **129,645** | **268,964** |

The following table sets forth the turnover days of our trade and bills receivables for the years/periods indicated:

| | Year Ended December 31, | | | Nine Months Ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| Trade and bills receivable turnover days[(1)] | 61.2 | 29.6 | 39.0 | 102.0 |

*Note:*

(1) Trade receivable turnover days for a year/period equals the average of the gross value of the opening and closing trade and other receivable balance divided by revenue for the relevant period and multiplied by the number of days in the relevant year/period (i.e. 365 days for a fiscal year and 273 days for nine months ended September 30).

In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our trade and bills receivable turnover days were 61.2 days, 29.6 days, 39.0 days and 102.0 days, respectively. The increase in trade and bills receivable turnover days for the nine months ended September 30, 2025. This was primarily because our sales increased during the third quarter, and the settlement process for these recent orders were not yet completed as of September 30, 2025, leading to a high closing balance and a consequent increase in turnover days.

As of January 31, 2026, RMB140.7 million, or approximately 51.5% of our trade receivables as of September 30, 2025 had been settled. As of January 31, 2026, RMB0.3 million, or approximately 100.0% of our bills receivables as of September 30, 2025 had been settled.

***Prepayments, Deposits and Other Receivables***

Our prepayments, deposits and other receivables comprise of (i) prepayments, (ii) deposits and other receivables and (iii) consulting fees and offset by reversal of (impairment loss) allowance. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the years/periods indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Prepayments, deposits and other receivables** | | | | |
| Prepayments | 14,374 | 6,287 | 5,238 | 4,075 |
| Deposits and other receivables | 1,214 | 1,131 | 2,347 | 10,961 |
| Prepaid listing expenses and deferred issue costs | – | 631 | – | 6,262 |
| Less: Reversal of (impairment loss) allowance | (61) | (57) | (117) | (129) |
| **Total** | **15,527** | **7,992** | **7,468** | **21,169** |

Our prepayments, deposits and other receivables decreased from RMB15.5 million as of December 31, 2022 to RMB8.0 million as of December 31, 2023, and further to RMB7.5 million as of December 31, 2024, primarily due to decrease in prepayment based on our adjusted raw material procurement methods from overseas suppliers. Our prepayments, deposits and other receivables increased significantly from RMB7.5 million as of December 31, 2024 to RMB21.2 million as of September 30, 2025, primarily due to the increase in our deposits and other receivables mainly attributable to the increase of interest on quarterly settled deposits and receivable subsidies.

As of January 31, 2026, RMB2.8 million, or approximately 68.3% of our prepayments as of September 30, 2025 had been settled. As of January 31, 2026, RMB5.6 million, or approximately 51.7% of our deposits and other receivables as of September 30, 2025 had been settled.

***Value-added Tax (VAT) Recoverable***

Our value-added tax recoverable primarily representing deductible VAT amount. Our value-added tax recoverable amounted to RMB8.6 million as of December 31, 2022, RMB22.5 million as of December 31, 2023, RMB33.3 million as of December 31, 2024 and RMB14.6 million as of September 30, 2025. As of January 31, 2026, RMB14.6 million, or approximately 100.0% of our value-added tax recoverable as of September 30, 2025 our had been settled.

**Liabilities**

***Trade and Bills Payables***

Our trade and bills payables are short-term in nature and hence, the carrying amount of trade and bills payables are considered to approximate to their fair value. We typically have 30 to 90 days credit term from our suppliers. Our trade and bills payables increased from RMB32.9 million in 2023 to RMB71.9 million in 2024, due to our purchase of a batch of 6-inch substrates to prepare ourselves for demand growth. Our trade and bills payables further increased to RMB155.0 million as of September 30, 2025, primarily due to our purchase of domestic substrates in accordance to our customers' demand.

The following table sets forth our trade and bills payables as of the years/periods indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Trade and bills payables** | | | | |
| Trade payables | 47,962 | 32,912 | 46,781 | 147,859 |
| Bills payables | 6,901 | – | 25,102 | 7,105 |
| **Total** | **54,863** | **32,912** | **71,883** | **154,964** |

The following table sets forth an aging analysis of our trade and bills payables as of the years/periods indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Trade and bills payables** | | | | |
| Within 1 year | 54,626 | 32,670 | 71,538 | 154,072 |
| 1-2 years | – | 5 | 104 | 548 |
| Over 2 years | 237 | 237 | 241 | 344 |
| **Total** | **54,863** | **32,912** | **71,883** | **154,964** |

The following table sets forth the turnover days of our trade and bill payables for the years/periods indicated:

| | Year Ended December 31, | | | Nine Months Ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| Trade and bills payables turnover days[(1)] | 47.7 | 23.0 | 29.8 | 78.0 |

*Note:*

(1) Trade and bill payable turnover days for a period equals the average of the gross value of the opening and closing trade and bill payable balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period (i.e. 365 days for a fiscal year and 273 days for nine months ended September 30).

In 2022, 2023 and 2024 and for the nine months ended September 30, 2025, our trade and bills payables turnover days were 47.7 days, 23.0 days, 29.8 days and 78.0 days, respectively. The increase of our turnover days for the nine months ended September 30, 2025 was primarily due to the longer credit terms granted by our suppliers.

As of January 31, 2026, RMB143.1 million, or approximately 96.8% of our trade payables as of September 30, 2025 had been settled. As of January 31, 2026, RMB7.1 million, or approximately 100.0% of our bills payables as of September 30, 2025 had been settled.

*Other Payables and Accruals*

Our other payables and accruals primarily represent (i) amount due to shareholders arose from certain shareholders making investments in the Company, with the capital increase being completed and officially registered in the following year, (ii) construction payables, (iii) other payables, (iv) other tax payables and (v) accruals, primarily representing the accrued employee compensation. As of December 31, 2022, 2023 and 2024 and September 30, 2025, all other payables and accruals were non-interest bearing, unsecured and repayable on demand. The following table sets forth our other payables and accruals as of the years/periods indicated:

| | As of December 31, | | | As of September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *(RMB in thousands)* | | | |
| **Other payables and accruals** | | | | |
| Amount due to shareholders | 100,000 | – | – | – |
| Construction payables | 72,676 | 177,155 | 130,159 | 92,137 |
| Accruals | 7,343 | 11,264 | 11,415 | 6,561 |
| Other tax payables | 1,289 | 2,177 | 2,458 | 7,759 |
| Other payables | 769 | 1,135 | 1,057 | 3,032 |
| **Total** | **182,077** | **191,731** | **145,089** | **109,489** |

Our other payables and accruals increased from RMB182.1 million as of December 31, 2022 to RMB191.7 million as of December 31, 2023, primarily due to an increase in construction payables of RMB104.5 million in relation to our production site expansions and partially offset by a decrease in amount due to our certain shareholders of RMB100.0 million. Our other payables and accruals decreased from RMB191.7 million as of December 31, 2023 to RMB145.1 million as of December 31, 2024 and further to RMB109.5 million as of September 30, 2025, primarily due to the decrease in construction payables, which was in line with our expansion progress.

As of January 31, 2026, RMB47.6 million, or approximately 43.5% of our other payables and accruals as of September 30, 2025 had been settled.

*Contract Liabilities*

Our contract liabilities primarily represent the advance consideration received from our customers. Our contract liabilities amounted to RMB5.8 million as of December 31, 2022, RMB3.7 million as of December 31, 2023, RMB6.8 million as of December 31, 2024 and RMB0.7 million as of September 30, 2025. As of January 31, 2026, RMB0.7 million, or approximately 100.0% of contract liabilities outstanding as of September 30, 2025 had been subsequently settled.

*Derivative Financial Instruments*

Our derivative financial instruments represent the fair values of our forward foreign exchange contracts within one year. We recorded nil, nil, nil and RMB2.1 million as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively.

*Redemption Liabilities*

We recorded redemption liabilities of RMB213.6 million, RMB16.7 million, RMB18.0 million and nil as of December 31, 2022, 2023 and 2024 and September 30, 2025, respectively, in relation to the redemption rights of our certain Pre-IPO Investors. As of September 30, 2025, all of our redemption rights had been terminated. For details, see Note 31 of the Accountants' Report in Appendix I to this Prospectus.

## LIQUIDITY AND CAPITAL RESOURCES

The following table presents our consolidated cash flow data for the years/periods indicated.

| | Year Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | *(unaudited)* | |
| Net cash generated from operating activities | 169,985 | 415,175 | 640,638 | 470,931 | 176,241 |
| Net cash used in investing activities | (505,270) | (1,140,458) | (144,332) | (144,539) | (21,462) |
| Net cash generated from/(used in) financing activities | 459,072 | 1,000,387 | 984,826 | 289,564 | (352,645) |
| **Net increase/(decrease) in cash and cash equivalents** | **123,787** | **275,104** | **1,481,132** | **615,956** | **(197,866)** |
| Cash and cash equivalents at beginning of the year | 150,630 | 274,417 | 549,521 | 549,521 | 2,030,653 |
| **Cash and cash equivalents at end of the year/period** | **274,417** | **549,521** | **2,030,653** | **1,165,477** | **1,832,787** |

During the Track Record Period and as of the Latest Practicable Date, our principal sources of liquidity have been cash generated from operating activities and borrowings from banks.

### Net Cash Generated from Operating Activities

For the nine months ended September 30, 2025, our net cash generated from operating activities was RMB176.2 million, which was primarily attributable to our profit before tax of RMB44.2 million, adjusted by non-cash items, primarily including (i) depreciation of property, plant and equipment of RMB129.0 million, and (ii) equity-settled share-based payments of RMB124.5 million; partially offset by interest income of RMB48.9 million. This amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and bills payables of RMB83.1 million, and (ii) an increase in deferred revenue of RMB51.3 million; partially offset by (i) an increase in trade and bills receivables of RMB141.4 million, and (ii) an increase in inventories of RMB25.7 million.

In 2024, our net cash generated from operating activities was RMB640.6 million, which was primarily attributable to our profit before tax of RMB208.2 million, adjusted by non-cash items, primarily including (i) equity-settled share-based payments of RMB154.2 million, (ii) depreciation of property, plant and equipment of RMB144.7 million, and (iii) finance costs of RMB30.2 million, partially offset by interest income of RMB40.0 million. This amount was further adjusted by changes in working capital, primarily including (i) a decrease in inventories of RMB102.4 million, (ii) an increase in deferred income of RMB55.2 million, and (iii) a decrease in prepayments, deposits and other receivables of RMB50.0 million; partially offset by (i) an increase in trade and bill receivables of RMB52.2 million, and (ii) a decrease in other payables and accruals of RMB46.6 million.

In 2023, our net cash generated from operating activities was RMB415.2 million, which was primarily attributable to our profit before tax of RMB163.2 million, adjusted by non-cash items, primarily including (i) equity-settled share-based payments of RMB256.2 million, (ii) depreciation of property, plant and equipment of RMB95.9 million, (iii) finance costs of RMB32.5 million; partially offset by interest income of RMB12.1 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in inventories of RMB264.2 million, (ii) an increase in other payables and accruals of RMB109.7 and (iii) an increase in deferred income of RMB105.3 million.

In 2022, our net cash generated from operating activities was RMB170.0 million, which was primarily attributable to our profit before tax of RMB103.5 million, adjusted by non-cash items, primarily including (i) depreciation of property, plant and equipment of RMB30.6 million, and (ii) equity-settled share-based payments of RMB28.6 million, partially offset by interest income of RMB3.5 million. The amount was further adjusted by changes in working capital, primarily including (i) an increase in trade and bills receivables of RMB66.7 million, (ii) an increase in prepayments, deposits and other receivables of RMB43.1 million, and (iii) an increase in inventories of RMB40.2 million.

**Net Cash Used in Investing Activities**

For the nine months ended September 30, 2025, our net cash used in investing activities was RMB21.5 million, primarily attributable to purchase of property, plant and equipment of RMB69.8 million; partially offset by interest received of RMB48.9 million.

In 2024, our net cash used in investing activities was RMB144.3 million, primarily attributable to purchase of property, plant and equipment of RMB204.7 million; partially offset by (i) interest received of RMB40.0 million; and (ii) withdrawal of term deposits of RMB20.6 million.

In 2023, our net cash used in investing activities was RMB1,140.5 million, primarily attributable to purchase of property, plant and equipment of RMB1,157.4 million, partially offset by (i) interest received of RMB12.1 million; and (ii) proceeds from disposal of property, plant and equipment of RMB6.0 million.

In 2022, our net cash used in investing activities was RMB505.3 million, primarily attributable to purchase of property, plant and equipment of RMB533.7 million, partially offset by withdrawal of term deposits of RMB24.6 million.

**Net Cash Generated from/(Used in) Financing Activities**

For the nine months ended September 30, 2025, our net cash used in financing activities was RMB352.6 million, primarily attributable to (i) repayments of bank borrowings of RMB403.3 million, and (ii) interest paid of RMB9.9 million; partially offset by proceeds from bank borrowings of RMB60.7 million.

In 2024, our net cash generated from financing activities was RMB984.8 million, primarily attributable to (i) proceeds from share issues of RMB1,030.0 million, and (ii) proceeds from bank borrowings of RMB744.8 million and partially offset by (i) repayments of bank borrowings of RMB759.7 million, and (ii) interest paid of RMB30.1 million.

In 2023, our net cash generated from financing activities was RMB1,000.4 million, primarily attributable to (i) proceeds from bank borrowings of RMB1,021.7 million, and (ii) proceeds from share issues of RMB205.6 million and partially offset by (i) repayments of bank borrowings of RMB207.9 million, and (ii) interest paid of RMB18.2 million.

In 2022, our net cash generated from financing activities was RMB459.1 million, primarily attributable to (i) proceeds from bank borrowings of RMB295.2 million; (ii) proceeds from share issues of RMB152.3 million and (iii) proceed from a shareholder of RMB100.0 million and partially offset by (i) repayments of bank borrowings of RMB83.3 million, and (ii) interest paid of RMB4.6 million.

## WORKING CAPITAL

Taking into account the financial resources available to us, including anticipated cash flow from our operating activities, existing cash and cash equivalents, available bank facilities and the estimated net proceeds from the Global Offering, our Directors believe that we have sufficient working capital for our present requirements and for the next 12 months from the date of this Prospectus.

We intend to finance our future working capital requirements and capital expenditures primarily from cash expected to be generated from operating activities, bank facilities and funds raised from financing activities, including the net proceeds we will receive from the Global Offering.

## INDEBTEDNESS

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

| | Year Ended December 31, | | | As of September 30, | As of January 31, |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 | 2026 |
| | *(RMB in thousands)* | | | | *(unaudited)* |
| **Current** | | | | | |
| Redemption liabilities | 213,637 | 16,673 | 18,007 | – | – |
| Borrowings | 142,405 | 315,181 | 303,536 | 65,025 | 6,401 |
| Lease liabilities | 344 | 261 | 67 | 66 | 67 |
| **Non-Current** | | | | | |
| Borrowings | 170,783 | 811,811 | 808,594 | 704,513 | 800,095 |
| **Total** | **527,169** | **1,143,926** | **1,130,204** | **769,604** | **806,563** |

Our borrowings amounted to RMB313.2 million, RMB1,127.0 million, RMB1,112.1 million, RMB769.5 million, and RMB806.5 million as of December 31, 2022, 2023 and 2024, September 30, 2025, and January 31, 2026, respectively. For the interest rate profile of our interest-bearing bank borrowings during the Track Record Period, see Note 28 to the Accountant's Report in Appendix I to this Prospectus. As of December 31, 2022, 2023 and 2024, September 30, 2025, and January 31, 2026, RMB52.3 million, RMB628.7 million, RMB555.2 million, RMB504.7 million and RMB528.7 million of our borrowings were secured. We had unsecured borrowings of RMB260.9 million, RMB498.3 million, RMB556.9 million, RMB264.9 million and RMB277.7 million as of December 31, 2022, 2023 and 2024, September 30, 2025, and January 31, 2026, respectively.

As of January 31, 2026, we had bank facilities of RMB1,017.1 million which remained unutilized.

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant and undertakings on any of our outstanding debt, guarantees, pledge of key assets or other contingent obligations and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of trade and non-trade payables, bank loans and other borrowings or breach of covenants during the Track Record Period and up to the date of this Prospectus.

*Lease liabilities*

Lease liabilities represent the present value of outstanding lease payments under our lease agreements. Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other contingent liabilities or any covenant in connection therewith as of January 31, 2026 being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since January 31, 2026 and up to the Latest Practicable Date.

## CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the years/periods indicated.

| | Year Ended December 31, | | | Nine Months Ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *(RMB in thousands)* | | | | |
| | | | | *(unaudited)* | |
| Purchase of property, plant and equipment | 533,701 | 1,157,361 | 204,695 | 191,151 | 69,806 |
| **Total** | **533,701** | **1,157,361** | **204,695** | **191,151** | **69,806** |

Our capital expenditures were RMB533.7 million, RMB1,157.4 million, RMB204.7 million and RMB69.8 million, respectively, in 2022, 2023 and 2024 and for the nine months ended September 30, 2025, primarily attributable to capital expenditures on payment of property, plant and equipment. We intend to fund our future capital expenditures with financial resources available to us, including our existing cash balance, cash generated from our operation activities, our available banking facilities and proceeds from the Global Offering. We will continue to make capital expenditures to meet the expected growth of our business. See "Future Plans and Use of Proceeds — Use of Proceeds."

## CONTRACTUAL OBLIGATIONS

### Capital Expenditure Related Commitments

Our capital commitments are related to capital expenditure on construction-in-progress and office equipment to be incurred but not yet recorded as liabilities. Our capital expenditure contracted for but not yet incurred as of December 31, 2022, 2023 and 2024 and September 30, 2025 was RMB847.8 million, RMB88.6 million, RMB90.4 million and RMB72.4 million, respectively. We expect to satisfy our capital commitments using cash from operations, net proceeds to be received from the Global Offering and bank borrowings available to us.

## OFF-BALANCE SHEET ARRANGEMENTS

As of the Latest Practicable Date, we did not have any material off-balance sheet commitments or arrangements.

## CONTINGENT LIABILITIES

As of December 31, 2022, 2023 and 2024 and September 30, 2025, we did not have any contingent liabilities. Our Directors confirm that there has been no material change in our contingent liabilities as of the Latest Practicable Date.

## RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

As of December 31, 2022, 2023 and 2024 and September 30, 2025, our outstanding balances was RMB1.9 million, RMB3.7 million, RMB9.0 million and RMB0.5 million with related parties of trade nature which mainly include trade and bills receivables.

## KEY FINANCIAL RATIOS

The following table sets forth some of our key financial ratios for the dates indicated.

| | As of and Years Ended December 31, | | | As of and Nine Months Ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| Gross profit margin[(1)] | 44.7% | 39.0% | 34.1% | 25.6% |
| Current ratio[(2)] | 0.8 | 1.8 | 4.0 | 6.5 |
| Quick ratio[(3)] | 0.7 | 1.2 | 3.6 | 5.8 |
| Debt-to-asset ratio[(4)] | 59.9% | 52.4% | 37.5% | 31.8% |

*Notes:*

(1) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(2) Current ratio equals current assets divided by current liabilities as of the relevant year/period end.

(3) Quick ratio equals current assets excluding inventories divided by current liabilities as of the relevant year/period end.

(4) Debt-to-Asset Ratio equals total liabilities divided by total assets multiplied by 100%.

### Gross Profit Margin

Our gross profit margin decreased from 44.7% in 2022 to 39.0% in 2023, 34.1% in 2024 and further to 25.6% for the nine months ended September 30, 2025, primarily due to the changes in the offering mix and proportion of different categories of our services among each period. See "— Discussion of Results of Operations" in this section for more details on our gross profit margin.

### Current Ratio and Quick Ratio

Our current ratio increased from 0.8 as of December 31, 2022, to 1.8 as of December 31, 2023, while our quick ratio increased from 0.7 as of December 31, 2022, to 1.2 as of December 31, 2023. This was primarily due to an increase in inventory of RMB259.7 million, an increase in cash and cash equivalents of RMB275.1 million at the year end of 2023, a decrease of redemption liabilities of RMB197.0 million partially offset by an increase in loans due within one year of RMB172.8 million.

Our current ratio further increased from 1.8 as of December 31, 2023, to 4.0 as of December 31, 2024, while our quick ratio rose from 1.2 as of December 31, 2023, to 3.6 as of December 31, 2024. This was mainly due to an increase of RMB1,481.1 million in cash and cash equivalents for the ending balance of 2024 compared to 2023.

Our current ratio further increased from 4.0 as of December 31, 2024 to 6.5 as of September 30, 2025, while our quick ratio increased from 3.6 as of December 31, 2024 to 5.8 as of September 30, 2025. This was primarily due to a decrease of borrowings of RMB342.6 million.

**Debt-to-asset Ratio**

Our debt-to-asset ratio decreased from 59.9% as of December 31, 2022 to 52.4% as of December 31, 2023, primarily because (i) the bank loans increased by RMB813.8 million from RMB313.2 million in 2022 to RMB1,127.0 million in 2023; (ii) deferred income increased by RMB105.4 million from RMB100.2 million in 2022 to RMB205.6 million in 2023; (iii) property, plant, and equipment increased by RMB1,163.4 million from RMB873.8 million in 2022 to RMB2,037.2 million in 2023; (iv) inventory increased by RMB259.7 million from RMB91.4 million in 2022 to RMB351.1 million in 2023; and (v) cash and cash equivalents increased by RMB275.1 million from RMB274.4 million in 2022 to RMB549.5 million in 2023.

Our debt-to-asset ratio decreased from 52.4% as of December 31, 2023 to 37.5% as of December 31, 2024, primarily because (i) taxes payable increased by RMB59.8 million from nil in 2023 to RMB59.8 million in 2024; (ii) deferred income increased by RMB55.3 million from RMB205.5 million in 2023 to RMB260.8 million in 2024; (iii) cash and cash equivalents increased by RMB1,481.1 million from RMB549.5 million in 2023 to RMB2,030.7 million in 2024.

Our debt-to-asset ratio decreased from 37.5% as of December 31, 2024 to 31.8% as of September 30, 2025, primarily because (i) borrowings decreased by RMB342.6 million from RMB1,112.1 million as of December 31, 2024 to RMB769.6 million as of September 30, 2025, (ii) income tax payable decreased by RMB23.2 million from RMB59.8 million as of December 31, 2024 to RMB36.5 million as of September 30, 2025, (iii) other payables and accruals decreased by RMB35.6 million from RMB145.1 million as of December 31, 2024 to RMB109.5 million as of September 30, 2025, (iv) prepayments, deposits and other receivables increased by RMB13.7 million from RMB7.5 million as of December 31, 2024 to RMB21.2 million as of September 30, 2025, and (v) trade and bills receivables increased by RMB139.3 million from RMB129.6 million as of December 31, 2024 to RMB269.0 million as of September 30, 2025.

For a more comprehensive discussion of the factors affecting our key financial ratios during the Track Record Period, see "— Discussion of Results of Operations."

## QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us to a variety of financial risks, primarily the interest risk, credit risk, liquidity risk, equity price risk and foreign currency risk. Our overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our financial performance.

**Market Risk**

***Foreign Exchange Risk***

We provide products and services to overseas customers primarily priced in USD, while the raw materials, machinery, equipment, or services we purchase from overseas suppliers are primarily denominated in EUR and USD. As a result, we hold foreign currency-denominated assets and liabilities. Our functional currency is RMB. Any appreciation of RMB against USD or other foreign currencies could lead to a decrease in the value of our foreign currency-denominated assets,

resulting in losses, while foreign currency-denominated liabilities would decrease, resulting in gains. Conversely, any depreciation of RMB against USD or other foreign currencies would increase the value of foreign currency-denominated assets, resulting in gains, while foreign currency-denominated liabilities would increase, resulting in losses. We are exposed to foreign currency risks on both revenue and cost components. These exposures arise from transactions denominated in currencies other than the functional currency of the respective group entities. Additionally, we face foreign currency risks associated with assets and liabilities, which are from balances recorded in currencies differing from the functional currency of the relevant group entities. As of September 30, 2025, we had monetary assets of RMB1.3 billion denominated in USD. If RMB appreciates by 5% against USD, we will experience foreign exchange loss of approximately RMB66.8 million. For more details about the impact of our asset denominated under foreign currency, see Note 42 to the Accountant's Report included in Appendix I to this Prospectus.

Our management actively monitors foreign currency exposures by closely tracking fluctuations in foreign exchange rates. To mitigate these risks, we require group entities to manage their foreign exchange risks relative to their respective functional currencies. For further details, see Note 42(d) to the Accountant's Report in Appendix I to this Prospectus. Our primary foreign currency-denominated assets included USD deposits and USD accounts receivable, while our primary foreign currency-denominated liabilities included EUR payables and USD payables. For details, see "Risk Factors — Risks Related to Our Business and Industry — We are subject to PRC Regulatory Authorities' regulations on currency conversion and risks relating to fluctuations in exchange rates."

***Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our interest rate risk arises primarily from cash at bank and time deposits except for fixed deposits. Our interest-bearing financial instruments at fixed interest rates as of December 31, 2022, 2023 and 2024 are fixed deposits and the change of market interest rate does not expose us to fair value interest risk. Our Directors consider that our exposure to interest rate risk is not significant. For further details, see Note 42 to the Accountant's Report in Appendix I to this Prospectus.

***Credit Risk***

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to us. Our credit risk is primarily attributable to trade and bills receivables, deposits and other receivables. Our exposure to credit risk is influenced mainly by the individual characteristics of each customer. In respect of trade and bills receivables, deposits and other receivables, credit evaluations are performed on all debtors. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Trade and bills receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers. For further details, see Note 42 to the Accountant's Report in Appendix I to this Prospectus.

***Liquidity Risk***

We aim to maintain sufficient cash and cash equivalents for our business development and expansion. We have built an appropriate liquidity risk management framework for the management of our short, medium and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves. For further details, see Note 42 to the Accountant's Report in Appendix I to this Prospectus.

## DIVIDEND

During the Track Record Period, no dividends have been declared and paid by us.

As of the Latest Practicable Date, we did not have a formal dividend policy or a fixed dividend distribution ratio. PRC laws require that dividends be paid only out of our distributable profits. Distributable profits are our after-tax profits, less appropriations to statutory and other reserves that we are required to make. Pursuant to our Articles of Association, our Board may declare dividends in the future after taking into account our results of operations, financial conditions, cash requirements and availability, and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders.

## LISTING EXPENSES

Our listing expenses mainly include (i) underwriting-related expenses, such as underwriting fees and commissions, and (ii) non-underwriting-related expenses, comprising professional fees paid to our legal advisors, consultants and Reporting Accountants for their services rendered in relation to the Listing and the Global Offering, and other fees and expenses. Based on the Offer Price of HK$76.26, the total listing expenses (including underwriting commissions) payable by our Company are estimated to be approximately HK$78.9 million (equivalent to approximately RMB72.0 million), of which HK$31.4 million had been and is expected to be charged to our consolidated statements of profit or loss and HK$47.5 million is expected to be charged against equity upon the Listing. These listing expenses mainly comprise professional fees paid and payable to the professional parties, and commissions payable to the Underwriters, for their services rendered in relation to the Listing and the Global Offering. During the Track Record Period, we had recognized listing expenses in relation to the Listing of approximately RMB17.4 million to our consolidated statements of profit or loss and had prepaid listing expenses and deferred issue costs of RMB6.2 million to our consolidated statement of financial position. During the Track Record Period, we also recognized an additional amount of RMB8.5 million expenses in relation to our prior A share listing application, which accounts for an aggregate of RMB25.9 million listing-related expenses.

We estimate that an additional listing expenses of RMB48.4 million (including underwriting commissions of RMB37.4 million, based on an Offer Price of HK$76.26 per Offer Share), accounting for 2.95% of our gross proceeds, will be further incurred by our Group, of which RMB11.3 million is expected to be charged to our consolidated statements of profit or loss and RMB37.1 million is expected to be charged against equity upon the Listing.

## UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set forth here 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 September 30, 2025 as if the Global Offering had taken place on September 30, 2025.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated financial position or results of the Group as of September 30, 2025 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net assets of the Group attributable to owners of the Company as of September 30, 2025 as set out in the Accountant's Report on historical financial information of the Group, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below.

| | Consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 | Estimated net proceeds from the Global Offering | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 per Share | |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *HK$* |
| | *(Note 1)* | *(Note 2)* | | *(Note 3)* | |
| Based on Offer Price of HK$76.26 per H Share . . . | 2,975,646 | 1,441,768 | 4,417,414 | 10.38 | 11.37 |

*Notes:*

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 is extracted from the Accountants' Report set out in Appendix I to this Prospectus, which is based on the audited consolidated net assets of our Group attributable to owners of the Company as of September 30, 2025 of approximately RMB2,977,464,000 with an adjustment for intangible assets as of September 30, 2025 of approximately RMB1,818,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$76.26 per Offer Share, after deduction of the estimated underwriting fees and other related expenses paid or payable by the Company, excluding the listing expenses that have been charged to profit or loss during the Track Record Period.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 per Share is calculated based on a total of 425,584,810 Shares in issue immediately following the completion of the Global Offering.

(4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars has been made at a rate of RMB0.9130 to HK$1.00 as at September 30, 2025. No representation is made that Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 to reflect any trading or other transactions of the Group entered into subsequent to September 30, 2025.

Please refer to "Appendix II — Unaudited Pro Forma Financial Information" for further details.

## FINANCIAL STRATEGIES

We had revenue of RMB440.7 million, RMB1,142.5 million, RMB974.3 million, RMB808.3 million and RMB535.1 million in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, respectively. From 2023, the semiconductor industry entered a new inventory cycle for the entire industry, leading to a sequential inventory adjustment across its downstream applications. According to CIC, this process started in the consumer electronics segment in 2022 before impacting semiconductors power devices, particularly in automotive, in 2023. Given the intricate industry chain, this de-stocking wave gradually moved upstream to our segment of the value chain, leading to a decline in our sales and revenue.

The semiconductor industry is inherently cyclical, shaped by inventory dynamics, technological transitions, and other macroeconomic factors, and typically progresses from shifts in downstream demand to capacity expansion, oversupply, inventory correction, and subsequent demand recovery. This pattern is reflected across product generations, with different products concurrently positioned in the growth, maturity, or decline stages of the product life cycle. According to CIC, recent fluctuations have been driven primarily by downstream demand adjustments and the transition from 4-inch to 6-inch and further to 8-inch wafers. As 4-inch SiC epitaxial wafers ceased to be the mainstream size, prices declined and subsequently stabilized as the technology matured and volumes contracted. Following a period of intensive price competition, 6-inch SiC epitaxial wafers entered the maturity phase, and supply–demand conditions became more balanced. Meanwhile, beginning in 2024, 8-inch SiC epitaxial wafers entered a rapid growth phase. This occurred against a backdrop of broader industry weakness characterized by slower demand growth and elevated inventories.

The current adjustment is expected to conclude in the second half of 2026 and is regarded as a cyclical correction rather than a structural deterioration. The market size projections for 2024 to 2029 indicate an improving trajectory, supported by rising vehicle demand and emerging industries, such as home appliances, AI computing power and data centers, smart grids, and eVTOL. By 2029, the global sales value of SiC epitaxial wafers used in EVs is projected to reach US$3.9 billion, with a CAGR of 37.9% from 2024 to 2029. Emerging industries have high growth potential, and global sales value from SiC epitaxial wafers for them is expected to grow at a CAGR of 54.5%.

Given the relatively higher average selling prices of 8-inch wafers, initial adoption has been concentrated among customers in automotive-grade and industrial applications that can support the associated cost structure. We expect the cost of 8-inch wafers to decline over the foreseeable future, at which point their use is likely to broaden into the same downstream industries served by our 6-inch wafers, including consumer electronics. According to CIC, the sales volume of 8-inch SiC epitaxial wafers has exhibited the most remarkable growth, increasing from only 0.9 thousand pieces in 2020 to 137.1 thousand pieces in 2024, with a CAGR of 254.6%. By 2029, it is expected to increase to 3,784.8 thousand pieces, with a CAGR of 94.2% from 2024 to 2029. Over the long term, demand for SiC and SiC epitaxial wafers is expected to remain robust, supported by the recovery of downstream demand, the gradual absorption of excess inventory, and secular growth drivers across EVs, charging infrastructure, renewable energy, and energy storage systems, as well as emerging applications including home appliances, AI compute and data centers, smart grids, and eVTOL.

Against this industry backdrop, since 2023, we have faced pricing pressure, as our product pricing is influenced by downward industry-wide prices, resulted in a decrease in our revenue from 2023 to 2024. As the world's largest SiC epitaxial foundry by annual sales volume since 2023, we are well-positioned to capture the future growth. Our business is underpinned by core competitive advantages, including technological expertise, cost efficiency, gross margin leadership, stable supply chain and strong customer loyalty, which allow us to navigate industry cycles resiliently. We are prepared to capture future growth and solidify our financial performance when the global SiC epitaxial market regains momentum.

We had the following financial strategies to continue to grow our business and tackle potential market fluctuations:

**Expand Our Customer Base and Drive Revenue Growth**

To maintain our sustained profitable growth in the long term, we intend to take the following measures to drive revenue growth:

- *Continue to strengthen and enhance our technologies.* We intend to continue to address the evolving needs of end customers. Through targeted R&D efforts, we aim to enhance product performance and overcome technical bottlenecks. Specifically, we have been

pursuing advancements and improvements in technologies such as composite substrate epitaxy, trench filling epitaxy, multi-layer epitaxy and ultra-thick epitaxy to further improve the quality of our products and enhance their market competitiveness. The table below sets forth the details about our certain ongoing R&D projects.

| | Projects | Targets |
|---|---|---|
| 1 . . | SiC trench epitaxial refiling process | Develop trench epitaxial refiling technology to enable void-free SiC epitaxy in trenches with a certain depth-to-width ratio |
| 2 . . | High-quality SiC thick-film homoepitaxial technology | Develop high-quality thick-film epitaxial technologies to improve the performance of our epitaxial wafers in various aspects such as thickness variation, doping concentration, doping uniformity and surface defect density |
| 3 . . | High-quality 6-inch multi-layer SiC epitaxy technology | Develop high-quality 6-inch multi-layer epitaxy technology and achieve multiple epitaxial layers per wafer with controlled interface transition sharpness |
| 4 . . | High-uniformity 8-inch SiC epitaxial wafer | Refine 8-inch epitaxial growth technologies to improve the performance of our epitaxial wafers in various aspects, such as all-point thickness tolerance, thickness uniformity, all-point doping tolerance, doping uniformity and surface defect density |

- *Strategic focus on 8-inch SiC epitaxial wafers.* We seek to strengthen our leadership in the 8-inch SiC epitaxial wafer market, recognizing its growing importance in the industry. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers. Our sales volume for 8-inch SiC epitaxial wafers increased from 285 pieces in 2023 to 7,466 pieces in 2024 and further increased from 6,057 pieces for the nine months ended September 30, 2024 to 10,788 pieces for the same period in 2025. This growth reflects the industry's accelerating adoption of 8-inch wafers, driven by their clear advantages: 1.8 times larger wafer area compared to 6-inch, a reduction in edge die ratio from 14% to 7%, and a 90% boost in the number of bare dies per wafer. To meet the market's growing demand for 8-inch SiC epitaxial wafers, we are strategically allocating additional manufacturing capacity to expand production of 8-inch SiC epitaxial wafers. This approach not only positions us to capture greater market share but also enables us to reduce fixed unit costs, further enhancing our competitiveness in the market. Our Directors are of the view that, having achieved the commercialization capabilities for 8-inch SiC epitaxial wafers, we are able to leverage our first-mover advantage to mass produce 8-inch SiC epitaxial wafers, meet the growing market demand and turn around our financial performance to enhance profitability in the future.

- *Continuously expanding market share for 6-inch SiC epitaxial wafers.* Our sales volume for 6-inch SiC epitaxial wafers increased from 81,633 pieces in 2022 to 199,708 pieces in 2023, primarily due to the growth of downstream applications and demands from our customers. Our sales volume for 6-inch SiC epitaxial wafers decreased from 199,708 pieces in 2023 to 156,584 pieces in 2024, primarily due to the larger stocking of our downstream customers in 2023. Our sales volume for 6-inch SiC epitaxial wafers increased from 126,648 pieces for the nine months ended September 30, 2024 to 137,184 pieces for the same period in 2025. According to CIC, this inventory adjustment cycle, expected to conclude by the second half of 2026, reflects a cyclical rebalancing of supply and demand as well as impact from the transition from 4-inch to 6-inch and 8-inch wafers rather than a structural decline in the market. From a long-term perspective, the demand for SiC and SiC epitaxial wafer is expected to maintain strong growth, driven by the recovery of previous downstream demand along with gradual absorption of excessive inventory, combined with the significant potential of downstream industries. According to CIC, the sales value generated by 6-inch epitaxial wafers is expected to increase from US$0.8 billion in 2024 to US$1.3 billion by 2029, with a CAGR of 9.4% from 2024 to 2029. To strengthen our position in the 6-inch SiC epitaxial wafer market, we are actively pursuing multiple strategic initiatives. These include implementing targeted marketing efforts. In particular, we intend to strengthen our sales outreach by deploying a dedicated field engagement team to build deeper relationships with key accounts and prospects. In parallel, we plan to actively participate in leading industry exhibitions and academic forums, both domestically and globally, to expand our market presence, capture emerging opportunities, and strengthen customer relationships. These efforts will enable us to better understand evolving market demands, identify new opportunities, and solidify our position with existing customers, which will eventually lead to better sales and operation results.

  According to the CIC, that the adjustment cycle is expected to conclude in the second half of 2026, for the following reasons:

  - ➢ *The Cumulative Lag of Demand Recovery Through the Value Chain:* The recovery signal starts with end-device sales (e.g., NEVs), but its impact on upstream semiconductor manufacturers (e.g., SiC epitaxial wafer foundries) occurs with a significant lag. The 8.1% year-over-year growth in NEV sales in the first half of 2025 needs to work through existing component inventories at OEM and Tier-1 supplier levels first before translating into new orders for wafer producers. This multi-stage inventory digestion process inherently delays the upstream recovery by several quarters, pushing the full rebound into 2026.

  - ➢ *The Critical Mass of "Native-SiC" Vehicle Platforms Ramping Production:* Many OEMs have designed new EV platforms around SiC's benefits (efficiency, endurance, and faster charging, among others). These models, slated for mass production in late 2025 and 2026, are not just using SiC as an option; they are structural, non-negotiable demand drivers. As these hit their production stride, they will generate a steep, relatively inelastic, and sustained surge in demand for SiC devices, which the supply chain must ramp to meet. The second half of 2026 is a timeline for this demand wave to fully propagate upstream. Before 2024, most of the EV models use silicon-based IGBT devices, which has reached the physical limitation and cannot support for 800V and higher architecture. As the price of SiC power devices decline and the wide adoption of 800V electrical architecture in 2025, the use of SiC power device becomes a necessity, bringing high demand to SiC power devices and epitaxial wafers as well.

- ➢ *The Achievement of a Key Cost-Competitiveness Threshold:* By late 2026, the combined effects of greater manufacturing scale and technological advancements (including the transition to 8-inch wafers) are projected to lower SiC device costs to a point where its value proposition becomes the preferred option for mainstream automotive and industrial applications, not just premium segments. This cost-down inflection point will significantly accelerate adoption, finally clearing oversupply.

- ➢ *The Synergy of AI and Energy Transition Demand:* The recent AI boom primarily benefits high-performance computing chips and servers. However, AI's energy demand is immense. By 2026, the need for power management and energy efficiency from AI data centers and the supporting grid will become a major secondary demand source for SiC. This creates a synergistic demand pull from both transformative applications (AI/computing) and transformative electrification (NEVs/energy), promoting a recovery that is broad-based and resilient.

- ➢ *The Natural Duration of Historical Semiconductor Cycles:* Historical evidence suggests major semiconductor inventory cycles typically last three to four years. The downturn began in earnest in 2023. A conclusion in the second half of 2026 would align with an approximately 3.5-year cycle duration, which is consistent with the time required for the market to rationalize capacity, innovate on cost, and for new demand drivers to mature.

- *Implement targeted market expansion plan to reach new customers.* We seek to expand our market presence through targeted strategies in order to connect with a broader customer base. In the domestic market, our focus is on steadily growing our customer base, deepening strategic partnerships with key accounts, developing innovative downstream industry applications, and delivering increasingly competitive products as we scale efficiently. In the international market, we aim to strengthen relationships with global industry leaders by elevating product and service quality, ultimately bolstering customer loyalty, and to offer agile, tailored solutions that maintain our competitive edge. This dual approach could allow us to reach a broader customer pool both domestically and internationally.

- *Collaborate closely with downstream customers in joint R&D projects.* By partnering with customers on customized early-stage R&D projects, we seek to strengthen our customer relationships and foster loyalty. This approach not only aligns our R&D focus with customer-specific needs but also positions us as a trusted partner, enhancing customer loyalty and long-term revenue potential. The table below sets forth the details about our certain future R&D plans.

| | Projects | Targets |
|---|---|---|
| 1 . . | SiC superjunction device epitaxial technology | Develop and refine trench etching and epitaxial refiling process. |
| 2 . . | 8-inch SiC epitaxial wafers with low defect density | Develop SiC epitaxial growth technologies with lower defect density for 8-inch wafers. |

- *Explore new downstream market applications.* Tapping into industries that have yet to adopt SiC materials on a large scale, such as home appliances, AI computing power and data centers, smart grids, energy storage and eVTOL, presents significant growth opportunities. By tapping into these emerging markets, we could expand downstream market applications, unlocking new revenue streams.

- *Actively participate in promoting SiC and drive the adoption of SiC materials.* We intend to actively participate in market education initiatives to accelerate the adoption of SiC materials in various use scenarios. Through publishing industry white papers and standards, hosting technical seminars, attending industry exhibition and advocating the advantages of SiC, we seek to raise awareness, shape industry standards, and drive the market's transition toward SiC solutions, fueling future growth. During the Track Record Period, our efforts on participating industry exhibitions and initiatives in the development of industry standards bolstered our industry recognition. This heightened visibility strengthened our brand authority and played a role in translating market interest into tangible business opportunities, supporting our order conversion efforts. Looking ahead, we remain committed to sustaining and expanding these efforts. By continuing to showcase our expertise through high-impact exhibitions and contributing to the development of forward-looking industry standards, we aim to accelerate the widespread adoption of SiC materials. This approach can help us to solidify our position and drive scalable growth, enabling us to capture new market segments and expand our business footprint strategically.

**Improve Operational Efficiency and Enhance Operating Leverage**

We aim to improve operating efficiency in every key aspect of our business. We expect to improve our operational efficiency by implementing the following:

- *Optimizing raw material costs.* Our raw material costs amounted to RMB180.0 million, RMB495.0 million, RMB411.3 million, RMB327.3 million and RMB214.2 million, respectively, in 2022, 2023 and 2024 and for the nine months ended September 30, 2024 and 2025, representing for 73.9%, 71.0%, 64.1%, 62.6% and 53.8%, respectively, of our total cost of sales in the same periods. By periodically tracking market changes, we could monitor and record raw material price fluctuations, timely recognize price trends and flexibly adjust procurement plan in advance. We plan to continue to strengthen collaborations with upstream suppliers to secure more favorable terms and develop a more cost-effective raw material procurement strategy. Furthermore, improved process efficiency and production yield rate also mitigate raw material expenditure on each wafer, and we intend to implement targeted initiatives to integrate cost saving strategies with our enhancing product quality and supply chain stability.

- *Order-based production and inventory optimization.* We plan to continue our order-based production strategy, focusing on optimizing raw material stocking mechanisms to enhance turnover efficiency and minimize inventory backlogs. By aligning production closely with demand, we aim to streamline operations, reduce excess inventory, and establish an efficient supply chain. For example, we intend to coordinate our upstream suppliers for shorter procurement cycles, so as to increase storage flexibility and reduce inventory backlogs. We also plan to categorize our inventories to realize refined management. For critical materials with high value and low quantity, we intend to implement frequent stocktaking and stringent management policy. For low-value bulk materials, we intend to simplify the management procedure and maintain necessary secure inventory level.

- *Enhancing operational efficiency through advanced production line automation.* We plan to prioritize production line automation upgrades to enhance per capita output and reduce unit labour costs, driving operational efficiency and improving utilization rates. For example, in the labor-intensive processes of precise substrate placement and epitaxial wafer retrieval, we are utilizing an integrated multi-axis robotic system with vision positioning to achieve highly precise automated operations. Higher level of automation can reduce our unit cost and improve production efficiency. We believe these efforts establish a scalable automation model for future production expansion, while supporting our long-term operational efficiency.

Based on the foregoing, our Directors believe that the aforementioned measures will be effective and sustainable in improving our operating and financial performance. Considering the independent due diligence conducted by the Sole Sponsor, nothing has come to the attention of the Sole Sponsor which would cause them to cast reasonable doubt on the Company's view above.

## NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of the Prospectus, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects since September 30, 2025, the end of the period reported on the Accountant's Report included in Appendix I to this Prospectus; and there has been no event since September 30, 2025 which would materially affect the information presented in the Accountant's Report set out in Appendix I to this Prospectus.

## DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.

## FUTURE PLANS

Please see "Business — Our Growth Strategies" for a detailed description of our future plans.

## USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$1,560.1 million, after deducting underwriting commissions, fees and estimated expenses payable by us in connection with the Global Offering, based on an Offer Price of HK$76.26 per Offer Share.

In line with our strategies, we intend to use the net proceeds for the following purposes, subject to changes with respect to our evolving business needs and changing market conditions:

- Approximately 71% of the net proceeds, or HK$1,107.7 million, will be used to expand our production capacity of the SiC epitaxial wafers in a disciplined and prudent manner over the next five years, in response to the growing market demands. In particular, we plan to scale up our production of 8-inch SiC epitaxial wafers in a market-driven manner to align with the anticipated expansion of the market in the coming years. We intend to adopt a measured approach to forecasting market demand, enabling flexible capacity expansion while continuously adjusting our plans in response to actual market conditions.

  According to CIC, the global sales volume of 8-inch SiC epitaxial wafers is expected to increase from 0.1 million pieces in 2024 to 3.8 million pieces by 2029, representing a CAGR of 94.2%. According to public information, the world's top five SiC chip manufacturers have collectively launched investments of over US$25 billion in 8-inch SiC power device production lines, with each expected to create a demand of over two million 8-inch epitaxial wafers upon full production. In 2024, in terms of sales volume in open market, our market share among foundries in the global SiC epitaxy wafer market exceeded 30%, according to CIC. Supported by our leading market position, R&D capabilities and established customer base, we are well positioned to capture the market growth potentials. To this regard, our extensive customer base, including eight of the world's top ten SiC power device giants, provides us with significant growth opportunities for 8-inch SiC epitaxial wafers. We have earned their deep trust through our extensive technical expertise, large-scale production capabilities, stable quality assurance, consistent delivery, and reliable after-sales service.

  In addition, we actively engage in marketing through exhibitions and industry forums. Combined with our stable supply capabilities and leading technical advantages in 8-inch SiC epitaxial wafers, this has positioned us as a go-to supplier for new manufacturers entering the 8-inch SiC power device market. As of September 30, 2025, we had established 8-inch product partnerships with 18 companies globally, including three of the top ten industry giants.

  Further, to better capture the market potentials, we have also formulated a timely strategy to nurture more overseas collaboration and partnership. We plan to continue and deepen our collaboration with leading global SiC power device manufacturers in key regions across the world, expanding our global footprint.

  To strengthen our competitiveness in the market growth, we plan to continuously invest in the research and development of 8-inch SiC epitaxial wafers. Our current and future projects include the development of high-uniformity 8-inch SiC epitaxial wafer, 8-inch SiC epitaxial wafers with low defect density, and high-quality automotive-grade 8-inch SiC MOS epitaxial wafers.

We plan to expand our production capacity of 8-inch SiC epitaxial wafers to capitalize on market opportunities and optimize the utilization of our manufacturing capacity. We had utilization rate of 88.9%, 93.7%, 56.1% and 43.0% in 2022, 2023, 2024 and the nine months ended September 30, 2025. Despite such fluctuation in utilization rate, given the typical lead time from investment to capacity ramp-up in SiC epitaxial wafer production and market demand may rise within a short time, we consider it strategically necessary to expand our capacity in advance to prepare ourselves for the future market opportunities. In addition, we also expect to reduce unit production costs through capacity expansion, enhance our competitiveness and improve our long-term profitability through the economy of scale. In connection with such plans, we will purchase and upgrade equipment and machinery for production and recruit manufacturing personnel. We expect our enlarged production capacity of 8-inch wafers for about ten times from current 40.0 thousand pieces per year to reach 463.0 thousand pieces per year in 2029, and the utilization rate of the Xiamen production base is expected to reach over 70% in 2029 after the completion of the upgrades and recruitment of staff. We expect such investment will lead to the increase in our capital expenditure, depreciation and staff costs, while contributing to an improvement in our profit margin in the long term. In particular:

- Approximately 50% of the net proceeds, or HK$780.0 million, will be used for the procurement and upgrade of our equipment and machinery to expand our production capacity of the SiC epitaxial wafers. We plan to utilize such net proceeds with expected allocations of approximately HK$110.5 million, HK$135.5 million, HK$159.3 million, HK$177.1 million and HK$197.6 million, respectively, in each year over the next five years. In particular, among others, we plan to procure and upgrade furnaces and production machinery of HK$75.4 million, HK$95.9 million, HK$113.2 million, HK$127.2 million and HK$144.4 million, respectively, in each year over the next five years. We also plan to procure inspection, cleaning and other equipment of HK$35.1 million, HK$39.6 million, HK$46.1 million, HK$49.9 million and HK$53.2 million, respectively, in each year over the next five years.

  We develop production expansion plans primarily based on (i) the anticipated demands for our SiC epitaxial wafers, (ii) the current and anticipated prices for our SiC epitaxial wafers, (iii) the utilization of the existing production base and the feasibility of its expansion, (iv) the estimated cost of expansion, and (v) our estimated capital resources.

- Approximately 15% of the net proceeds, or HK$234.0 million, will be used to complete and improve the construction of our existing production base to support the expanded capacity of our production base. We plan to utilize such net proceeds with expected allocations of approximately HK$30.5 million, HK$132.8 million, HK$21.3 million, HK$27.1 million and HK$22.3 million, respectively, in each year over the next five years. In particular, in the first year, we plan to launch the initial phase of our equipment automation and gas recycling projects, alongside the construction of our new high- and low-voltage power distribution systems, which are expected to be completed in two years with a total estimated investment of HK$30.5 million. In the second year, we plan to complete the construction of a new plant and cleanroom facilities at our Xiamen production base with an estimated investment of HK$81.9 million. We also intend to procure the initial supporting production systems for the new plant, including gas delivery system, ultrapure water system, chiller, air compressing system, chemical supply system, wastewater treatment system and UPS systems, with an estimated investment of HK$25.7 million. In addition, we plan to upgrade our power supply system at our Xiamen production base by initiating a two-year construction of a 110kV substation with an estimated investment of HK$25.2 million. From the third to the fifth year, we plan to expand the supporting production systems in line with our capacity

ramp-up and complete the automation upgrades of all our production equipment, with the estimated annual investment of HK$21.3 million, HK$27.1 million and HK$22.3 million, respectively.

  - Approximately 6% of the net proceeds, or HK$93.6 million, will be used in the recruitment of our production-related personnel. We plan to recruit approximately 500 manufacturing personnel at our production base to support the expansion of our production. In particular, we plan to recruit approximately 76, 114, 107, 106 and 97 new personnel, respectively, in each year over the next five years. Our current operational headcount suffices a monthly production output of approximately 25,000 SiC epitaxial wafers, with the majority being 6-inch wafers. Looking ahead, to fully utilize the designed capacity of our production site, we anticipate a need for additional personnel to support two key strategic objectives: (i) our continued expansion of our 8-inch wafer manufacturing capacity to meet growing market demand for next-generation power devices; and (ii) our focus on increasing the capacity utilization rate of our existing 6-inch production lines to maximize output and efficiency. To ensure smooth and uninterrupted production during this dual-path growth, an increase in workforce is necessary even after considering workforce reductions that we expect to achieve through planned upgrades of our automation systems.

- Approximately 19% of the net proceeds, or HK$296.4 million, will be used in the R&D of SiC epitaxial wafers to enhance our technical capabilities and solidify our technical advantages. We plan to further invest in key technologies, focusing on our 6-inch and 8-inch high-quality SiC epitaxial wafer production technology, such as high-concentration uniform epitaxial growth, thick and ultra-thick film epitaxial growth, composite substrate epitaxial growth, trench refilling epitaxial technology and multi-layer epitaxial growth. As technological advancements enhance the competitiveness of our products, we expect these investments to increase our research and development expenses while also improving our profit margins.

  - Approximately 10% of the net proceeds, or HK$156.0 million, will be used for the development of our technology and R&D center, including the procurement of equipment and machinery. We expect to complete the upgrade of our technology and R&D center in the first year, and procure new R&D equipment and machinery of HK$57.4 million, HK$32.6 million, HK$24.0 million, HK$16.2 million and HK$18.6 million, respectively, in each year over the next five years.

  - Approximately 7% of the net proceeds, or HK$109.2 million, will be used to purchase R&D materials and other development expenses including, among others, substrates, R&D consumables, special gases, equipment spare components and chemical materials. We expect to utilize approximately HK$15.0 million, HK$17.9 million, HK$21.7 million, HK$25.6 million and HK$29.0 million, respectively, in each year over the next five years.

  - Approximately 2% of the net proceeds, or HK$31.2 million, will be used in the recruitment of our research and development staff. We plan to recruit approximately 75 new employees to support our increasing research and development efforts and we expect to recruit 27, 21, 13, 10 and four new personnel in each year over the next five years, respectively.

- Approximately 10% of the net proceeds, or HK$156.0 million, will be used as working capital and for general corporate purposes.

To the extent that our net proceeds are not sufficient to fund the purposes set out above, we intend to fund the balance through a variety of means, including cash available on hands, bank loans and other borrowings.

If the net proceeds of the Global Offering are not immediately used for the purposes described above, to the extent permitted by the relevant laws and regulations, we will only deposit the net proceeds 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 applicable laws and regulations in other jurisdictions, including announce such changes on a timely basis. We will comply with all disclosure requirements under the Listing Rules if there is any change to the above proposed use of proceeds.

## HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
ICBC International Securities Limited
Orient Securities (Hong Kong) Limited
ABCI Securities Company Limited
China Sunrise Securities (International) Limited
Futu Securities International (Hong Kong) Limited
CCB International Capital Limited
Daokou Securities Limited
China Industrial Securities International Capital Limited
Fuze Securities (International) Limited
Kingston Securities Limited
Yuen Meta (International) Securities 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. If, for any reason, the Offer Price is not agreed between the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 2,149,250 Hong Kong Offer Shares and the International Offering of initially 19,342,800 International Offer Shares, subject, in each case, to reallocation on the basis as described in the section headed "Structure of the Global Offering".

## UNDERWRITING ARRANGEMENTS AND EXPENSES

### The Hong Kong Public Offering

#### *Hong Kong Underwriting Agreement*

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares to be converted from Unlisted Shares) as mentioned herein on the Main Board of the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the Stock Exchange and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, 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***

If any of the events set out below occurs at any time prior to 8:00 a.m. on the Listing Date, the Sole Sponsor in its absolute discretion may, by giving notice to our Company, terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there develops, occurs, exists or comes into force:

(i) 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 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

(ii) 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, 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 any foreign currencies, 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

(iii) 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

(iv) 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 the Company listed or quoted on a stock exchange or an over-the-counter market; or

(v) 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

(vi) other than with the prior written consent of the Sponsor-Overall Coordinator, the issue or requirement to issue by the Company of a supplement or amendment to the 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

(vii) the commencement by any Authority or other regulatory or political body or organization of any public action or investigation against a member of the Group or a director or a senior management member of any member of the Group or announcing an intention to take any such action; or

(viii) the imposition of sanctions or export controls in whatever form, directly or indirectly, on any member of the Group or the Single Largest Shareholder or by or on any Relevant Jurisdiction, 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

(ix) any valid demand by creditors for payment or repayment of indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(x) any non-compliance of the 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

(xi) any litigation, dispute, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or the Single Largest Shareholder or any Director or senior management members as named in the Prospectus; or

(xii) any contravention by any member of the Group or any Director of the Listing Rules or applicable laws; or

(xiii) any change or prospective change, or a materialization of, any of the risks set out in the section headed "Risk Factors" in the Prospectus,

which, in any such case individually or in the aggregate, in the sole and absolute opinion of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(i) has or will or may have a material adverse effect, whether directly or indirectly, 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 the Company or the Group as a whole;

(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

(b) there has come to the notice of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) that:

(i) any statement contained in any of the offering documents, the CSRC filings and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the 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

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of the Prospectus, constitute a material omission or misstatement in any Global Offering Document; or

(iii) 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 the Company or the Single Largest Shareholder in the Hong Kong Underwriting Agreement or the International Underwriting Agreement; or

(iv) any event, act or omission which gives rise or is likely to give rise to any liability of any of the indemnifying parties pursuant to the indemnities in the Hong Kong Underwriting Agreement; or

(v) any breach of any of the obligations or undertakings imposed upon the Company or any member of the Single Largest Shareholder or any cornerstone investor (as applicable) to the Hong Kong Underwriting Agreement, the International Underwriting Agreement or the Cornerstone Investment Agreement(s); or

(vi) there is any change or development involving a prospective change, constituting or having a material adverse effect; or

(vii) that the chairman of the Board, any Director or any member of senior management of the Company named in the Prospectus seeks to retire, or is removed from office or vacating his/her office; or

(viii) 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

(ix) the Company withdraws the 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

(x) 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 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

(xi) any person (other than any of the Sole Sponsor) 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

(xii) any prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares pursuant to the terms of the Global Offering; or

(xiii) any person (other than the Sole Sponsor and the Sponsor-Overall Coordinator) 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; or

(xiv) an order or petition is presented for the winding-up or liquidation of any member of the Group, or any member of the 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 the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or

(xv) (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 Sponsor-Overall Coordinator, the issue or requirement to issue by the 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

(xvi) that (i) a material portion of the orders placed or confirmed in the bookbuilding process or (ii) any investment commitment made by any cornerstone investors under the Cornerstone Investment Agreement(s) 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.

***Undertaking to the Stock Exchange pursuant to the Listing Rules***

*Undertaking by our Company*

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that no further Shares or securities convertible into equity securities of our Company (whether or not of a class already listed) may be issued or sold or transferred out of treasury or form the subject of any agreement to such an issue, or sale or transfer out of treasury within six months from the Listing Date (whether or not such issue of Shares or securities, or sale or transfer of treasury shares will be completed within six months from the Listing Date), except (a) pursuant to the Global Offering, or (b) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

***Undertakings pursuant to the Hong Kong Underwriting Agreement***

*Undertaking by our Company*

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that except pursuant to the Global Offering, at any time after the date of Hong Kong Underwriting Agreement up to and including the date falling six months after the Listing Date (the "**First Six Month Period**"), the Company will not, without the prior written consent of the Sole Sponsor and the Sponsor-Overall Coordinator (for itself and on behalf of the Hong Kong Underwriters) (such consent not to be unreasonably withheld) and unless in compliance with the requirements of the Listing Rules:

(a) 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 repurchase, any legal or beneficial interest in the share capital or any other securities of the 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 securities of the Company, as applicable), or deposit any share capital or other securities of the Company, as applicable, with a depositary in connection with the issue of depositary receipts; or

(b) 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 H Shares or any other securities of the 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 H Shares); or

(c) enter into any transaction with the same economic effect as any transaction described in (a) or (b) above; or

(d) offer to or agree to do any of the foregoing specified in (a), (b) or (c) 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 securities, in cash or otherwise (whether or not the issue of such share capital or other securities will be completed within the First Six Month Period). The Company further agrees that, in the event the Company is allowed to enter into any of the transactions described in (a), (b) or (c) 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**"), it will take all reasonable steps to ensure that such an issue or disposal will not, and no other act of the Company will, create a disorderly or false market for any H Shares or other securities of the Company.

The Single Largest Shareholder undertakes to each of the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the CMIs, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters that he shall procure the Company to comply with such undertakings.

*Hong Kong Underwriters' Interests in our Company*

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any H Shares or any securities of our Company or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any H Shares or any securities of our Company.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the H Shares as a result of fulfilling their respective obligations under the Underwriting Agreements.

**The International Offering**

***International Underwriting Agreement***

In connection with the International Offering, our Company and the Single Largest Shareholder expect to enter into the International Underwriting Agreement with the Sponsor-Overall Coordinator, the Overall Coordinators and the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds to the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into or terminated, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering" in this prospectus.

***Commissions and Expenses***

The Underwriters and the Capital Market Intermediaries will receive an underwriting commission of 2.5% of the aggregate Offer Price of all the Offer Shares (the "**Fixed Fee**"), out of which they will pay any sub-underwriting commissions and other fees.

Our Company may, at our sole and absolute discretion, pay to one or more Underwriters or the Capital Market Intermediaries an incentive fee of up to 1.25% of the aggregate Offer Price of all the Offer Shares (the "**Discretionary Fee**"). The ratio of the Fixed Fee and the Discretionary Fee payable to all Underwriters is therefore approximately 66.7:33.3.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate commissions and fees, together with the listing fees, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy, legal and other professional fees, printing and other expenses payable by us relating to the Global Offering are estimated to amount to approximately HK$78.9 million in total.

**Sole Sponsor's Fee**

An amount of US$500,000 is payable by our Company as sponsor fee to the Sole Sponsor.

**Indemnity**

The Company has agreed to indemnify, among others, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries and the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by any of our Company and the Single Largest Shareholder of 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, loan financing, 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, co-investments and/or instruments of or with 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 Company's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

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 stock 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.

No stabilizing manager will be appointed, and it is anticipated that no stabilization activities will be carried out in relation to the Global Offering. Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the 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, loan financing and other services to our Company and each of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of Offer Shares in the Global Offering.

## SOLE SPONSOR'S INDEPENDENCE

The Sole Sponsor satisfies the independence criteria set out in Rule 3A.07 of the Listing Rules.

## THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. China International Capital Corporation Hong Kong Securities Limited is the Sole Sponsor and the Sponsor-Overall Coordinator of the Global Offering.

The Listing of the H Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Sole Sponsor has made an application on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus.

21,492,050 Offer Shares (subject to reallocation) will initially be made available under the Global Offering comprising:

(a) the Hong Kong Public Offering of initially 2,149,250 H Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 19,342,800 H Shares (subject to reallocation) outside the United States (including to professional and institutional investors within Hong Kong) in offshore transactions in reliance on Regulation S, as described in "— The International Offering" in this section below.

Investors may either:

(a) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or

(b) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 5.05% of the enlarged issue share capital of our Company immediately after completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

## THE HONG KONG PUBLIC OFFERING

### Number of Offer Shares Initially Offered

Subject to reallocation as mentioned below, our Company is initially offering 2,149,250 H Shares (subject to reallocation) for subscription by the public in Hong Kong at the Offer Price, representing approximately 10.0% of the total number of Offer Shares initially available under the Global Offering. Subject to reallocation as mentioned below, the number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.51% of the enlarged issued share capital of our Company immediately following the completion of the Global Offering.

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, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" in this section below.

**Allocation**

Allocation of 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 could 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 Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided into two pools: pool A and pool B (with any odd lot being allocated to pool A). Pool A will initially comprise 1,074,650 Hong Kong Offer Shares and pool B will initially comprise 1,074,600 Hong Kong Offer Shares, both of which are available on a fair basis to successful applicants. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong 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 and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,074,600 Hong Kong Offer Shares (being approximately 50% of the total number of Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

**Reallocation**

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sponsor-Overall Coordinator. Subject to the allocation cap described in the subsequent paragraph, the Sponsor-Overall Coordinator may in its discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering. In addition, if the Hong Kong Public Offering is not fully subscribed, the Sponsor-Overall Coordinator will have the discretion (but shall not be under any obligation) to reallocate to the International Offering all or any unsubscribed Hong Kong Offer Shares in such amounts as they deem appropriate.

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 Sponsor-Overall Coordinator in its sole discretion considers appropriate.

In the event of reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering in the circumstances where (a) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, or (b) the International Offer Shares are

undersubscribed and the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 1,074,550 Offer Shares may be reallocated from the International Offering to the Hong Kong Public Offering, so that the total number of Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 3,223,800 Offer Shares, representing approximately 15% of the number of Offer Shares initially available under the Global Offering in accordance with Chapter 4.14 of the Guide for New Listing Applicants.

Given the initial allocation of the Offer Shares to the Hong Kong Public Offering and the International Offering follows the provision of Paragraph 4.2(b) of Practice Note 18 of the Listing Rules, no mandatory clawback or reallocation mechanism is required to increase the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering.

**Applications**

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or taken up, or indicated an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable under the International Offering to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be).

Applicants under the Hong Kong Public Offering are required to pay, on application (subject to application channel), the Offer Price of HK$76.26 per Offer Share in addition to the brokerage, the AFRC transaction levy, the SFC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$3,851.46 for one board lot of 50 Shares. See "How to Apply for Hong Kong Offer Shares" for further details.

**THE INTERNATIONAL OFFERING**

**Number of International Offer Shares initially offered**

The International Offering will consist of an offering of initially 19,342,800 H Shares being offered by our Company and representing 90.0% of the total number of Offer Shares initially available under the Global Offering (subject to reallocation). The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 4.54% of the total Shares in issue immediately following the completion of the Global Offering.

**Allocation**

The International Offering will include selective marketing of H 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 reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "— Pricing and Allocation" in this section below and based on a number of factors, including the level and timing of demand, the 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 to buy further H Shares and/or hold or sell its 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 professional and institutional shareholder base to the benefit of our Company and the Shareholders as a whole.

The Sponsor-Overall Coordinator (for itself 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 Sponsor-Overall Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International 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 paragraph headed "— The Hong Kong Public Offering — Reallocation" in this section above, and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

## PRICING AND ALLOCATION

The Offer Price will be HK$76.26 per Offer Share, unless otherwise announced, as further explained below. Applicants under the Hong Kong Public Offering must pay, on application, the Offer Price of HK$76.26 per Offer Share plus brokerage of 1.0%, AFRC transaction levy of 0.00015%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$3,851.46 for one board lot of 50 Shares.

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 about, the last day for lodging applications under the Hong Kong Public Offering.

The Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters), may, where it deems appropriate, based on the level of interest expressed by prospective institutional, professional and other investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares offered and/or the Offer Price below that 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, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of our Company and the Stock Exchange at **http://www.epiworld.com.cn/** and **www.hkexnews.hk**, respectively, notices of the reduction of the Offer Shares and/or the Offer Price. Supplemental listing prospectus will also be issued by the Company in the event of a reduction in the number of Offer Shares or the Offer Price. Such supplemental listing prospectus will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set out in this prospectus, and any other financial information which may change as a result of any such reduction. The Global Offering must first be cancelled and subsequently relaunched on FINI pursuant to the supplemental prospectus. Upon the issue of such a notice and a supplemental prospectus or a new prospectus, the revised number of Offer Shares and/or the Offer Price will be final and conclusive. In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced and the Offer Price will be HK$76.26 per Offer Share. 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 Offer Price may not be made until the last day for lodging applications under the Hong Kong Public Offering.

If there is any change to the offer size due to change in the number of Offer Shares initially offered under the Global Offering (other than pursuant to the reallocation mechanism as disclosed in this prospectus), or if there is any change to the Offer Price as stated in this prospectus, or if our Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, the Company is required to cancel the Global Offering, issue a supplemental or new prospectus and relaunch the offering on FINI pursuant to the supplemental or new prospectus.

In the event of a reduction in the number of Offer Shares, the Sponsor-Overall Coordinator may also at its discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares offered under the Hong Kong Public Offering shall not be less than 10% of the Offer Shares available under the Global Offering.

The indication of the level of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocation of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed "How to Apply for Hong Kong Offer Shares — B. Publication of Results" in this prospectus.

## UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Sponsor-Overall Coordinator (for itself and on behalf of the Underwriters) and our Company agreeing on the Offer Price.

Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on Thursday, March 26, 2026.

These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting".

## CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

(a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares to be converted from Unlisted Shares) as mentioned herein on the Main Board of the Stock Exchange and such approval not subsequently having been revoked prior to the commencement of trading of the H Shares on the Stock Exchange;

(b) the execution and delivery of the International Underwriting Agreement on or about Thursday, March 26, 2026; and

(c) the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement 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).

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 its terms.

If the above conditions are not fulfilled or waived prior to the dates and times 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 websites of our Company and the Stock Exchange at **http://www.epiworld.com.cn/** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/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 bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Monday, March 30, 2026, provided that the Global Offering has become unconditional in all respects at or before that time.

## DEALINGS IN THE H SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Monday, March 30, 2026, it is expected that dealings in the H Shares on the Hong Kong Stock Exchange will commence at 9:00 a.m. on Monday, March 30, 2026.

The H Shares will be traded in board lots of 50 Shares each and the stock code of the H Shares will be 2726.

**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. We will not provide any printed copies of this prospectus to the public in relation to the Hong Kong Public Offering.**

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 **http://www.epiworld.com.cn/**. If you require a printed copy of this prospectus, you may download and print from the website addresses above.

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.

Set out below are procedures through which you can apply for the Hong Kong Offer Shares electronically. We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public.

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.

## 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; and
- have a Hong Kong address (*for the **White Form eIPO** service only*).

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to us, 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 Shareholder or close associates; or
- are a Director or a Supervisor or chief executive of our Company or any of his/her close associates.

## 2. Application Channels

**The Hong Kong Public Offering period will begin at 9:00 am on Friday, March 20, 2026 and end at 12:00 noon on Wednesday, March 25, 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 Friday, March 20, 2026 to 11:30 a.m. on Wednesday, March 25, 2026. The latest time for completing full payment of application monies will be 12:00 noon on Wednesday, March 25, 2026. |
| **HKSCC EIPO channel** . . . . . | Your broker or custodian who is a HKSCC Participant will submit electronic application instruction on your behalf through HKSCC's FINI system in accordance with your instruction. | 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 instructions 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 application 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.

By instructing your broker or custodian to apply for the 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 **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions 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**

- 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. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

**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. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- 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 card.

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 an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names 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 to subscribe 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 account holders on FINI is capped at 4 in accordance with market practice.

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 joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as 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 **HKSCC EIPO** channel, and making an application under a power of attorney, we and the Sponsor-Overall Coordinator, as our agent, have discretion to consider whether to accept it 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** . . . . . : 50 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 Offer Price is HK$76.26 per Share.

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 Public Offer Shares you applied for.

By instructing your broker or custodian to apply for the 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, the Stock Exchange trading fee and the AFRC transaction levy 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.

**Epiworld International Co., Ltd.**
**(HK$76.26 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$* | | *HK$* |
| 50 | 3,851.46 | 700 | 53,920.36 | 5,000 | 385,145.41 | 200,000 | 15,405,816.42 |
| 100 | 7,702.91 | 800 | 61,623.27 | 6,000 | 462,174.49 | 300,000 | 23,108,724.64 |
| 150 | 11,554.37 | 900 | 69,326.17 | 7,000 | 539,203.57 | 400,000 | 30,811,632.85 |
| 200 | 15,405.81 | 1,000 | 77,029.08 | 8,000 | 616,232.66 | 500,000 | 38,514,541.06 |
| 250 | 19,257.27 | 1,500 | 115,543.62 | 9,000 | 693,261.74 | 600,000 | 46,217,449.25 |
| 300 | 23,108.72 | 2,000 | 154,058.17 | 10,000 | 770,290.82 | 700,000 | 53,920,357.46 |
| 350 | 26,960.18 | 2,500 | 192,572.71 | 20,000 | 1,540,581.64 | 800,000 | 61,623,265.68 |
| 400 | 30,811.63 | 3,000 | 231,087.25 | 30,000 | 2,310,872.46 | 900,000 | 69,326,173.89 |
| 450 | 34,663.09 | 3,500 | 269,601.79 | 40,000 | 3,081,163.29 | 1,074,600[1] | 82,775,451.62 |
| 500 | 38,514.54 | 4,000 | 308,116.33 | 50,000 | 3,851,454.10 | | |
| 600 | 46,217.46 | 4,500 | 346,630.87 | 100,000 | 7,702,908.21 | | |

(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).

## 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 the paragraph headed "— A. Application for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **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 **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 **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

I. undertake to execute all relevant documents and instruct and authorise us and/or the Sponsor-Overall Coordinator, as our agent, 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;

II. confirm that you have read and understand 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;

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 our Company, the Sole Sponsor, the Sponsor-Overall Coordinator, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of their respective directors, supervisors, officers, employees, partners, agents, advisers and any 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 under the paragraph headed "— G. Personal Data — 3. Purposes and 4. Transfer of personal data" in this section;

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 the paragraph headed "— B. Publication of Results" in this section;

X. confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances in which you will not be allocated Hong Kong Offer Shares" in this section;

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 to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the 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. confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by our Company, any of the directors, chief executives, substantial Shareholder(s) or existing shareholder(s) of our Company or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from our Company, any of the directors, chief executives, substantial shareholder(s) or existing shareholder(s) of our 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;

XIV. warrant that the information you have provided is true and accurate;

XV. confirm that you understand that we and the Sponsor-Overall Coordinator 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;

XVI. agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

XVII. 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;

XVIII. (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 application channel of the H Share Registrar or by any one as your agent or by any other person; and

XIX. (if you are making the application as an agent for the benefit of another person) warrant that (1) 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 (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

## 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 at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function. | 24 hours, from 11:00 p.m. Friday, March 27, 2026 to 12:00 midnight on Thursday, April 2, 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 provider at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**). | |
| | The Stock Exchange's website at **www.hkexnews.hk** and our website at **http://www.epiworld.com.cn/** which will provide links to the above mentioned websites of the H Share Registrar. | no later than 11:00 p.m. on Friday, March 27, 2026 |
| 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 Monday, March 30, 2026, Tuesday, March 31, 2026, Wednesday, April 1, 2026 and Thursday, April 2, 2026 (Hong Kong time) on a business day |

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Thursday, March 26, 2026 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Thursday, March 26, 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 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 Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and our website at **http://www.epiworld.com.cn/** by no later than 11:00 p.m. on Friday, March 27, 2026 (Hong Kong time).

## 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 Sponsor-Overall Coordinator, 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 the paragraph headed "— A. Applications for Hong Kong Offer Shares — *5. Multiple Applications Prohibited*" in this section 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;
- we or the Sponsor-Overall Coordinator 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 Bank 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.

## D. DESPATCH/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.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Monday, March 30, 2026, (Hong Kong time), provided that the Global Offer has become unconditional and the right of termination described in the section headed "Underwriting" has not been exercised. Investors who trade Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid 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 |
|---|---|---|
| **Despatch/collection of H Share certificate** | | |
| **For H Share certificates of equal or over 1,000,000 Hong Kong Offer Shares issued under your own name**. . . . . | Collection in person from 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 |

| | White Form eIPO service | HKSCC EIPO channel |
|---|---|---|
| | Time: from 9:00 a.m. to 1:00 p.m. on Monday, March 30, 2026 (Hong Kong time) | No action by you is required |
| | If you are an individual, you must not authorise any other person to collect for you. If you are a corporate applicant, your authorised representative must bear a letter of authorization from your corporation stamped with your corporation's chop | |
| | Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar | |
| | **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 H Share certificates of less than 1,000,000 Hong Kong Offer Shares issued under your own name** . . . | Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk<br><br>**Time:** Friday, March 27, 2026 | |
| **Refund mechanism for surplus application monies paid by you** | | |
| **Date** . . . . . | Monday, March 30, 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 |

Except in the event of any Bad Weather Signals (as defined below) in force in Hong Kong on the business day before the Listing Date rendering it impossible for the relevant share certificates to be despatched to HKSCC in a timely manner, our Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

## E. SEVERE WEATHER ARRANGEMENTS

### The Opening and Closing of the Application Lists

The application lists will not open or close on Wednesday, March 25, 2026 if, there is/are:

- a No. 8 typhoon warning signal or above;
- a black rainstorm warning signal; and/or
- Extreme Conditions,

(collectively, "**Bad Weather Signals**"),

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, March 25, 2026.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have **Bad** Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

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 the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and our website at **http://www.epiworld.com.cn/** of the revised timetable.

If a **Bad** Weather Signal is hoisted on Friday, March 27, 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 Monday, March 30, 2026.

If a **Bad** Weather Signal is hoisted on Friday, March 27, 2026:

- for physical H share certificates of less than 1,000,000 offer shares issued under your own name, despatch will be made by ordinary post when the post office re-opens after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Friday, March 27, 2026 or on Monday, March 30, 2026).

If a **Bad** Weather Signal is hoisted on Monday, March 30, 2026:

- for physical H share certificates of equal or over 1,000,000 offer shares issued under your own name, you may pick them up from the H Share Registrar's office after the **Bad** Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, March 30, 2026 or on Tuesday, March 31, 2026).

**Prospective investors should be aware that if they choose to receive physical share certificates issued in their own name, there may be a delay in receiving the 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 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 adviser for details of the settlement arrangement 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. This 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 the 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).

### 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 despatch 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 cheque 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 the register of members of our Company;
- 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 Group;
- 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 and holders of the H Shares and/or regulators and/or any other purposes to which applicants 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);
- 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 operation;

- 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 purpose 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 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 the H Share Registrar, at their registered address disclosed in the section headed "Corporate information" in this prospectus or as notified from time to time, for the attention of our Company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

*The following is the text of a report set out on pages I-1 to I-73, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the Prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of 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.*

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

## ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF EPIWORLD INTERNATIONAL CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

### INTRODUCTION

We report on the historical financial information of Epiworld International Co., Ltd. (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages I-4 to I-73, which comprises the consolidated statements of financial position as at December 31, 2022, 2023, 2024 and September 30, 2025 and the statements of financial position of the Company as at December 31, 2022, 2023, 2024 and September 30, 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated March 20, 2026 (the "**Prospectus**") in connection with the initial listing of 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 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of 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' judgment, 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 Group's financial position as at December 31, 2022, 2023, 2024 and September 30, 2025, the Company's financial position as at December 31, 2022, 2023, 2024 and September 30, 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

## REVIEW OF STUB PERIOD COMPARATIVE HISTORICAL FINANCIAL INFORMATION

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the nine months ended September 30, 2024 and other explanatory information (together the **"Stub Period Comparative Historical Financial Information"**). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set

out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Historical Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

**REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE**

**Adjustments**

In preparing the Historical Financial Information and the Stub Period Comparative Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

**Dividends**

We refer to Note 12 to the Historical Financial Information which contains information about dividends declared and paid by the Company in respect of the Track Record Period.

**BDO Limited**
*Certified Public Accountants*
**Lee, Alfred**
Practising Certificate No. P04960
Hong Kong

March 20, 2026

## HISTORICAL FINANCIAL INFORMATION OF THE GROUP

### Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards and International Accounting Standards as issued by the International Accounting Standards Board ("**IASB**") and Interpretations (collectively "**IFRS Accounting Standards**") and were audited by BDO Limited 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 December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|---|
| | | 2022 | 2023 | 2024 | 2024 | 2025 |
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **REVENUE** | *7* | **440,691** | **1,142,502** | **974,316** | **808,250** | **535,063** |
| Cost of sales | | (243,754) | (697,103) | (642,007) | (522,542) | (397,982) |
| **Gross profit** | | **196,937** | **445,399** | **332,309** | **285,708** | **137,081** |
| Other income and other gains and losses, net | *8* | 21,534 | 63,451 | 168,402 | 107,583 | 132,621 |
| Selling and distribution expenses | | (1,866) | (48,776) | (5,513) | (6,770) | (8,224) |
| Administrative and other expenses | | (48,136) | (162,749) | (175,575) | (147,142) | (155,126) |
| Research and development costs | | (43,829) | (101,786) | (79,992) | (62,096) | (50,374) |
| (Impairment loss)/reversal of impairment loss on financial assets, net | *10* | (901) | 149 | (1,253) | (200) | (2,116) |
| Finance costs | *9* | (20,281) | (32,535) | (30,197) | (21,595) | (9,636) |
| **PROFIT BEFORE TAX** | *10* | **103,458** | **163,153** | **208,181** | **155,488** | **44,226** |
| Income tax credit/ (expense) | *11* | 24,085 | (55,648) | (43,114) | (37,075) | (23,081) |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD** | | **127,543** | **107,505** | **165,067** | **118,413** | **21,145** |
| **Earnings per share (RMB) attributable to owners of the Company** | | | | | | |
| Basic and diluted | *13* | 0.40 | 0.32 | 0.43 | 0.31 | 0.05 |

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Notes | As at December 31, 2022 | As at December 31, 2023 | As at December 31, 2024 | As at September 30, 2025 |
|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **ASSETS AND LIABILITIES** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *15* | 873,818 | 2,037,231 | 2,047,566 | 1,943,010 |
| Right-of-use assets | *16* | 343 | 371 | 77 | 110 |
| Intangible assets | *18* | 76 | 918 | 2,075 | 1,818 |
| Prepayments for acquisition of property, plant and equipment | | 35,982 | 1,936 | 1,582 | 8,745 |
| Term deposits | *23* | 20,122 | – | – | – |
| Deferred tax assets | *19* | 24,085 | – | 49 | 2,206 |
| Other non-current assets | | 1,964 | 2,767 | 2,930 | 2,279 |
| **Total non-current assets** | | **956,390** | **2,043,223** | **2,054,279** | **1,958,168** |
| **Current assets** | | | | | |
| Inventories | *20* | 91,404 | 351,086 | 247,640 | 270,945 |
| Trade and bills receivables | *21* | 106,796 | 78,666 | 129,645 | 268,964 |
| Prepayments, deposits and other receivables | *22* | 15,527 | 7,992 | 7,468 | 21,169 |
| Value-added tax ("VAT") recoverable | | 8,564 | 22,488 | 33,259 | 14,591 |
| Term deposits | *23* | 500 | 20,622 | – | – |
| Cash and cash equivalents | *23* | 274,417 | 549,521 | 2,030,653 | 1,832,787 |
| **Total current assets** | | **497,208** | **1,030,375** | **2,448,665** | **2,408,456** |
| **Current liabilities** | | | | | |
| Trade and bills payables | *24* | 54,863 | 32,912 | 71,883 | 154,964 |
| Other payables and accruals | *25* | 182,077 | 191,731 | 145,089 | 109,489 |
| Contract liabilities | *26* | 5,757 | 3,730 | 6,795 | 736 |
| Lease liabilities | *27* | 344 | 261 | 67 | 66 |
| Borrowings | *28* | 142,405 | 315,181 | 303,536 | 65,025 |
| Derivative financial instruments | *30* | – | – | – | 2,140 |
| Redemption liabilities | *31* | 213,637 | 16,673 | 18,007 | – |
| Income tax payable | | – | – | 59,765 | 36,541 |
| **Total current liabilities** | | **599,083** | **560,488** | **605,142** | **368,961** |
| **Net current (liabilities)/assets** | | **(101,875)** | **469,887** | **1,843,523** | **2,039,495** |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **854,515** | **2,513,110** | **3,897,802** | **3,997,663** |
| **Non-current liabilities** | | | | | |
| Borrowings | *28* | 170,783 | 811,811 | 808,594 | 704,513 |
| Deferred revenue | *29* | 100,230 | 205,569 | 260,764 | 312,029 |
| Deferred tax liabilities | *19* | – | 31,563 | 14,960 | 3,657 |
| **Total non-current liabilities** | | **271,013** | **1,048,943** | **1,084,318** | **1,020,199** |
| **Net assets** | | **583,502** | **1,464,167** | **2,813,484** | **2,977,464** |
| **EQUITY** | | | | | |
| **Equity attributable to owners of the Company** | | | | | |
| Share capital | *32* | 214,845 | 388,192 | 404,093 | 404,093 |
| Reserves | *33* | 368,657 | 1,075,975 | 2,409,391 | 2,573,371 |
| **TOTAL EQUITY** | | **583,502** | **1,464,167** | **2,813,484** | **2,977,464** |

## STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

| | Notes | As at December 31, 2022 | As at December 31, 2023 | As at December 31, 2024 | As at September 30, 2025 |
|---|---|---|---|---|---|
| | | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **ASSETS AND LIABILITIES** | | | | | |
| **Non-current assets** | | | | | |
| Property, plant and equipment | *15* | 873,818 | 2,037,231 | 1,837,431 | 1,750,561 |
| Right-of-use assets | *16* | 343 | 371 | – | – |
| Investments in subsidiaries | *17* | – | – | 50,000 | 50,000 |
| Intangible assets | *18* | 76 | 918 | 2,075 | 1,818 |
| Prepayments for acquisition of property, plant and equipment | | 35,982 | 1,936 | 1,582 | 8,745 |
| Term deposits | *23* | 20,122 | – | – | – |
| Deferred tax assets | *19* | 24,085 | – | – | – |
| Other non-current assets | | 1,964 | 2,767 | 2,930 | 2,279 |
| **Total non-current assets** | | **956,390** | **2,043,223** | **1,894,018** | **1,813,403** |
| **Current assets** | | | | | |
| Inventories | *20* | 91,404 | 351,086 | 229,534 | 203,628 |
| Trade and bills receivables | *21* | 106,796 | 78,666 | 64,568 | 67,418 |
| Prepayments, deposits and other receivables | *22* | 15,527 | 7,992 | 7,354 | 21,059 |
| VAT recoverable | | 8,564 | 22,488 | 2,031 | – |
| Amount due from a subsidiary | *34* | – | – | 210,709 | 421,229 |
| Term deposits | *23* | 500 | 20,622 | – | – |
| Cash and cash equivalents | *23* | 274,417 | 549,521 | 2,022,075 | 1,705,055 |
| **Total current assets** | | **497,208** | **1,030,375** | **2,536,271** | **2,418,389** |
| **Current liabilities** | | | | | |
| Trade and bills payables | *24* | 54,863 | 32,912 | 36,870 | 30,688 |
| Other payables and accruals | *25* | 182,077 | 191,731 | 142,919 | 107,621 |
| Contract liabilities | *26* | 5,757 | 3,730 | 6,371 | 23 |
| Lease liabilities | *27* | 344 | 261 | – | – |
| Borrowings | *28* | 142,405 | 315,181 | 267,548 | 65,025 |
| Derivative financial instruments | | – | – | – | 470 |
| Redemption liabilities | *31* | 213,637 | 16,673 | 18,007 | – |
| Income tax payable | | – | – | 59,765 | 33,455 |
| **Total current liabilities** | | **599,083** | **560,488** | **531,480** | **237,282** |
| **Net current (liabilities)/assets** | | **(101,875)** | **469,887** | **2,004,791** | **2,181,107** |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **854,515** | **2,513,110** | **3,898,809** | **3,994,510** |
| **Non-current liabilities** | | | | | |
| Borrowings | *28* | 170,783 | 811,811 | 808,594 | 704,513 |
| Deferred revenue | *29* | 100,230 | 205,569 | 260,764 | 312,029 |
| Deferred tax liabilities | *19* | – | 31,563 | 14,960 | 3,673 |
| **Total non-current liabilities** | | **271,013** | **1,048,943** | **1,084,318** | **1,020,215** |
| **Net assets** | | **583,502** | **1,464,167** | **2,814,491** | **2,974,295** |
| **EQUITY** | | | | | |
| Share capital | *32* | 214,845 | 388,192 | 404,093 | 404,093 |
| Reserves | *33* | 368,657 | 1,075,975 | 2,410,398 | 2,570,202 |
| **TOTAL EQUITY** | | **583,502** | **1,464,167** | **2,814,491** | **2,974,295** |

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital | Capital reserve* | Other reserve* | Statutory reserve* | Share-based payment reserve* | (Accumulated losses)/ retained earnings* | Total equity |
| | *RMB'000 (Note 32)* | *RMB'000 (Note 33(a))* | *RMB'000 (Note 33(e))* | *RMB'000 (Note 33(b))* | *RMB'000 (Note 33(d))* | *RMB'000 (Note 33(c))* | *RMB'000* |
| **Balance at January 1, 2022** | 210,727 | 291,368 | (121,133) | – | – | (205,880) | 175,082 |
| Profit and total comprehensive income for the year | – | – | – | – | – | 127,543 | 127,543 |
| Shares issued *(Note 32(a))* | 4,118 | 248,184 | – | – | – | – | 252,302 |
| Transfer to statutory reserve | – | – | – | 1,417 | – | (1,417) | – |
| Recognition of equity-settled share-based payments *(Note 38)* | – | 28,575 | – | – | – | – | 28,575 |
| **Balance at December 31, 2022 and January 1, 2023** | 214,845 | 568,127 | (121,133) | 1,417 | – | (79,754) | 583,502 |
| Profit and total comprehensive income for the year | – | – | – | – | – | 107,505 | 107,505 |
| Shares issued *(Note 32(b))* | 3,672 | 276,328 | – | – | – | – | 280,000 |
| Issue of restricted share units ("RSUs") *(Note 38)* | 25,599 | – | – | – | – | – | 25,599 |
| Capitalization issue *(Note 32(c))* | 144,076 | (144,076) | – | – | – | – | – |
| Conversion into a joint stock limited liability company *(Note 32(c))* | – | 90,060 | – | (1,417) | – | (88,643) | – |
| Transfer of statutory reserve | – | – | – | 5,168 | – | (5,168) | – |
| Derecognition due to termination of redemption rights *(Note 31)* | – | – | 211,351 | – | – | – | 211,351 |
| Recognition of equity-settled share-based payments *(Note 38)* | – | 156,974 | – | – | 99,236 | – | 256,210 |
| **Balance at December 31, 2023** | 388,192 | 947,413 | 90,218 | 5,168 | 99,236 | (66,060) | 1,464,167 |

* These reserve accounts comprise the consolidated reserves as at December 31, 2022, 2023, 2024 and as at September 30, 2025 in the consolidated statements of financial position.

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Share capital** | **Capital reserve*** | **Other reserve*** | **Statutory reserve*** | **Share-based payment reserve*** | **(Accumulated losses)/ retained earnings*** | **Total equity** |
| | *RMB'000 (Note 32)* | *RMB'000 (Note 33(a))* | *RMB'000 (Note 33(e))* | *RMB'000 (Note 33(b))* | *RMB'000 (Note 33(d))* | *RMB'000 (Note 33(c))* | *RMB'000* |
| **Balance at January 1, 2024** | 388,192 | 947,413 | 90,218 | 5,168 | 99,236 | (66,060) | 1,464,167 |
| Profit and total comprehensive income for the year | – | – | – | – | – | 165,067 | 165,067 |
| Shares issued *(Note 32(d))* | 15,901 | 1,014,100 | – | – | – | – | 1,030,001 |
| Transfer to statutory reserve | – | – | – | 16,173 | – | (16,173) | – |
| Recognition of equity-settled share-based payments *(Note 38)* | – | – | – | – | 154,249 | – | 154,249 |
| **Balance at December 31, 2024 and January 1, 2025** | 404,093 | 1,961,513 | 90,218 | 21,341 | 253,485 | 82,834 | 2,813,484 |
| Profit and total comprehensive income for the period | – | – | – | – | – | 21,145 | 21,145 |
| Transfer to statutory reserve | – | – | – | 2,158 | – | (2,158) | – |
| Derecognition due to termination of redemption rights *(Note 31)* | – | – | 18,351 | – | – | – | 18,351 |
| Recognition of equity-settled share-based payments *(Note 38)* | – | – | – | – | 124,484 | – | 124,484 |
| **Balance at September 30, 2025** | 404,093 | 1,961,513 | 108,569 | 23,499 | 377,969 | 101,821 | 2,977,464 |
| **Balance at January 1, 2024** | 388,192 | 947,413 | 90,218 | 5,168 | 99,236 | (66,060) | 1,464,167 |
| Profit and total comprehensive income for the period | – | – | – | – | – | 118,413 | 118,413 |
| Transfer to statutory reserve | – | – | – | 11,943 | – | (11,943) | – |
| Recognition of equity-settled share-based payments *(Note 38)* | – | – | – | – | 141,163 | – | 141,163 |
| **Balance at September 30, 2024** *(unaudited)* | 388,192 | 947,413 | 90,218 | 17,111 | 240,399 | 40,410 | 1,723,743 |

* These reserve accounts comprise the consolidated reserves as at December 31, 2022, 2023, 2024 and as at September 30, 2025 in the consolidated statements of financial position.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Cash flows from operating activities** | | | | | |
| Profit before tax | 103,458 | 163,153 | 208,181 | 155,488 | 44,226 |
| Adjustments for: | | | | | |
| Depreciation of property, plant and equipment | 30,592 | 95,923 | 144,715 | 103,186 | 128,933 |
| Depreciation of right-of-use assets | 486 | 719 | 276 | 243 | 99 |
| Amortization of intangible assets | 56 | 350 | 743 | 492 | 837 |
| Finance costs | 20,281 | 32,535 | 30,197 | 21,595 | 9,636 |
| Interest income | (3,480) | (12,103) | (39,950) | (26,363) | (48,889) |
| (Reversal of)/write-down of inventories to net realizable value | (111) | 4,552 | 1,070 | (1,518) | 2,360 |
| (Gain)/loss on disposal of property, plant and equipment | (26) | (3,487) | (20) | (20) | 5 |
| Fair value loss on derivative financial instruments | – | – | – | – | 2,140 |
| Loss on lease termination | – | – | 1 | 1 | – |
| Impairment loss/(reversal of impairment loss) on financial assets, net | 901 | (149) | 1,253 | 200 | 2,116 |
| Equity-settled share-based payments | 28,575 | 256,210 | 154,249 | 141,163 | 124,484 |
| Operating profit before working capital changes | 180,732 | 537,703 | 500,715 | 394,467 | 265,947 |
| (Increase)/decrease in inventories | (40,184) | (264,234) | 102,376 | 86,153 | (25,665) |
| (Increase)/decrease in trade and bills receivables | (66,749) | 28,280 | (52,232) | (87,637) | (141,423) |
| (Increase)/decrease in prepayments, deposits and other receivables | (43,094) | (63,702) | 49,962 | 70,645 | (13,062) |
| Decrease/(increase) in VAT recoverable | 4,250 | (13,924) | (10,771) | (11,810) | 18,668 |
| Increase/(decrease) in trade and bills payables | 46,076 | (21,951) | 38,971 | 91,778 | 83,081 |

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (Unaudited) | *RMB'000* |
| Increase/(decrease) in other payables and accruals | 44,629 | 109,691 | (46,643) | (56,974) | 3,254 |
| Increase/(decrease) in contract liabilities | 4,911 | (2,027) | 3,065 | 6,338 | (6,059) |
| Increase/(decrease) in deferred revenue | 39,414 | 105,339 | 55,195 | (22,029) | 51,265 |
| *Cash from operation* | 169,985 | 415,175 | 640,638 | 470,931 | 236,006 |
| Income tax paid | – | – | – | – | (59,765) |
| *Net cash from operating activities* | 169,985 | 415,175 | 640,638 | 470,931 | 176,241 |
| **Cash flows from investing activities** | | | | | |
| Purchase of property, plant and equipment | (533,701) | (1,157,361) | (204,695) | (191,151) | (69,806) |
| Proceeds from disposal of property, plant and equipment | 400 | 5,992 | 1,691 | – | 35 |
| Purchase of intangible assets | – | (1,192) | (1,900) | (373) | (580) |
| Interest received | 3,480 | 12,103 | 39,950 | 26,363 | 48,889 |
| Withdrawal of term deposits | 24,551 | – | 20,622 | 20,622 | – |
| *Net cash used in investing activities* | (505,270) | (1,140,458) | (144,332) | (144,539) | (21,462) |
| **Cash flows from financing activities** | | | | | |
| Proceeds from bank borrowings | 295,151 | 1,021,745 | 744,826 | 595,350 | 60,730 |
| Proceed from a shareholder | 100,000 | – | – | – | – |
| Repayments of bank borrowings | (83,286) | (207,941) | (759,688) | (284,198) | (403,322) |
| Interest paid | (4,600) | (18,168) | (30,135) | (21,410) | (9,919) |
| Repayments of principal portion of lease liabilities | (486) | (830) | (176) | (176) | (133) |
| Repayments of interest portion of lease liabilities | (9) | (18) | (2) | (2) | (1) |
| Proceeds from shares issued | 152,302 | 205,599 | 1,030,001 | – | – |
| *Net cash generated from/(used in) financing activities* | 459,072 | 1,000,387 | 984,826 | 289,564 | (352,645) |

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Net increase/(decrease) in cash and cash equivalents** | 123,787 | 275,104 | 1,481,132 | 615,956 | (197,866) |
| **Cash and cash equivalents at the beginning of the year/period** | 150,630 | 274,417 | 549,521 | 549,521 | 2,030,653 |
| **Cash and cash equivalents at the end of the year/period, representing cash and bank balances** | 274,417 | 549,521 | 2,030,653 | 1,165,477 | 1,832,787 |

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1. GENERAL INFORMATION

Epiworld International Co., Ltd. (the "**Company**") is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on March 31, 2011. The registered office address and principal place of business of the Company is located at No. 198-1 Shitou Dong'er Road., Tongxiang High-tech Park, Xiamen Torch Development Zone for High Technology Industries, Xiamen 361101, Fujian, the PRC.

The Company and its subsidiaries (collectively referred as the "**Group**") are principally engaged in the manufacturing and sale of silicon carbide ("SiC") epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service in the PRC.

Dr. Zhao Jianhui (趙建輝) is the largest shareholder of the Company.

Particulars of the Company's subsidiaries at the date of this report are as follows:

| Name of subsidiaries | *Note* | Date and place of incorporation/ establishment | Place of operation | Issued and fully paid capital/registered capital | Percentage of equity attributable to the Company | | Principal activities |
|---|---|---|---|---|---|---|---|
| | | | | | Direct | Indirect | |
| Epiworld International Material Co., Ltd. ("**Epiworld Material**")* 瀚天天成半導體材料(厦門)有限公司 | *1* | May 31, 2024, the PRC | The PRC | Registered capital of RMB50,000,000 | 100.00% | – | Engaged in production process and sales of silicon carbide (4H-SiC) epitaxial wafers |
| Apexiv International Pte. Ltd. . . . . | *2* | June 10, 2025, Singapore | Singapore | Registered capital of Singapore dollar ("S$") 10,000 | 100.00% | – | Inactive |
| Epicenter Sdn. Bhd. . . . . | *2* | June 23, 2025, Malaysia | Malaysia | Registered capital of S$10,000,000 | – | 100.00% | Inactive |

(1) The statutory financial statements for the year ended December 31, 2024 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP in the PRC. No statutory financial statements have been prepared for this entity for the nine months ended September 30, 2025.

(2) No audited statutory financial statements were prepared for these entities during the Track Record Period.

(3) The subsidiaries had not issued any debt securities for the year ended December 31, 2024 and for the nine months ended September 30, 2025.

* The English translation of terms or names in Chinese which are marked with "*" is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.

For the purpose of the Historical Financial Information of this report, the directors of the Company have prepared the Underlying Financial Statements in accordance with the basis of preparation set out in Note 2 below and accounting policies set out in Note 4 below which conform with IFRS Accounting Standards.

The Historical Financial Information has been prepared from the Underlying Financial Statements, with no adjustments made thereon.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

The Historical Financial Information has been prepared based on accounting policies set out in Note 4 which confirm with IFRS Accounting Standards. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of the Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance.

For the purpose of preparing and presenting the Historical Financial Information, all relevant standards, amendments and interpretations that are effective during the years ended December 31, 2022, 2023, 2024 and nine months ended September 30, 2025 (the "**Track Record Period**") have been adopted by the Group consistently throughout the Track Record Period.

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 the Group's 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 5 below.

### 2.2 Basis of measurement

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out below.

### 2.3 Functional and presentation currency

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

## 3. NEW OR AMENDMENTS TO STANDANDS ISSUED BUT NOT YET EFFECTIVE

The following new or amendments to standards, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[1] |
| Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 | Annual Improvements to IFRS Accounting Standards – Volume 11[1] |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity[1] |
| Amendments to IAS 21 | Translation to a Hyperinflationary Presentation Currency[2] |
| IFRS 18 | Presentation and Disclosure in Financial Statements[2] |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures[2] |
| Amendments to IFRS 10 and IAS 28 | Sales or Contribution of Assets between an Investors and its Associate or Joint Venture[3] |

1 Effective for annual periods beginning on or after January 1, 2026

2 Effective for annual periods beginning on or after January 1, 2027

3 Effective date to be determined by the IASB

**IFRS 18** ***Presentation and Disclosures in Financial Statements***

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the Historical Financial Information, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the consolidated statements of profit or loss and other comprehensive income, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. The Group is currently evaluating the full impact of IFRS 18 on its financial statement presentation and disclosures. The application of the new standard is not expected to have material impact on the financial performance and financial position of the Group but is expected to affect the disclosures in the future financial statements.

The directors of the Company do not anticipate that the adoption of other new or amendments to standards will have any material impact on the Group's financial performance, financial position and cash flows in future periods.

## 4. ACCOUNTING POLICIES

### 4.1 Basis of consolidation

All intra-group transactions, balances and unrealized gains on transactions have been eliminated in full on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made to the financial statements of subsidiary where necessary to ensure consistency with the policies adopted by the Group.

### 4.2 Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statements of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

### 4.3 Revenue and other income

***(a) Revenue from contracts with customers***

Revenue from contracts with customers is recognized 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, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or service.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

Revenue is recognized at a point in time when the goods are delivered to the customers.

Contract liabilities represent advanced consideration received from customers.

The determination of whether revenue shall be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. If the Group is responsible for the overall management of the contract, the Group is the principal in the transaction and recognizes revenue in the gross amount of consideration to which it is entitled from the customer. The Group reports the amount received from the customers and the amounts paid to the suppliers related to these transactions on a net basis if the Group is not primarily obligated in a transaction, does not generally bear the inventory risk and does not have the ability to establish the price.

***(b) Other income***

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVOCI (see Note 4.10 for definition), and is calculated by applying the effective interest rate to the gross carrying amount of the debt instruments when the asset is not credit-impaired. For debt instruments that have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

**4.4 Property, plant and equipment**

Property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs such as repairs and maintenance are recognized as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

| | |
|---|---|
| Leasehold land | Over the lease term |
| Buildings | 40 years |
| Machinery | 5-10 years |
| Computer equipment | 3-5 years |
| Furniture, fixtures and office equipment | 3-5 years |
| Motor vehicles | 5 years |

Construction-in-progress is stated at cost less any impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognized in profit or loss on disposal.

**4.5 Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

**4.6 Leases**

All leases are required to be capitalized in the consolidated statements of financial position/statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalize (i) leases for which the underlying asset is of low-value; and/or (ii) leases which are short-term leases. The Group has elected not to recognize right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

***Accounting as a lessee***

*Right-of-use asset*

The right-of-use asset is recognized at cost and comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

***Lease liability***

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses incremental borrowing rate as the discount rate. The Group determines incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the leased asset. After initial recognition, lease liability is measured at amortized cost under the effective interest method and interest expense is recognized as described in Note 4.15. Lease liabilities are presented as a separate line item in the consolidated statements of financial position and statements of financial position.

**4.7 Intangible assets and research and development costs**

***Intangible assets***

Intangible assets acquired separately are initially recognized at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

The amortization expense is recognized in profit or loss. The useful lives and amortization method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortization is provided on a straight-line basis over their useful lives as follows:

Computer software . . . . . 3 years

Intangible assets are tested for impairment as described in Note 4.8.

***Research and development costs***

Costs associated with research activities are expensed in profit or loss as they occur. Costs that directly attributable to the development activities are recognized as intangible assets provided they meet the following recognition requirements:

(i) demonstration of technical feasibilities of the prospective product internal use or sale;

(ii) sufficient technical, financial and other resources are available for completion;

(iii) there is intention to complete the intangible asset and use or sell it;

(iv) the Group's ability to use or sell the intangible asset is demonstrated;

(v) the intangible asset will generate probable economic benefits through internal use or sale; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Capitalized development costs are amortized over the periods the Group expects to benefit from using or selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are expensed as incurred.

**4.8 Impairment of assets (other than financial assets)**

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognized no longer exists or may have decreased:

- Property, plant and equipment, including right-of-use assets;
- Investments in subsidiaries; and
- Intangible assets.

Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. cash generating units ("**CGUs**")). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in profit or loss immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

**4.9 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and short-term deposits as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

**4.10 Financial instruments**

***(a) Financial assets***

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

*Debt instruments*

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Fair value through other comprehensive income ("**FVOCI**"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

***(b) Impairment loss on financial assets***

The Group recognizes loss allowances for expected credit losses ("**ECL**s") on trade and bills receivables and financial assets measured at amortized cost. The ECLs are measured on either of the following bases: (1) 12-months ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade and bills receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs individually or collectively using a provision matrix with appropriate groupings. Provision matrix are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realizing security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- a breach of contract, such as a default or past due event.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for debt instrument measured at FVOCI, which shall be recognized in other comprehensive income.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

***(c) Financial liabilities and equity***

*Classification as debt or equity*

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 a financial liability and an equity instrument.

*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. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

*Financial liabilities*

The Group classifies its financial liabilities at amortized cost or at fair value through profit or loss ("**FVPL**").

*Financial liabilities at amortized cost*

Financial liabilities at amortized cost including trade and bills payables and other payables and accruals are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized as described in Note 4.15.

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

*Financial liabilities at FVPL*

Financial liabilities are classified as at FVPL when the financial liability is held for trading. A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

***(d) Derivative financial instruments***

All derivative financial instruments are initially recognised at fair value on the date on which the contract is entered into and are subsequently re-measured at fair value. Derivatives are classified as current assets when the fair value is positive and as current liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recorded in the consolidated statements of profit or loss and other comprehensive income.

**4.11 Foreign currency translation**

Transactions entered into by the group entities in currencies other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income, in which case, the exchange differences are also recognized in other comprehensive income.

**4.12 Income tax**

Income taxes for the period comprise current tax and deferred tax. Income taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity in which case the taxes are also recognized in other comprehensive income or when they relate to items recognized directly in equity in which case the taxes are also recognized directly in equity.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of each reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiary, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

**4.13 Employee benefits**

***(a) Defined contribution retirement plan***

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government, whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions under the scheme are charged to profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

***(b) Short-term employee benefits***

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognized in the period when the employees render the related service.

***(c) Termination benefits***

Termination benefits are recognized on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

**4.14 Provisions and contingent liabilities**

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

**4.15 Borrowings costs**

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Income earned on temporary investments of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**4.16 Government grants**

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

Other government grants related to assets are initially recognized as deferred revenue if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

**4.17 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. Further details are included in Note 38.

The cost of equity-settled transactions is recognized in employee cost, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each of the reporting period until the vesting date reflects the extent to which the vesting periods 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 recognized as at the beginning and end of that periods.

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 recognized. 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 recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized 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 canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

**4.18 Redemption liabilities**

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Group's obligations to purchase are conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost, with interest expense being included in the finance costs. As the Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period, the amounts are classified as current liabilities.

The carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty's redemption right.

**5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgments and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of financial assets**

The measurement of the ECLs allowance for financial assets measured at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of debtors defaulting and the resulting losses). A number of significant judgments, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgments and assumptions used in measuring ECLs is set out in Note 4.10(b) and Note 42(b). Changes to these estimates and assumptions can result in significant changes to the amount of ECLs to be recognized.

**Current taxes and deferred taxes**

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognizes deferred tax assets based on estimates temporary difference and tax that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the group entities which have deductible temporary difference and tax losses.

**Recognition of equity-settled share-based payments**

The Group recognizes share-based payment expense for equity-settled employee awards based on the fair value of the Company's shares at the grant date, adjusted for estimated forfeitures. Most awards are subject to service conditions (e.g., continued employment over a specified period) and performance conditions (e.g., achievement of Group's profit targets and individual performance metrics). Significant judgment is required to estimate the number of awards expected to vest particularly due to subjective factors such as:

– likelihood of meeting profit targets;

– individual performance evaluations; and

– expected staff turnover rates.

At each reporting date, the Group assesses the probability of meeting performance conditions by reviewing internal forecasts, macroeconomic factors, and grantees' performance. Forfeiture assumptions are also updated using historical staff turnover data, though these trends may change over time.

These estimates are inherently uncertain, particularly for awards with longer vesting periods, and changes in assumptions could materially affect the expense to be recognized. Specifically, higher probability of meeting performance conditions and lower staff turnover would result in additional expenses being recognized as more awards are expected to vest and lower probability of meeting performance conditions and higher staff turnover would result in less expenses being recognized as fewer awards are expected to vest.

**Impairment assessment of property, plant and equipment**

Property, plant and equipment are stated at costs less accumulated depreciation and accumulated impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

**Allowance for obsolete and slow-moving inventories**

At the end of the reporting period, management assessed the provision of estimation for obsolete and slow-moving inventories due to a change in products sold and market trends in recent years and the latest experience of selling merchandise of a similar nature. The Group makes provision of allowances for inventories based on an assessment of the net realizable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realizable value is lower than the cost of inventories. The identification of the net realizable value and the slow-moving and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

**Fair value measurement of financial liability**

At the end of the reporting period, the Group's financial liability is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgements and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in adjustments to the fair value of the liability. Note 30 and 41 provide detailed information about the valuation technique, inputs and key assumptions used in the determination of the fair value of the liability.

## 6. SEGMENT INFORMATION

### (a) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the directors of the Company, being chief operating decision maker, for their decisions about resources allocation to the Group's business components and for their review of these components' performance.

During the Track Record Period, the Group is principally engaged in the manufacturing and sale of SiC epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service in the PRC. Information reported to the directors of the Company for the purpose of resources allocation and performance assessment focuses on the operating results of the business. Therefore, the chief operating decision maker of the Company regards that there is only one operating segment which is used to make strategic decisions. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

**(b) Geographical information**

The Group is domiciled in the PRC, which is the location of the Group's principal office. All of the Group's revenue from external customers are originated from PRC. These revenues from external customers are further divided into the following geographical areas:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Revenue by region** | | | | | |
| Asia – Greater China | 167,703 | 307,249 | 207,656 | 161,343 | 340,026 |
| Asia – Other than Greater China | 107,767 | 437,972 | 464,773 | 382,628 | 115,935 |
| Europe | 149,339 | 323,343 | 268,943 | 235,014 | 64,160 |
| North America | 14,083 | 73,938 | 32,944 | 29,265 | 14,942 |
| Others | 1,799 | – | – | – | – |
| Total | 440,691 | 1,142,502 | 974,316 | 808,250 | 535,063 |

The Group's revenue information above is based on the delivery destinations of the Group's products and services requested by the customers. The geographical location of non-current assets is based on the physical location of the assets. As at December 31, 2022, 2023 and 2024 and September 30, 2025 all of the Group's non-current assets were located in the PRC.

**(c) Information about major customers**

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue for each of the years/periods during the Track Record Period, is set out below:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Customer I | * | * | 393,592 | 317,437 | 162,966 |
| Customer F | * | * | 201,486 | 168,937 | 62,749 |
| Customer A | 246,589 | 614,623 | 104,411 | 104,411 | * |
| Customer B | 94,249 | * | * | * | * |

* The corresponding revenue is not disclosed as it did not contribute over 10% of the total revenue of the Group during that year/period.

## 7. REVENUE

Revenue primarily represents the revenue from Turnkey service and Consign service.

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| **Revenue** | | | | | |
| Turnkey service | 277,763 | 847,679 | 839,577 | 679,143 | 482,338 |
| Consign service | 156,569 | 292,750 | 121,103 | 118,100 | 24,791 |
| Others | 6,359 | 2,073 | 13,636 | 11,007 | 27,934 |
| | 440,691 | 1,142,502 | 974,316 | 808,250 | 535,063 |

All revenue is recognized at a point in time when the goods are delivered to the customers. All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied (or partially unsatisfied) performance obligations is not disclosed.

The following table provides information about trade and bills receivable and contract liabilities from contracts with customers.

| | As at January 1, | As at December 31, | | | As at September 30, |
|---|---|---|---|---|---|
| | 2022 | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills receivables *(Note 21)* | 40,948 | 106,796 | 78,666 | 129,645 | 268,964 |
| Contract liabilities *(Note 26)* | 846 | 5,757 | 3,730 | 6,795 | 736 |

## 8. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* (*Unaudited*) | *RMB'000* |
| Bank interest income | 3,480 | 12,103 | 39,950 | 26,363 | 48,889 |
| Government grants *(Note)* | 13,508 | 47,350 | 111,894 | 95,719 | 103,035 |
| Fair value loss on derivatives financial instruments | – | – | – | – | (2,140) |
| Gain/(loss) on disposal of property, plant and equipment | 26 | 3,487 | 20 | 20 | (5) |
| Exchange gain/(loss), net | 4,433 | 463 | 16,482 | (14,570) | (17,203) |
| Others | 87 | 48 | 56 | 51 | 45 |
| | 21,534 | 63,451 | 168,402 | 107,583 | 132,621 |

*Note:* These government grants mainly comprised of subsidies received/receivable for subsidizing the Group's business. There was no unfulfilled condition to receive government grants at the end of each reporting period.

## 9. FINANCE COSTS

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Interest on bank borrowings | 4,600 | 18,168 | 30,135 | 21,410 | 9,919 |
| Interest on lease liabilities | 9 | 18 | 2 | 2 | 1 |
| Interests associated with redemption liabilities | 15,825 | 14,387 | 1,334 | 1,000 | 344 |
| | 20,434 | 32,573 | 31,471 | 22,412 | 10,264 |
| Less: Finance costs capitalized | (153) | (38) | (1,274) | (817) | (628) |
| | 20,281 | 32,535 | 30,197 | 21,595 | 9,636 |

## 10. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting) the following:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Cost of inventories recognized as expenses | 243,865 | 692,551 | 640,937 | 524,060 | 395,622 |
| Auditors' remuneration | 189 | 2,500 | 943 | – | – |
| Depreciation of property, plant and equipment | 30,592 | 95,923 | 144,715 | 103,186 | 128,933 |
| Depreciation of right-of-use assets | 486 | 719 | 276 | 243 | 99 |
| Amortization of intangible assets | 56 | 350 | 743 | 492 | 837 |
| Employee costs (including directors' emoluments *(Note 14))*: | | | | | |
| – Salaries and wages | 41,631 | 83,376 | 71,734 | 51,472 | 49,145 |
| – Retirement scheme contributions | 3,346 | 5,684 | 5,537 | 3,898 | 4,058 |
| – Equity-settled share-based payments *(Note (a))* | 28,575 | 256,210 | 154,249 | 141,163 | 124,484 |
| | 73,552 | 345,270 | 231,520 | 196,533 | 177,687 |
| (Reversal of)/write-down of inventories to net realizable value | (111) | 4,552 | 1,070 | (1,518) | 2,360 |
| Listing expenses | | | | | |
| – Hong Kong | – | – | – | – | 17,368 |
| – PRC *(Note)* | – | 5,678 | 2,853 | 2,853 | – |
| Impairment loss/(reversal of impairment loss) on financial assets, net *(Note 42(b))*: | | | | | |
| – Trade and bills receivables | 934 | (145) | 1,193 | 179 | 2,104 |
| – Deposits and other receivables | (33) | (4) | 60 | 21 | 12 |
| | 901 | (149) | 1,253 | 200 | 2,116 |

*Note:* Listing expenses in PRC include expenses related to previous listing exercise attempt.

*Note (a):* Equity-settled share-based payments are included in the following items:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Cost of sales | – | 57,813 | 3,522 | 6,845 | 4,088 |
| Selling and distribution expenses | – | 46,219 | 1,642 | 4,174 | 2,248 |
| Administrative and other expenses | 28,575 | 124,253 | 141,400 | 121,651 | 111,437 |
| Research and development costs | – | 27,925 | 7,685 | 8,493 | 6,711 |

## 11. INCOME TAX CREDIT/(EXPENSE)

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Current year/period – PRC corporate income tax | – | – | (59,766) | (39,399) | (36,541) |
| Deferred tax *(Note 19)* | 24,085 | (55,648) | 16,652 | 2,324 | 13,460 |
| | 24,085 | (55,648) | (43,114) | (37,075) | (23,081) |

The Group is subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC corporate income tax of the group entities is calculated based on the statutory tax rate of 25% during the Track Record Period, except for the Company which is registered as a High and New-Tech Enterprise pursuant to the PRC tax regulations and entitled to a preferential tax rate of 15% for the Track Record Period.

The income tax (credit)/expense for the Track Record Period can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Profit before tax | 103,458 | 163,153 | 208,181 | 155,488 | 44,226 |
| Tax calculated at applicable tax rates | 15,519 | 24,473 | 30,995 | 23,279 | 7,483 |
| Tax effect of expenses not deductible for tax purpose | 6,665 | 41,609 | 22,436 | 21,503 | 18,683 |
| Tax incentives for research and development costs | (5,638) | (10,434) | (10,317) | (7,707) | (3,085) |
| Tax effect of previously unrecognized tax losses now recognized as deferred tax assets | (40,631) | – | – | – | – |
| Income tax (credit)/expense | (24,085) | 55,648 | 43,114 | 37,075 | 23,081 |

## 12. DIVIDENDS

No dividend were declared and paid during the years ended December 31, 2022, 2023 and 2024 and the nine months ended September 30, 2025.

## 13. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Earnings for the year attributable to ordinary equity shareholders of the Company** | | | | | |
| Profit for the year attributable to all equity shareholders of the Company | 127,543 | 107,505 | 165,067 | 118,413 | 21,145 |

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *'000* | *'000* | *'000* | *'000 (Unaudited)* | *'000* |
| **Weighted average number of shares** | | | | | |
| Weighted average number of ordinary shares in issue | 357,522 | 374,444 | 388,236 | 388,192 | 404,093 |
| Effect of ordinary shares with redemption rights | (40,860) | (34,828) | (4,768) | (4,768) | (1,554) |
| Weighted average number of ordinary shares in issue, for the purposes of basic and diluted earnings per share | 316,662 | 339,616 | 383,468 | 383,424 | 402,539 |

During the Track Record Period, ordinary shares with redemption rights (Note 31) were not included in the calculation of diluted earnings per share, as their inclusion would have been anti-dilutive. Accordingly, diluted earnings per share are the same as the basic earnings per share as the Company had no dilutive potential ordinary shares in existence for the Track Record Period.

The Company converted into a joint stock company with limited liability and issued 360,000,000 shares with the par value of RMB1 each in May 2023. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred on 1 January 2022. Please refer to Note 32(c) for details.

## 14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' and supervisors' emoluments

Details of directors' and supervisors' remuneration during the Track Record Period are as follows:

| | Fees | Salaries, allowances and bonus | Retirement scheme contributions | Equity-settled share-based payments | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended December 31, 2022** | | | | | |
| *Executive directors* | | | | | |
| Dr. Zhao Jianhui (趙建輝) | – | 1,314 | – | – | 1,314 |
| Ms. Pan Menghan (潘夢菡) | – | 420 | – | – | 420 |
| Ms. Bai Liting (白麗婷) *(a)* | – | 221 | – | 28,575 | 28,796 |
| Mr. Guo Zhiyan (郭志彥) *(a)* | – | – | – | – | – |
| Mr. Kuang Guangjian (匡光堅) *(b)* | – | – | – | – | – |
| Mr. Chen Yinfei (陳音飛) *(b)* | – | – | – | – | – |
| Mr. Li Qinghua (李慶華) | – | – | – | – | – |
| Mr. Xie Xuejun (謝學軍) | – | – | – | – | – |
| | – | 1,955 | – | 28,575 | 30,530 |
| *Non-executive director* | | | | | |
| Mr. Su Ping (蘇平) | – | – | – | – | – |
| *Supervisors* | | | | | |
| Mr. Wu Guoyi (吳國屹) *(d)* | – | – | – | – | – |
| Mr. Zhang Jie (張捷) | – | – | – | – | – |
| Ms Zhang Zhilin (張之琳) *(d)* | – | 70 | 3 | – | 73 |
| | – | 70 | 3 | – | 73 |

| | Fees | Salaries, allowances and bonus | Retirement scheme contributions | Equity-settled share-based payments | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended December 31, 2023** | | | | | |
| *Executive directors* | | | | | |
| Dr. Zhao Jianhui (趙建輝) | – | 1,322 | – | 11,469 | 12,791 |
| Ms. Pan Menghan (潘夢菡) | – | 426 | – | – | 426 |
| Ms. Bai liting (白麗婷) | – | 120 | – | – | 120 |
| Mr. Guo Zhiyan (郭志彥) | – | – | – | – | – |
| Mr. Li Qinghua (李慶華) *(c)* | – | – | – | – | – |
| Mr. Xie Xuejun (謝學軍) | – | – | – | – | – |
| | – | 1,868 | – | 11,469 | 13,337 |
| *Independent non-executive directors* | | | | | |
| Mr. Li Guoan (李國安) *(e)* | 67 | – | – | – | 67 |
| Dr. Kang Junyong (康俊勇) *(e)* | 67 | – | – | – | 67 |
| Dr. Su Xinlong (蘇新龍) *(e)* | 67 | – | – | – | 67 |
| | 201 | – | – | – | 201 |
| *Non-executive director* | | | | | |
| Mr. Su Ping (蘇平) | – | – | – | – | – |
| *Supervisors* | | | | | |
| Mr. Wu Guoyi (吳國屹) | – | – | – | – | – |
| Mr. Zhang Jie (張捷) *(f)* | – | – | – | – | – |
| Ms. Zhang Zhilin (張之琳) *(d)(f)* | – | 109 | 7 | – | 116 |
| Mr. Qian Weining (錢衛寧) *(g)* | – | 399 | 20 | 2,969 | 3,388 |
| Mr. Li Kaixi (李凱希) *(g)* | – | 317 | 19 | 2,227 | 2,563 |
| | – | 825 | 46 | 5,196 | 6,067 |

| | Fees | Salaries, allowances and bonus | Retirement scheme contributions | Equity-settled share-based payments | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Year ended December 31, 2024** | | | | | |
| *Executive directors* | | | | | |
| Dr. Zhao Jianhui (趙建輝) | – | 1,322 | – | 21,747 | 23,069 |
| Ms. Pan Menghan (潘夢菡) | – | 406 | – | – | 406 |
| Ms. Bai liting (白麗婷) | – | 120 | – | – | 120 |
| Mr. Guo Zhiyan (郭志彥) | – | – | – | – | – |
| Mr. Xie Xuejun (謝學軍) | – | – | – | – | – |
| | – | 1,848 | – | 21,747 | 23,595 |
| *Independent non-executive directors* | | | | | |
| Mr. Li Guoan (李國安) | 100 | – | – | – | 100 |
| Dr. Kang Junyong (康俊勇) | 100 | – | – | – | 100 |
| Dr. Su Xinlong (蘇新龍) | 100 | – | – | – | 100 |
| | 300 | – | – | – | 300 |
| *Non-executive director* | | | | | |
| Mr. Su Ping (蘇平) | – | – | – | – | – |
| *Supervisors* | | | | | |
| Mr. Wu Guoyi (吳國屹) | – | – | – | – | – |
| Mr. Qian Weining (錢衛寧) | – | 381 | 21 | 4,663 | 5,065 |
| Mr. Li Kaixi (李凱希) | – | 296 | 21 | 3,417 | 3,734 |
| | – | 677 | 42 | 8,080 | 8,799 |

| | Fees | Salaries, allowances and bonus | Retirement scheme contributions | Equity-settled share-based payments | Total |
|---|---|---|---|---|---|
| | *RMB'000 (Unaudited)* | *RMB'000 (Unaudited)* | *RMB'000 (Unaudited)* | *RMB'000 (Unaudited)* | *RMB'000 (Unaudited)* |
| **Nine months ended September 30, 2024** | | | | | |
| *Executive directors* | | | | | |
| Dr. Zhao Jianhui (趙建輝) | – | 985 | – | 16,310 | 17,295 |
| Ms. Pan Menghan (潘夢菡) | – | 366 | – | – | 366 |
| Ms. Bai liting (白麗婷) | – | 90 | – | – | 90 |
| Mr. Guo Zhiyan (郭志彥) | – | – | – | – | – |
| Mr. Xie Xuejun (謝學軍) | – | – | – | – | – |
| | – | 1,441 | – | 16,310 | 17,751 |
| *Independent non-executive directors* | | | | | |
| Mr. Li Guoan (李國安) | 75 | – | – | – | 75 |
| Dr. Kang Junyong (康俊勇) | 75 | – | – | – | 75 |
| Dr. Su Xinlong (蘇新龍) | 75 | – | – | – | 75 |
| | 225 | – | – | – | 225 |
| *Non-executive director* | | | | | |
| Mr. Su Ping (蘇平) | – | – | – | – | – |
| *Supervisors* | | | | | |
| Mr. Wu Guoyi (吳國屹) | – | – | – | – | – |
| Mr. Qian Weining (錢衛寧) | – | 267 | 14 | 3,748 | 4,029 |
| Mr. Li Kaixi (李凱希) | – | 212 | 14 | 2,771 | 2,997 |
| | – | 479 | 28 | 6,519 | 7,026 |

| | Fees | Salaries, allowances and bonus | Retirement scheme contributions | Equity-settled share-based payments | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Nine months ended September 30, 2025** | | | | | |
| *Executive directors* | | | | | |
| Dr. Zhao Jianhui (趙建輝) | – | 900 | – | 16,310 | 17,210 |
| Ms. Pan Menghan (潘夢菡) | – | 290 | – | – | 290 |
| Ms. Bai liting (白麗婷) | – | 90 | – | – | 90 |
| Mr. Guo Zhiyan (郭志彥) *(h)* | – | – | – | – | – |
| Mr. Xie Xuejun (謝學軍) *(h)* | – | – | – | – | – |
| | – | 1,280 | – | 16,310 | 17,590 |
| *Independent non-executive directors* | | | | | |
| Mr. Li Guoan (李國安) *(i)* | 20 | – | – | – | 20 |
| Dr. Kang Junyong (康俊勇) | 75 | – | – | – | 75 |
| Dr. Su Xinlong (蘇新龍) | 75 | – | – | – | 75 |
| Dr. Liao Yi (廖逸) *(j)* | 50 | – | – | – | 50 |
| | 220 | – | – | – | 220 |
| *Non-executive directors* | | | | | |
| Mr. Su Ping (蘇平) | – | – | – | – | – |
| Mr. Fang Wei (方偉) *(k)* | – | – | – | – | – |
| Ms. Xie Jieping (謝潔平) *(k)* | – | – | – | – | – |
| | – | – | – | – | – |
| *Supervisors* | | | | | |
| Mr. Wu Guoyi (吳國屹) | – | – | – | – | – |
| Mr. Qian Weining (錢衛寧) | – | 270 | 17 | 3,748 | 4,035 |
| Mr. Li Kaixi (李凱希) | – | 209 | 17 | 2,771 | 2,997 |
| | – | 479 | 34 | 6,519 | 7,032 |

*Notes:*

(a) Ms. Bai and Mr. Guo were appointed as executive directors in July 2022.

(b) Mr. Kuang and Mr. Chen resigned as executive directors in July 2022.

(c) Mr. Li resigned as executive director in May 2023.

(d) Mr. Wu and Ms. Zhang were appointed as supervisors in October 2022.

(e) Mr. Li, Dr. Kang and Dr. Su were appointed as independent non-executive directors in May 2023.

(f) Mr. Zhang and Ms. Zhang resigned as supervisors in May 2023.

(g) Mr. Qian and Mr. Li were appointed as supervisors in May 2023.

(h) Mr. Guo and Mr. Xie resigned as executive directors in March 2025.

(i) Mr. Li resigned as independent non-executive director in March 2025.

(j) Dr. Liao was appointed as independent non-executive director in March 2025.

(k) Mr. Fang and Ms. Xie were appointed as non-executive directors in March 2025.

(l) No emoluments were paid by the Group to any directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the Track Record Period.

(m) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company. The non-executive directors' and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

**(b) Five highest paid individuals**

Of the five individuals with the highest emoluments in the Group, included three, zero, two, one and two directors and supervisors of the Company for each of the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 *(unaudited)* and 2025 respectively, whose emoluments are disclosed above. The emoluments of the remaining two, five, three, four, three individuals for each of the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 *(unaudited)* and 2025 respectively, whose emoluments are analyzed below:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Salaries | 2,030 | 2,748 | 2,104 | 1,691 | 1,442 |
| Allowance and other benefits | – | – | – | – | – |
| Discretionary bonuses | – | – | – | – | – |
| Retirement scheme contributions | 71 | 134 | 97 | 89 | 84 |
| Equity-settled share-based payments | – | 145,485 | 109,190 | 96,773 | 85,512 |
| | 2,101 | 148,367 | 111,391 | 98,553 | 87,038 |

The number of the highest paid individuals other than directors and supervisors fell within the following emolument bands:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *No. of individuals* | *No. of individuals* | *No. of individuals* | *No. of individuals (Unaudited)* | *No. of individuals* |
| Nil to HKD1,000,000 | 1 | – | – | – | – |
| HKD1,000,001 to HKD1,500,000 | 1 | – | – | – | – |
| HKD5,000,001 to HKD5,500,000 | – | – | – | 1 | – |
| HKD6,500,001 to HKD7,000,000 | – | – | – | – | 1 |
| HKD7,500,001 to HKD8,000,000 | – | – | 1 | – | – |
| HKD8,000,001 to HKD8,500,000 | – | – | – | 1 | – |
| HKD11,000,001 to HKD11,500,000 | – | – | – | – | 1 |
| HKD12,000,001 to HKD12,500,000 | – | – | – | 1 | – |
| HKD15,000,001 to HKD15,500,000 | – | – | 1 | – | – |
| HKD25,000,001 to HKD25,500,000 | – | 1 | – | – | – |
| HKD25,500,001 to HKD26,000,000 | – | 1 | – | – | – |
| HKD26,000,001 to HKD26,500,000 | – | 1 | – | – | – |
| HKD27,500,001 to HKD28,000,000 | – | 1 | – | – | – |
| HKD59,500,001 to HKD60,000,000 | – | 1 | – | – | – |
| HKD77,000,001 to HKD77,500,000 | – | – | – | – | 1 |
| HKD82,500,001 to HKD83,000,000 | – | – | – | 1 | – |
| HKD99,000,001 to HKD99,500,000 | – | – | 1 | – | – |
| | 2 | 5 | 3 | 4 | 3 |

During the Track Record Period, no emoluments were paid by the Group to any director or supervisor or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director or supervisor waived or agreed to waive any emolument during the Track Record Period.

## 15. PROPERTY, PLANT AND EQUIPMENT

### The Group

| | Leasehold land | Buildings | Machinery | Computer equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction -in-progress | Total |
|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | | | | | | |
| **At January 1, 2022** | 12,525 | 68,510 | 165,236 | 1,809 | 3,361 | – | 149,215 | 400,656 |
| Additions | 26,883 | – | – | – | – | – | 548,627 | 575,510 |
| Transferred upon completion | – | 81,602 | 318,168 | 3,480 | 4,900 | – | (408,150) | – |
| Disposals/written off | – | – | (1,118) | – | (342) | – | – | (1,460) |
| **At December 31, 2022 and January 1, 2023** | 39,408 | 150,112 | 482,286 | 5,289 | 7,919 | – | 289,692 | 974,706 |
| Additions | – | – | – | – | – | – | 1,261,841 | 1,261,841 |
| Transferred upon completion | – | 179,735 | 769,233 | 3,014 | 7,924 | 352 | (960,258) | – |
| Disposals/written off | – | – | (38,316) | (5) | (732) | – | – | (39,053) |
| **At December 31, 2023 and January 1, 2024** | 39,408 | 329,847 | 1,213,203 | 8,298 | 15,111 | 352 | 591,275 | 2,197,494 |
| Additions | – | – | – | – | 17 | – | 156,704 | 156,721 |
| Transferred upon completion | – | 1,185 | 182,258 | 1,121 | 929 | – | (185,493) | – |
| Disposals/written off | – | (1,669) | – | – | (16) | – | – | (1,685) |
| **At December 31, 2024 and January 1, 2025** | 39,408 | 329,363 | 1,395,461 | 9,419 | 16,041 | 352 | 562,486 | 2,352,530 |
| Additions | 32 | – | – | 6 | 5 | – | 24,374 | 24,417 |
| Transferred upon completion | – | 153,914 | 305,385 | 1,435 | 298 | – | (461,032) | – |
| Disposals/written off | – | – | – | (200) | – | – | – | (200) |
| **At September 30, 2025** | 39,440 | 483,277 | 1,700,846 | 10,660 | 16,344 | 352 | 125,828 | 2,376,747 |
| **Accumulated depreciation:** | | | | | | | | |
| **At January 1, 2022** | 1,294 | 5,939 | 61,968 | 676 | 1,505 | – | – | 71,382 |
| Charge for the year | 473 | 4,906 | 23,758 | 573 | 882 | – | – | 30,592 |
| Disposals/written off | – | – | (754) | – | (332) | – | – | (1,086) |
| **At December 31, 2022 and January 1, 2023** | 1,767 | 10,845 | 84,972 | 1,249 | 2,055 | – | – | 100,888 |
| Charge for the year | 788 | 10,230 | 81,835 | 1,050 | 1,970 | 50 | – | 95,923 |
| Disposals/written off | – | – | (35,869) | (4) | (675) | – | – | (36,548) |
| **At December 31, 2023 and January 1, 2024** | 2,555 | 21,075 | 130,938 | 2,295 | 3,350 | 50 | – | 160,263 |
| Charge for the year | 788 | 18,062 | 121,448 | 1,510 | 2,840 | 67 | – | 144,715 |
| Disposals/written off | – | – | – | – | (14) | – | – | (14) |
| **At December 31, 2024 and January 1, 2025** | 3,343 | 39,137 | 252,386 | 3,805 | 6,176 | 117 | – | 304,964 |
| Charge for the period | 623 | 16,865 | 108,038 | 1,197 | 2,160 | 50 | – | 128,933 |
| Disposals/written off | – | – | – | (160) | – | – | – | (160) |
| **At September 30, 2025** | 3,966 | 56,002 | 360,424 | 4,842 | 8,336 | 167 | – | 433,737 |
| **Net carrying amount:** | | | | | | | | |
| **At December 31, 2022** | 37,641 | 139,267 | 397,314 | 4,040 | 5,864 | – | 289,692 | 873,818 |
| **At December 31, 2023** | 36,853 | 308,772 | 1,082,265 | 6,003 | 11,761 | 302 | 591,275 | 2,037,231 |
| **At December 31, 2024** | 36,065 | 290,226 | 1,143,075 | 5,614 | 9,865 | 235 | 562,486 | 2,047,566 |
| **At September 30, 2025** | 35,474 | 427,275 | 1,340,422 | 5,818 | 8,008 | 185 | 125,828 | 1,943,010 |

**The Company**

| | Leasehold land | Buildings | Machinery | Computer equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction -in-progress | Total |
|---|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | | | | | | |
| **At January 1, 2022** | 12,525 | 68,510 | 165,236 | 1,809 | 3,361 | – | 149,215 | 400,656 |
| Additions | 26,883 | – | – | – | – | – | 548,627 | 575,510 |
| Transferred upon completion | – | 81,602 | 318,168 | 3,480 | 4,900 | – | (408,150) | – |
| Disposals/written off | – | – | (1,118) | – | (342) | – | – | (1,460) |
| **At December 31, 2022 and January 1, 2023** | 39,408 | 150,112 | 482,286 | 5,289 | 7,919 | – | 289,692 | 974,706 |
| Additions | – | – | – | – | – | – | 1,261,841 | 1,261,841 |
| Transferred upon completion | – | 179,735 | 769,233 | 3,014 | 7,924 | 352 | (960,258) | – |
| Disposals/written off | – | – | (38,316) | (5) | (732) | – | – | (39,053) |
| **At December 31, 2023 and January 1, 2024** | 39,408 | 329,847 | 1,213,203 | 8,298 | 15,111 | 352 | 591,275 | 2,197,494 |
| Additions | – | – | – | – | – | – | 156,704 | 156,704 |
| Transferred upon completion | – | 1,185 | 182,258 | 1,121 | 929 | – | (185,493) | – |
| Disposals/written off | – | (1,669) | (245,738) | (594) | (1,454) | – | – | (249,455) |
| **At December 31, 2024 and January 1, 2025** | 39,408 | 329,363 | 1,149,723 | 8,825 | 14,586 | 352 | 562,486 | 2,104,743 |
| Additions | 32 | – | – | – | – | – | 24,274 | 24,306 |
| Transferred upon completion | – | 153,914 | 305,385 | 1,435 | 298 | – | (461,032) | – |
| Disposals/written off | – | – | – | (158) | – | – | – | (158) |
| **At September 30, 2025** | 39,440 | 483,277 | 1,455,108 | 10,102 | 14,884 | 352 | 125,728 | 2,128,891 |
| **Accumulated depreciation:** | | | | | | | | |
| **At January 1, 2022** | 1,294 | 5,939 | 61,968 | 676 | 1,505 | – | – | 71,382 |
| Charge for the year | 473 | 4,906 | 23,758 | 573 | 882 | – | – | 30,592 |
| Disposals/written off | – | – | (754) | – | (332) | – | – | (1,086) |
| **At December 31, 2022 and January 1, 2023** | 1,767 | 10,845 | 84,972 | 1,249 | 2,055 | – | – | 100,888 |
| Charge for the year | 788 | 10,230 | 81,835 | 1,050 | 1,970 | 50 | – | 95,923 |
| Disposals/written off | – | – | (35,869) | (4) | (675) | – | – | (36,548) |
| **At December 31, 2023 and January 1, 2024** | 2,555 | 21,075 | 130,938 | 2,295 | 3,350 | 50 | – | 160,263 |
| Charge for the year | 788 | 18,062 | 111,739 | 1,465 | 2,731 | 67 | – | 134,852 |
| Disposals/written off | – | – | (27,121) | (212) | (470) | – | – | (27,803) |
| **At December 31, 2024 and January 1, 2025** | 3,343 | 39,137 | 215,556 | 3,548 | 5,611 | 117 | – | 267,312 |
| Charge for the period | 623 | 16,865 | 90,541 | 1,120 | 1,966 | 50 | – | 111,165 |
| Disposals/written off | – | – | – | (147) | – | – | – | (147) |
| **At September 30, 2025** | 3,966 | 56,002 | 306,097 | 4,521 | 7,577 | 167 | – | 378,330 |
| **Net carrying amount:** | | | | | | | | |
| **At December 31, 2022** | 37,641 | 139,267 | 397,314 | 4,040 | 5,864 | – | 289,692 | 873,818 |
| **At December 31, 2023** | 36,853 | 308,772 | 1,082,265 | 6,003 | 11,761 | 302 | 591,275 | 2,037,231 |
| **At December 31, 2024** | 36,065 | 290,226 | 934,167 | 5,277 | 8,975 | 235 | 562,486 | 1,837,431 |
| **At September 30, 2025** | 35,474 | 427,275 | 1,149,011 | 5,581 | 7,307 | 185 | 125,728 | 1,750,561 |

## 16. RIGHT-OF-USE ASSETS

### The Group

The analysis of the net book value of right-of-use assets by class of underlying assets as at the end of each reporting period is as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Staff quarters and warehouse | 343 | 371 | 77 | 110 |

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Additions to right-of-use assets | 412 | 795 | 133 | 133 | 132 |
| Depreciation charge of right-of-use assets by class of underlying assets: | | | | | |
| – Staff quarters and warehouse | 486 | 719 | 276 | 243 | 99 |

### The Company

The analysis of the net book value of right-of-use assets by class of underlying assets as at the end of each reporting period is as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Staff quarters | 343 | 371 | – | – |

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Additions to right-of-use assets | 412 | 795 | – | – | – |
| Depreciation charge of right-of-use assets by class of underlying assets: | | | | | |
| – Staff quarters | 486 | 719 | 221 | 221 | – |

## 17. INVESTMENTS IN SUBSIDIARIES

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Unlisted investments, at cost | – | – | 50,000 | 50,000 |

The particulars of the directly and indirectly held subsidiaries of the Company are set out in Note 1.

## 18. INTANGIBLE ASSETS

**The Group and the Company**

| | Computer software |
|---|---|
| | *RMB'000* |
| **Cost:** | |
| **At January 1, 2022, December 31, 2022, and January 1, 2023** | 256 |
| Additions | 1,192 |
| **At December 31, 2023 and January 1, 2024** | 1,448 |
| Additions | 1,900 |
| **At December 31, 2024 and January 1, 2025** | 3,348 |
| Additions | 580 |
| **At September 30, 2025** | 3,928 |
| **Accumulated amortization:** | |
| **At January 1, 2022** | 124 |
| Charge for the year | 56 |
| **At December 31, 2022 and January 1, 2023** | 180 |
| Charge for the year | 350 |
| **At December 31, 2023 and January 1, 2024** | 530 |
| Charge for the year | 743 |
| **At December 31, 2024 and January 1, 2025** | 1,273 |
| Charge for the period | 837 |
| **At September 30, 2025** | 2,110 |
| **Net carrying value:** | |
| **At December 31, 2022** | 76 |
| **At December 31, 2023** | 918 |
| **At December 31, 2024** | 2,075 |
| **At September 30, 2025** | 1,818 |

## 19. DEFERRED TAX

Deferred tax recognized and movements during the Track Record Period are as follows:

**The Group**

| | Impairment losses on financial assets | Unused tax losses | Inventories | Fair value on derivative financial instruments | Property, plant and equipment and right-of-use assets | Government grants received not yet recognized as income | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2022 | – | – | – | – | – | – | – |
| Credited/(charged) to profit or loss | 211 | 54,995 | 87 | – | (46,243) | 15,035 | 24,085 |
| At December 31, 2022 and January 1, 2023 | 211 | 54,995 | 87 | – | (46,243) | 15,035 | 24,085 |
| Credited/(charged) to profit or loss | (22) | (45,345) | 683 | – | (26,764) | 15,800 | (55,648) |
| At December 31, 2023 and January 1, 2024 | 189 | 9,650 | 770 | – | (73,007) | 30,835 | (31,563) |
| Credited/(charged) to profit or loss | 251 | (9,428) | 178 | – | 17,371 | 8,280 | 16,652 |
| At December 31, 2024 January 1, 2025 | 440 | 222 | 948 | – | (55,636) | 39,115 | (14,911) |
| Credited/(charged) to profit or loss | 553 | (222) | 1,299 | 488 | 3,652 | 7,690 | 13,460 |
| At September 30, 2025 | 993 | – | 2,247 | 488 | (51,984) | 46,805 | (1,451) |

The following is the analysis of the deferred tax balances for the financial reporting purposes:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred tax assets | 24,085 | – | 49 | 2,206 |
| Deferred tax liabilities | – | (31,563) | (14,960) | (3,657) |
| | 24,085 | (31,563) | (14,911) | (1,451) |

Deferred income tax assets are recognized for deductible temporary differences and unused tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable. The Group has tax losses arising in China that will expire in five or ten years for offsetting against future taxable profits.

The amounts and expiration dates of the tax losses carried forward as at December 31, 2022, 2023, 2024 and September 30, 2025 are listed below:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 2027 | 13,707 | – | – | – |
| 2028 | 17,278 | – | – | – |
| 2029 | – | – | 889 | – |
| 2030 | 41,392 | – | – | – |
| 2031 | 2,736 | – | – | – |
| 2032 | 291,518 | 64,331 | – | – |
| | 366,631 | 64,331 | 889 | – |

As at December 31, 2022, 2023, 2024 and as at September 30, 2025, the Group had cumulative tax losses amounting RMB366,631,000, RMB64,331,000, RMB889,000 and Nil that can be carried forward against future taxable income.

**The Company**

| | Impairment losses on financial assets | Unused tax losses | Inventories | Fair value on derivative financial instruments | Property, plant and equipment and right-of-use assets | Government grants received not yet recognized as income | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2022 | – | – | – | – | – | – | – |
| Credited/(charged) to profit or loss | 211 | 54,995 | 87 | – | (46,243) | 15,035 | 24,085 |
| At December 31, 2022 and January 1, 2023 | 211 | 54,995 | 87 | – | (46,243) | 15,035 | 24,085 |
| Credited/(charged) to profit or loss | (22) | (45,345) | 683 | – | (26,764) | 15,800 | (55,648) |
| At December 31, 2023 and January 1, 2024 | 189 | 9,650 | 770 | – | (73,007) | 30,835 | (31,563) |
| Credited/(charged) to profit or loss | 464 | (9,650) | 136 | – | 17,373 | 8,280 | 16,603 |
| At December 31, 2024 January 1, 2025 | 653 | – | 906 | – | (55,634) | 39,115 | (14,960) |
| Credited/(charged) to profit or loss | (119) | – | (15) | 70 | 3,661 | 7,690 | 11,287 |
| At September 30, 2025 | 534 | – | 891 | 70 | (51,973) | 46,805 | (3,673) |

The following is the analysis of the deferred tax balances for the financial reporting purposes:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Deferred tax assets | 24,085 | – | – | – |
| Deferred tax liabilities | – | (31,563) | (14,960) | (3,673) |
| | 24,085 | (31,563) | (14,960) | (3,673) |

Deferred income tax assets are recognized for deductible temporary differences and unused tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable. The Company has tax losses arising in China that will expire in ten years for offsetting against future taxable profits.

The amounts and expiration dates of the tax losses carried forward as at December 31, 2022, 2023 and 2024 and as at September 30, 2025 are listed below:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| 2027 | 13,707 | – | – | – |
| 2028 | 17,278 | – | – | – |
| 2029 | – | – | – | – |
| 2030 | 41,392 | – | – | – |
| 2031 | 2,736 | – | – | – |
| 2032 | 291,518 | 64,331 | – | – |
| | | | – | – |
| | 366,631 | 64,331 | – | – |
| | | | – | – |

As at December 31, 2022 and 2023, the Company had cumulative tax losses amounting RMB366,631,000 and RMB64,331,000 that can be carried forward against future taxable income.

## 20. INVENTORIES

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 61,601 | 258,868 | 196,416 | 202,902 |
| Finished goods | 23,932 | 96,517 | 46,255 | 61,342 |
| Work in progress | 6,449 | 831 | 11,169 | 15,261 |
| | 91,982 | 356,216 | 253,840 | 279,505 |
| Write-down of inventories to net realizable value | (578) | (5,130) | (6,200) | (8,560) |
| | 91,404 | 351,086 | 247,640 | 270,945 |

Movements on the write-down of inventories to net realizable value are as follows:

| | Year ended December 31, | | | Nine months ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **At January 1** | (689) | (578) | (5,130) | (6,200) |
| Reversal/(charge) for the year/period | 111 | (4,552) | (1,070) | (2,360) |
| **At December 31/September 30** | (578) | (5,130) | (6,200) | (8,560) |

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 61,601 | 258,868 | 182,413 | 167,158 |
| Finished goods | 23,932 | 96,517 | 43,192 | 35,225 |
| Work in progress | 6,449 | 831 | 9,964 | 7,179 |
| | 91,982 | 356,216 | 235,569 | 209,562 |
| Write-down of inventories to net realizable value | (578) | (5,130) | (6,035) | (5,934) |
| | 91,404 | 351,086 | 229,534 | 203,628 |

Movements on the write-down of inventories to net realizable value are as follows:

| | Year ended December 31, | | | Nine months ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **At January 1** | (689) | (578) | (5,130) | (6,035) |
| Reversal/(charge) for the year/period | 111 | (4,552) | (905) | 101 |
| **At December 31/September 30** | (578) | (5,130) | (6,035) | (5,934) |

## 21. TRADE AND BILLS RECEIVABLES

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 106,342 | 76,868 | 130,135 | 273,206 |
| Bills receivable | 1,801 | 3,000 | 1,905 | 257 |
| | 108,143 | 79,868 | 132,040 | 273,463 |
| Less: impairment loss allowance | (1,347) | (1,202) | (2,395) | (4,499) |
| | 106,796 | 78,666 | 129,645 | 268,964 |

An aging analysis of trade and bills receivables, net of impairment losses, as at the end of each reporting period, based on the invoice dates, is as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills receivables | | | | |
| Within 3 months | 104,654 | 77,461 | 123,752 | 249,558 |
| 3 months to 6 months | 949 | 634 | 1,151 | 17,327 |
| 6 months to 1 year | – | 17 | 4,635 | 2,079 |
| 1 year to 2 years | 1,193 | 148 | 14 | – |
| 2 years to 3 years | – | 406 | 93 | – |
| | 106,796 | 78,666 | 129,645 | 268,964 |

The Group recognized impairment loss based on the accounting policy stated in Note 4.10(b). Trade and bills receivables are generally due within 30 to 90 days from the date of billing.

Further details on the Group's credit policy and credit risk analysis arising from trade and bills receivables are set out in Note 42(b).

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | 106,342 | 76,868 | 65,413 | 68,691 |
| Bills receivable | 1,801 | 3,000 | 902 | 257 |
| | 108,143 | 79,868 | 66,315 | 68,948 |
| Less: impairment loss allowance | (1,347) | (1,202) | (1,747) | (1,530) |
| | 106,796 | 78,666 | 64,568 | 67,418 |

An aging analysis of trade and bills receivables, net of impairment losses, as at the end of each reporting period, based on the invoice dates, is as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade and bills receivables | | | | |
| Within 3 months | 104,654 | 77,461 | 58,675 | 62,505 |
| 3 months to 6 months | 949 | 634 | 1,151 | 4,857 |
| 6 months to 1 year | – | 17 | 4,635 | 56 |
| 1 year to 2 years | 1,193 | 148 | 14 | – |
| 2 years to 3 years | – | 406 | 93 | – |
| | 106,796 | 78,666 | 64,568 | 67,418 |

The Company recognized impairment loss based on the accounting policy stated in Note 4.10(b). Trade and bills receivables are generally due within 30 to 90 days from the date of billing.

Further details on the Company's credit policy and credit risk analysis arising from trade and bills receivables are set out in Note 42(b).

## 22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current portion** | | | | |
| Deposits and other receivables | 1,214 | 1,131 | 2,347 | 10,961 |
| Prepayments | 14,374 | 6,287 | 5,238 | 4,075 |
| Prepaid listing expenses and deferred issue costs | | | | |
| – Hong Kong | – | – | – | 6,262 |
| – PRC | – | 631 | – | – |
| | 15,588 | 8,049 | 7,585 | 21,298 |
| Less: Impairment loss allowance | (61) | (57) | (117) | (129) |
| | 15,527 | 7,992 | 7,468 | 21,169 |

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current portion** | | | | |
| Deposits and other receivables | 1,214 | 1,131 | 2,227 | 10,838 |
| Prepayments | 14,374 | 6,287 | 5,238 | 4,074 |
| Prepaid listing expenses and deferred issue costs | | | | |
| – Hong Kong | – | – | – | 6,262 |
| – PRC | – | 631 | – | – |
| | 15,588 | 8,049 | 7,465 | 21,174 |
| Less: Impairment loss allowance | (61) | (57) | (111) | (115) |
| | 15,527 | 7,992 | 7,354 | 21,059 |

The Group and the Company recognized impairment loss based on the accounting policy stated in Note 4.10(b). Further details on the Group and the Company's credit risk analysis arising from deposits and other receivables are set out in Note 42(b).

## 23. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 274,417 | 549,521 | 2,030,653 | 1,832,787 |
| **Current portion** | | | | |
| Term deposits | 500 | 20,622 | – | – |
| **Non-current portion** | | | | |
| Term deposits | 20,122 | – | – | – |

The Group's cash and cash equivalents comprise cash on hand, bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. Term deposits with original maturity over three months comprise bank deposits carrying interest at fixed rate or floating rates at prevailing market interest rate. The directors of the Company consider that the carrying value of the deposits at the end of each reporting period approximates to their fair values.

As at the end of each reporting period, all of the Group's cash at banks and on hands and term deposits with original maturity over three months are denominated in RMB and USD and placed in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorized to conduct foreign exchange business.

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 274,417 | 549,521 | 2,022,075 | 1,705,055 |
| **Current portion** | | | | |
| Term deposits | 500 | 20,622 | – | – |
| **Non-current portion** | | | | |
| Term deposits | 20,122 | – | – | – |

The Company's cash and cash equivalents comprise cash on hand, bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. Term deposits with original maturity over three months comprise bank deposits carrying interest at fixed rate or floating rates at prevailing market interest rate. The directors of the Company consider that the carrying value of the deposits at the end of each reporting period approximates to their fair values.

As at the end of each reporting period, all of the Company's cash at banks and on hands and term deposits with original maturity over three months are denominated in RMB and USD and placed in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for foreign currencies through banks that are authorized to conduct foreign exchange business.

## 24. TRADE AND BILLS PAYABLES

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 47,962 | 32,912 | 46,781 | 147,859 |
| Bills payable | 6,901 | – | 25,102 | 7,105 |
| | 54,863 | 32,912 | 71,883 | 154,964 |

A credit period is 30 days to 90 days, if applicable, from the date of billing is generally granted by the Group's trade suppliers. Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Group's trade and bills payables as at the end of each reporting period is as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 54,626 | 32,670 | 71,538 | 154,072 |
| 1-2 years | – | 5 | 104 | 548 |
| Over 2 years | 237 | 237 | 241 | 344 |
| | 54,863 | 32,912 | 71,883 | 154,964 |

The Group's trade and bills payables are short-term in nature and hence, the carrying amount of trade and bills payables are considered to approximate to their fair value.

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 47,962 | 32,912 | 11,768 | 23,583 |
| Bills payable | 6,901 | – | 25,102 | 7,105 |
| | 54,863 | 32,912 | 36,870 | 30,688 |

A credit period is 30 days to 90 days, if applicable, from the date of billing is generally granted by the Company's trade suppliers. Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Company's trade and bills payables as at the end of each reporting period is as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 54,626 | 32,670 | 36,525 | 29,811 |
| 1-2 years | – | 5 | 104 | 533 |
| Over 2 years | 237 | 237 | 241 | 344 |
| | 54,863 | 32,912 | 36,870 | 30,688 |

The Company's trade and bills payables are short-term in nature and hence, the carrying amount of trade and bills payables are considered to approximate to their fair value.

## 25. OTHER PAYABLES AND ACCRUALS

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Amount due to shareholder *(note a)* | 100,000 | – | – | – |
| Other payables | 769 | 1,135 | 1,057 | 3,032 |
| Construction payables | 72,676 | 177,155 | 130,159 | 92,137 |
| Other tax payables | 1,289 | 2,177 | 2,458 | 7,759 |
| Accruals | 7,343 | 11,264 | 11,415 | 6,561 |
| | 182,077 | 191,731 | 145,089 | 109,489 |

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, other payables and accruals were non-interest bearing, unsecured and repayable on demand.

*Note:*

(a) It is of a non-trade nature. It represented the cash proceeds received from a new shareholder as at December 31, 2022, due to the incomplete registration of new shares. The balance was recognized as share capital and capital reserve in 2023 upon the completion of the registration of new shares.

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Amount due to shareholder *(note a)* | 100,000 | – | – | – |
| Other payables | 769 | 1,135 | 1,034 | 2,795 |
| Construction payables | 72,676 | 177,155 | 130,143 | 91,940 |
| Other tax payables | 1,289 | 2,177 | 2,296 | 7,604 |
| Accruals | 7,343 | 11,264 | 9,446 | 5,282 |
| | 182,077 | 191,731 | 142,919 | 107,621 |

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, other payables and accruals were non-interest bearing, unsecured and repayable on demand.

*Note:*

(a) It is of a non-trade nature. It represented the cash proceeds received from a new shareholder as at December 31, 2022, due to the incomplete registration of new shares. The balance was recognized as share capital and capital reserve in 2023 upon the completion of the registration of new shares.

## 26. CONTRACT LIABILITIES

### (a) Contract liabilities

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Contract liabilities arising from** | | | | |
| Turnkey service | 5,757 | 3,730 | 6,795 | 736 |

The contract liabilities represented the advance consideration received from customers. The Group receives payment from customers based on billing schedule as established in contracts.

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period | 846 | 5,757 | 3,730 | 3,730 | 6,795 |

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Contract liabilities arising from** | | | | |
| Turnkey service | 5,757 | 3,730 | 6,371 | 23 |

The contract liabilities represented the advance consideration received from customers. The Company receives payment from customers based on billing schedule as established in contracts.

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| Revenue recognized that was included in the contract liabilities balance at the beginning of the year/period | 846 | 5,757 | 3,730 | 3,730 | 6,371 |

## 27. LEASE LIABILITIES

**The Group**

The Group lease properties to operate its business. These leases are typically made for fixed terms of 2 years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

The Group also lease properties with term of less than one year. These leases are short-term and the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

The Group's present value of future lease payments of the leases is analyzed as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Current | 344 | 261 | 67 | 66 |

The Group's movement of the lease liabilities is analyzed as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| At the beginning of the year/period | 554 | 344 | 261 | 261 | 67 |
| Addition of new leases | 412 | 795 | 133 | 133 | 132 |
| Lease payment | (495) | (848) | (178) | (178) | (134) |
| Interest element of lease payments | 9 | 18 | 2 | 2 | 1 |
| Termination of lease | (136) | (48) | (151) | (151) | – |
| At the end of the year/period | 344 | 261 | 67 | 67 | 66 |

The Group had total financing cash outflows for leases of RMB495,000, RMB848,000, RMB178,000, RMB178,000 and RMB134,000 for the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 and 2025, respectively.

The Group's future lease payments of the Group's leases (excluding short-term leases) were scheduled to repay as follows:

| | Future lease payments | Future interest expenses | Present value |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2022** | | | |
| – within 1 year | 350 | (6) | 344 |
| **As at December 31, 2023** | | | |
| – within 1 year | 263 | (2) | 261 |
| **As at December 31, 2024** | | | |
| – within 1 year | 67 | – | 67 |
| **As at September 30, 2025** | | | |
| – within 1 year | 66 | – | 66 |

**The Company**

The Company lease properties to operate its business. These leases are typically made for fixed terms of 2 years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

The Company also lease properties with term of less than one year. These leases are short-term and the Company has elected not to recognize right-of-use assets and lease liabilities for these leases.

The Company's present value of future lease payments of the leases is analyzed as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Current | 344 | 261 | – | – |

The Company's movement of the lease liabilities is analyzed as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| At the beginning of the year/period | 554 | 344 | 261 | 261 | – |
| Addition of new leases | 412 | 795 | – | – | – |
| Lease payment | (495) | (848) | (112) | (112) | – |
| Interest element of lease payments | 9 | 18 | 2 | 2 | – |
| Termination of lease | (136) | (48) | (151) | (151) | – |
| At the end of the year/period | 344 | 261 | – | – | – |

The Company had total financing cash outflows for leases of RMB495,000, RMB848,000, RMB112,000, RMB112,000 and nil for the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 and 2025, respectively.

The Company's future lease payments of the Company's leases (excluding short-term leases) were scheduled to repay as follows:

| | Future lease payments | Future interest expenses | Present value |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2022** | | | |
| – within 1 year | 350 | (6) | 344 |
| **As at December 31, 2023** | | | |
| – within 1 year | 263 | (2) | 261 |
| **As at December 31, 2024** | | | |
| – within 1 year | – | – | – |
| **As at September 30, 2025** | | | |
| – within 1 year | – | – | – |

## 28. BORROWINGS

**The Group**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current portion** | | | | |
| Borrowings – unsecured | 118,031 | 245,376 | 247,500 | 34,721 |
| Borrowings – secured | 24,374 | 69,805 | 56,036 | 30,304 |
| | 142,405 | 315,181 | 303,536 | 65,025 |
| **Non-current portion** | | | | |
| Borrowings – unsecured | 142,901 | 252,955 | 309,408 | 230,147 |
| Borrowings – secured | 27,882 | 558,856 | 499,186 | 474,366 |
| | 170,783 | 811,811 | 808,594 | 704,513 |
| | 313,188 | 1,126,992 | 1,112,130 | 769,538 |

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, the borrowings bear interest rates ranging from 2.34% to 4%, the effective interest rates ranging from 1.42% to 2.9%. None of the borrowings contains a repayment-on-demand clause. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank borrowings balances as non-current. The secured borrowings were pledged by property, plant and equipment of RMB91,836,000, RMB675,199,000, RMB579,099,000 and RMB545,908,000 as at 31 December 2022, 2023, 2024 and September 30, 2025, respectively, and by bills receivable of RMBnil, RMB3,000,000, RMBnil and RMB257,000 as at 31 December 2022, 2023 and 2024 and as at September 30, 2025, respectively.

**The Company**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current portion** | | | | |
| Borrowings – unsecured | 118,031 | 245,376 | 211,512 | 34,721 |
| Borrowings – secured | 24,374 | 69,805 | 56,036 | 30,304 |
| | 142,405 | 315,181 | 267,548 | 65,025 |
| **Non-current portion** | | | | |
| Borrowings – unsecured | 142,901 | 252,955 | 309,408 | 230,147 |
| Borrowings – secured | 27,882 | 558,856 | 499,186 | 474,366 |
| | 170,783 | 811,811 | 808,594 | 704,513 |
| | 313,188 | 1,126,992 | 1,076,142 | 769,538 |

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, the borrowings bear interest rates ranging from 2.34% to 4%, the effective interest rates ranging from 1.42% to 2.89%. None of the borrowings contains a repayment-on-demand clause. The Company has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank borrowings balances as non-current. The secured borrowings were pledged by property, plant and equipment of RMB91,836,000, RMB675,199,000, RMB548,210,000 and RMB517,620,000 as at 31 December 2022, 2023, 2024 and as at September 30, 2025, respectively, and by bills receivable of RMBnil, RMB3,000,000, RMBnil and RMB257,000 as at 31 December 2022, 2023 and 2024 and as at September 30, 2025, respectively.

## 29. DEFERRED REVENUE

**The Group and the Company**

| | Year ended December 31, | | | Nine months ended September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year/period | 60,816 | 100,230 | 205,569 | 260,764 |
| Additions | 52,922 | 152,689 | 167,089 | 154,300 |
| Credited to profit or loss *(note 8)* | (13,508) | (47,350) | (111,894) | (103,035) |
| At the end of the year/period | 100,230 | 205,569 | 260,764 | 312,029 |

Deferred revenue consists of deferred government grants mainly for construction of certain property, plant and equipment. The grants from local government were conditional and the conditions would be fulfilled upon the completion of construction of certain property, plant and equipment of the Group. The grants will be recognized as income in profit or loss on a systematic basis over the estimated useful lives of the property, plant and equipment.

## 30. DERIVATIVES FINANCIAL INSTRUMENTS

**The Group**

The Group recognises all derivative financial instruments on the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statements of profit or loss and other comprehensive income in the years/periods of the change. The Group's derivative financial instrument includes forward foreign exchange contracts.

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, the Group's derivative financial instruments mature within one year. The fair values of derivative financial instruments included in the consolidated statements of financial position as current liabilities are as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current liabilities** | | | | |
| Forward foreign exchange contracts | | | | |
| – within 1 year | – | – | – | 2,140 |

## 31. REDEMPTION LIABILITIES

**The Group and the Company**

The movements of the redemption liabilities during the Track Record Period are set out as below:

| | Redemption liabilities |
|---|---|
| | *RMB'000* |
| At January 1, 2022 | 197,812 |
| Interest expenses associated with redemption liabilities | 15,825 |
| At December 31, 2022 and at January 1, 2023 | 213,637 |
| Derecognition due to termination of redemption rights | (211,351) |
| Interest expenses associated with redemption liabilities | 14,387 |
| At December 31, 2023 and at January 1, 2024 | 16,673 |
| Interest expenses associated with redemption liabilities | 1,334 |
| At December 31, 2024 and at January 1, 2025 | 18,007 |
| Interest expenses associated with redemption liabilities | 344 |
| Derecognition due to termination of redemption rights | (18,351) |
| At September 30, 2025 | – |

Prior to the Track Record Period, the Company entered into respective shareholders' and share subscription agreements (collectively, the "Pre-IPO Investors Agreements) with various pre-IPO investors (collectively, the "Pre-IPO Investors") and issued ordinary shares. Pursuant to the Pre-IPO Investors Agreements, the Pre-IPO Investors were granted by the Company with redemption rights.

The redemption rights that existed during the Track Record Period are limited to instances where the Company and its original shareholder maliciously breach the clause in the Pre-IPO Investors Agreements and fail to rectify the breach in a timely manner. If such breaches occurred and remained unrectified, the Pre-IPO Investors were entitled to exercise the right to put back the ordinary shares they had acquired from the Company. The Company has confirmed that there have been no breaches of the Pre-IPO Investors Agreements during the Track Record Period, and all but one redemption rights were formally terminated pursuant to supplemental agreements executed in October 2023 and the remaining one redemption rights was formally terminated pursuant to supplemental agreement executed in April 2025.

The redemption amount is the sum of 100% of the issue price, compound interest of eight percent per annum calculated on a 365-day per year basis from the date of the Pre-IPO Investors Agreements.

## 32. SHARE CAPITAL

### The Company

A summary of movements in the Company's share capital is as follows:

| | Number of shares in issue | Share capital |
|---|---|---|
| *Issued* | | *RMB'000* |
| At January 1, 2022 | 210,727,295 | 210,727 |
| Shares issued *(a)* | 4,117,451 | 4,118 |
| At December 31, 2022 and at January 1, 2023 | 214,844,746 | 214,845 |
| Shares issued *(b)* | 3,672,863 | 3,672 |
| Issue of RSUs *(Note 38)* | 25,598,888 | 25,599 |
| Capitalization issue *(c)* | 144,075,632 | 144,076 |
| At December 31, 2023 and at January 1, 2024 | 388,192,129 | 388,192 |
| Shares issued *(d)* | 15,900,631 | 15,901 |
| At December 31, 2024, January 1, 2025 and at September 30, 2025 | 404,092,760 | 404,093 |

*Notes:*

(a) During the year ended December 31, 2022, the Company entered into various capital injection agreements with the following investors and pursuant to which a total capital of RMB252,302,000 was injected into the Company with RMB4,118,000 and RMB248,184,000 credited to the Company's share capital and capital reserve, respectively.

(i) In March 2022, Xiamen Qingda Runyu Venture Capital Partnership (Limited Partnership) (廈門市清大潤玉創業投資合夥企業(有限合夥)), the Company and the largest shareholder of the Company entered into a capital injection agreement pursuant to which the investor subscribed for the Company's new share capital of RMB769,000 at a cash consideration of RMB50,001,000, in which the excess amount of RMB49,232,000 was credited to the capital reserve.

(ii) In December 2021, Liaoning Haitong New Kinetic Energy Equity Investment Fund Partnership (Limited Partnership) (遼寧海通新動能股權投資基金合夥企業(有限合夥)), Shanghai Zhezhong Group Co., Ltd. (上海柘中集團股份有限公司), the Company and the largest shareholder of the Company entered into a capital injection agreement pursuant to which the investors subscribed

for the Company's new share capital of RMB1,132,000 and RMB755,000, respectively, at cash consideration of RMB60,000,000 and RMB40,000,000, respectively, in which the excess amounts of RMB58,868,000 and RMB39,245,000, respectively, were credited to the capital reserve. The shares were issued in 2022.

(iii) In November 2022, Xiamen Qingda Xinsheng Venture CapitalPartnership (Limited Partnership) (廈門市清大芯盛創業投資合夥企業(有限合夥)), Huzhou Runxu Equity Investment Partnership (Limited Partnership) (湖州潤煦股權投資合夥企業(有限合夥)), Ningbo Fuwurong Wuxiali Equity Investment Fund Partnership (Limited Partnership) (寧波芙五蓉物廈理股權投資基金合夥企業(有限合夥)), Xiamen Jiadong Property Institute Investment Partnership (Limited Partnership) (廈門嘉棟物院投資合夥企業(有限合夥)), the Company and the largest shareholder of the Company entered into a capital injection agreement pursuant to which the investors subscribed for the Company's new share capital of RMB603,000, RMB287,000, RMB286,000 and RMB286,000, respectively, at cash consideration of RMB42,200,000, RMB20,101,000, RMB20,000,000 and RMB20,000,000, respectively, in which the excess amounts of RMB41,597,000, RMB19,814,000, RMB19,714,000 and RMB19,714,000, respectively, were credited to the capital reserve.

(b) During the year ended December 31, 2023, the Company entered into various capital injection and share subscription agreements with the following investors and pursuant to which a total capital of RMB280,000,000 was injected into the Company with RMB3,672,000 and RMB276,328,000 credited to the Company's share capital and capital reserve, respectively.

(i) In December 2022, Hefei Chantou Tiancheng Equity Investment Partnership (Limited Partnership) (合肥產投天成股權投資合夥企業(有限合夥)), the Company and the largest shareholder of the Company entered into a capital injection agreement pursuant to which the investor subscribed for the Company's new share capital of RMB1,080,000 at a cash consideration of RMB100,000,000, in which the excess amount of RMB98,920,000 was credited to the capital reserve. The shares were issued in 2023.

(ii) In June 2023, Ningbo Huajinming Jiade Venture Capital Partnership (Limited Partnership) (寧波華錦銘嘉德創業投資合夥企業(有限合夥)) and the Company entered into a capital injection agreement pursuant to which the investor subscribed for the Company's new share capital of RMB154,000 at a cash consideration of RMB10,000,000, in which the excess amount of RMB9,846,000 was credited to the capital reserve.

(iii) In June 2023, Ningbo Huajin Yuxing Venture Capital Partnership (Limited Partnership) (寧波華錦煜興創業投資合夥企業(有限合夥)) and the Company entered into a capital injection agreement pursuant to which the investor subscribed for the Company's new share capital of RMB154,000 at a cash consideration of RMB10,000,000, in which the excess amount of RMB9,846,000 was credited to the capital reserve.

(iv) In June 2023, Jiangyin Yinrun Equity Investment Partnership (Limited Partnership) (江陰銀潤股權投資合夥企業(有限合夥)) and the Company entered into a capital injection agreement pursuant to which the investor subscribed for the Company's new share capital of RMB981,000 at a cash consideration of RMB70,000,000, in which the excess amount of RMB69,019,000 was credited to the capital reserve.

(v) In June 2023, Shanghai Minshenshi Management Consulting Partnership (Limited Partnership) 上海敏申實管理諮詢合夥企業(有限合夥) and the Company entered into a capital injection agreement pursuant to which the investor subscribed for the Company's new share capital of RMB463,000 at a cash consideration of RMB30,000,000, in which the excess amount of RMB29,537,000 was credited to the capital reserve.

(vi) In June 2023, Zhuji Dongzheng Ruikun Equity Investment Partnership (Limited Partnership) (諸暨東證睿坤股權投資合夥企業(有限合夥)) and the Company entered into a capital injection agreement pursuant to which the investor subscribed for the Company's new share capital of RMB840,000 at a cash consideration of RMB60,000,000, in which the excess amount of RMB59,160,000 was credited to the capital reserve.

(c) Pursuant to the shareholders' meeting on April 23, 2023 and the promoters' agreement dated April 26, 2023, the then existing shareholders of the Company agreed to convert the Company into a joint stock limited liability company with a share capital of RMB360,000,000. The capitalisation issue of RMB144,076,000 represents the increase in the Company's registered capital from RMB215,925,000, which is the registered capital before the conversion, which included the registered capital of RMB214,845,000 as at January 1, 2023 and an additional RMB1,080,000 from a share issue completed in January 2023 stated in Note 32(b)(i), to the target registered capital of RMB360,000,000 upon conversion. Pursuant to the promoters' agreement, the net asset value of the Company as of February 28, 2023 amounted to approximately RMB941,508,000, of which (i) RMB360,000,000 was converted into 360,000,000 shares of RMB1.0 par value each, which were subscribed by and issued to the then shareholders of the Company in proportion to their respective equity interest in the Company; and (ii) the remaining amount of approximately RMB581,508,000 was converted into capital reserve of the Company. Concurrently, the balances of statutory reserve and retained earnings as of February 28, 2023, amounting to RMB1,417,000 and RMB88,643,000, respectively, were transferred to capital reserve as part of the conversion process to align with the capital structure requirements of a joint stock company. Upon the completion of registration with the relevant government bureau in May 2023, the Company was converted into a joint stock company with limited liability.

(d) During the year ended December 31, 2024, the Company entered into a capital injection agreement with the following investors and pursuant to which a total capital of RMB1,030,001,000 was injected into the Company with RMB15,901,000 and RMB1,014,100,000 credited to the Company's share capital and capital reserve, respectively.

In December 2024, Xiamen Chantou Juxiang Xinhan Technology Investment Partnership Enterprise (Limited Partnership) (廈門產投炬翔芯瀚科技投資合夥企業(有限合夥)), ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司), Xiamen Gongrong Industry Investment Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (廈門工融產投新興產業股權投資基金合夥企業(有限合夥)), Xiamen Chantou Gongrong Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) (廈門產投工融新興產業股權投資基金合夥企業(有限合夥)) and the Company entered into a capital injection agreement pursuant to which the investors subscribed for the Company's new share capital of RMB2,779,000, RMB6,947,000, RMB3,087,000 and RMB3,088,000, respectively, at cash consideration of RMB180,000,000, RMB450,000,000, RMB200,000,000 and RMB200,001,000, respectively, in which the excess amounts of RMB177,221,000, RMB443,053,000, RMB196,913,000 and RMB196,913,000, respectively, were credited to the capital reserve.

## 33. RESERVES

### The Group and the Company

The Group's reserves and the movements therein for the years ended December 31, 2022, 2023 and 2024, and nine months ended September 30, 2024 *(unaudited)* and 2025 are presented in the consolidated statements of changes in equity and the summary to the Company's reserve as set out below, respectively.

Summary to the Company's reserve is as follows:

| | Capital reserve* | Statutory reserve* | Other reserve* | Share-based payment reserve* | (Accumulated losses)/ retained earnings* | Total reserve |
|---|---|---|---|---|---|---|
| | *RMB'000 (Note 33(a))* | *RMB'000 (Note 33(b))* | *RMB'000 (Note 33(e))* | *RMB'000 (Note 33(d))* | *RMB'000 (Note 33(c))* | *RMB'000* |
| **At January 1, 2022** | 291,368 | – | (121,133) | – | (205,880) | (35,645) |
| Profit and total comprehensive income for the year | – | – | – | – | 127,543 | 127,543 |
| Shares issued *(Note 32(a))* | 248,184 | – | – | – | – | 248,184 |
| Transfer to statutory reserve | – | 1,417 | – | – | (1,417) | – |
| Recognition of equity-settled share-based payments *(Note 38)* | 28,575 | – | – | – | – | 28,575 |

| | Capital reserve* | Statutory reserve* | Other reserve* | Share-based payment reserve* | (Accumulated losses)/ retained earnings* | Total reserve |
|---|---|---|---|---|---|---|
| | *RMB'000 (Note 33(a))* | *RMB'000 (Note 33(b))* | *RMB'000 (Note 33(e))* | *RMB'000 (Note 33(d))* | *RMB'000 (Note 33(c))* | *RMB'000* |
| **Balance at December 31, 2022 and January 1, 2023** | 568,127 | 1,417 | (121,133) | – | (79,754) | 368,657 |
| Profit and total comprehensive income for the year | – | – | – | – | 107,505 | 107,505 |
| Shares issued *(Note 32(b))* | 276,328 | – | – | – | – | 276,328 |
| Capitalization issue *(Note 32(c))* | (144,076) | – | – | – | – | (144,076) |
| Derecognition due to termination of redemption rights *(Note 31)* | – | – | 211,351 | – | – | 211,351 |
| Conversion into a joint stock limited liability company *(Note 32(c))* | 90,060 | (1,417) | – | – | (88,643) | – |
| Transfer to statutory reserve | – | 5,168 | – | – | (5,168) | – |
| Recognition of equity-settled share-based payments *(Note 38)* | 156,974 | – | – | 99,236 | – | 256,210 |
| **Balance at December 31, 2023 and January 1, 2024** | 947,413 | 5,168 | 90,218 | 99,236 | (66,060) | 1,075,975 |
| Profit and total comprehensive income for the year | – | – | – | – | 166,074 | 166,074 |
| Shares issued *(Note 32(b))* | 1,014,100 | – | – | – | – | 1,014,100 |
| Transfer to statutory reserve | – | 16,173 | – | – | (16,173) | – |
| Recognition of equity-settled share-based payments *(Note 38)* | – | – | – | 154,249 | – | 154,249 |
| **Balance at December 31, 2024 and January 1, 2025** | 1,961,513 | 21,341 | 90,218 | 253,485 | 83,841 | 2,410,398 |
| Profit and total comprehensive income for the period | – | – | – | – | 16,969 | 16,969 |
| Transfer to statutory reserve | – | 1,739 | – | – | (1,739) | – |
| Derecognition due to termination of redemption rights *(Note 31)* | – | – | 18,351 | – | – | 18,351 |
| Recognition of equity-settled share-based payments *(Note 38)* | – | – | – | 124,484 | – | 124,484 |
| **Balance at September 30, 2025** | 1,961,513 | 23,080 | 108,569 | 377,969 | 99,071 | 2,570,202 |
| **Balance at January 1, 2024** | 947,413 | 5,168 | 90,218 | 99,236 | (66,060) | 1,075,975 |
| Profit and total comprehensive income for the period | – | – | – | – | 118,868 | 118,868 |
| Transfer to statutory reserve | – | 11,987 | – | – | (11,987) | – |
| Recognition of equity-settled share-based payments *(Note 38)* | – | – | – | 141,163 | – | 141,163 |
| **Balance at September 30, 2024 *(Unaudited)*** | 947,413 | 17,155 | 90,218 | 240,399 | 40,821 | 1,336,006 |

* These reserve accounts comprise the reserves as at December 31, 2022, 2023, 2024 and as at September 30, 2025 in the Company's statements of financial position.

**(a) Capital reserve**

The capital reserve represents the excess of capital contributions from the equity holders of the Company over the share capital.

**(b) Statutory reserve**

In accordance with the PRC Company Law and the articles of association of the entities established in the PRC, PRC group entities are required to appropriate 10% of their net profits after tax, as determined under the generally accepted accounting principles of the PRC, to the statutory reserve until the reserve balance reaches 50% of their respective registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the group entities, the statutory reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the group entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

**(c) (Accumulated losses)/retained earnings**

Cumulative net profit and loss recognized in profit or loss.

**(d) Share-based payment reserve**

The equity-settled share-based payment reserve comprises the fair value of equity-settled share-based payment granted (Note 38).

**(e) Other reserve**

The other reserve comprises the amounts in relation to the recognition of the redemption liabilities as set out in Note 31.

## 34. AMOUNT DUE FROM A SUBSIDIARY

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, the balance is unsecured, interest-free and repayable on demand.

## 35. NOTES SUPPORTING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

The table below shows the details about the changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which each cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows from financing activities.

| | Redemption liabilities | Borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2022 | 197,812 | 101,323 | 554 | 299,689 |
| **Changes from financing cash flows:** | | | | |
| Proceeds from bank borrowings | – | 295,151 | – | 295,151 |
| Repayments of bank borrowings | – | (83,286) | – | (83,286) |
| Repayment of lease liabilities | – | – | (486) | (486) |
| Interest paid | – | (4,600) | (9) | (4,609) |
| Total changes from financing cash flows | – | 207,265 | (495) | 206,770 |
| **Other changes:** | | | | |
| New leases | – | – | 412 | 412 |
| Lease termination | – | – | (136) | (136) |
| Interest expenses | 15,825 | 4,600 | 9 | 20,434 |
| | 15,825 | 4,600 | 285 | 20,710 |
| At December 31, 2022 | 213,637 | 313,188 | 344 | 527,169 |

| | Redemption liabilities | Borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2023 | 213,637 | 313,188 | 344 | 527,169 |
| **Changes from financing cash flows:** | | | | |
| Proceeds from bank borrowings | – | 1,021,745 | – | 1,021,745 |
| Repayments of bank borrowings | – | (207,941) | – | (207,941) |
| Repayment of lease liabilities | – | – | (830) | (830) |
| Interest paid | – | (18,168) | (18) | (18,186) |
| Total changes from financing cash flows | – | 795,636 | (848) | 794,788 |
| **Other changes:** | | | | |
| New leases | – | – | 795 | 795 |
| Derecognition due to termination of redemption rights | (211,351) | – | – | (211,351) |
| Lease termination | – | – | (48) | (48) |
| Interest expenses | 14,387 | 18,168 | 18 | 32,573 |
| | (196,964) | 18,168 | 765 | (178,031) |
| At December 31, 2023 | 16,673 | 1,126,992 | 261 | 1,143,926 |

| | Redemption liabilities | Borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2024 | 16,673 | 1,126,992 | 261 | 1,143,926 |
| **Changes from financing cash flows:** | | | | |
| Proceeds from bank borrowings | – | 744,826 | – | 744,826 |
| Repayments of bank borrowings | – | (759,688) | – | (759,688) |
| Repayment of lease liabilities | – | – | (176) | (176) |
| Interest paid | – | (30,135) | (2) | (30,137) |
| Total changes from financing cash flows | – | (44,997) | (178) | (45,175) |
| **Other changes:** | | | | |
| New leases | – | – | 133 | 133 |
| Lease termination | – | – | (151) | (151) |
| Interest expenses | 1,334 | 30,135 | 2 | 31,471 |
| | 1,334 | 30,135 | (16) | 31,453 |
| At December 31, 2024 | 18,007 | 1,112,130 | 67 | 1,130,204 |

| | Redemption liabilities | Borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2024 | 16,673 | 1,126,992 | 261 | 1,143,926 |
| **Changes from financing cash flows:** | | | | |
| Proceeds from bank borrowings | – | 595,350 | – | 595,350 |
| Repayments of bank borrowings | – | (284,198) | – | (284,198) |
| Repayment of lease liabilities | – | – | (176) | (176) |
| Interest paid | – | (21,410) | (2) | (21,412) |
| Total changes from financing cash flows | – | 289,742 | (178) | 289,564 |

| | Redemption liabilities | Borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Other changes:** | | | | |
| New lease | – | – | 133 | 133 |
| Lease termination | – | – | (151) | (151) |
| Interest expenses | 1,000 | 21,410 | 2 | 22,412 |
| | 1,000 | 21,410 | (16) | 22,394 |
| At September 30, 2024 *(Unaudited)* | 17,673 | 1,438,144 | 67 | 1,455,884 |

| | Redemption liabilities | Borrowings | Lease liabilities | Total |
|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At January 1, 2025 | 18,007 | 1,112,130 | 67 | 1,130,204 |
| **Changes from financing cash flows:** | | | | |
| Proceeds from bank borrowings | – | 60,730 | – | 60,730 |
| Repayments of bank borrowings | – | (403,322) | – | (403,322) |
| Repayment of lease liabilities | – | – | (133) | (133) |
| Interest paid | – | (9,919) | (1) | (9,920) |
| Total changes from financing cash flows | – | (352,511) | (134) | (352,645) |
| **Other changes:** | | | | |
| New lease | – | – | 132 | 132 |
| Derecognition due to termination of redemption rights | (18,351) | – | – | (18,351) |
| Interest expenses | 344 | 9,919 | 1 | 10,264 |
| | (18,007) | 9,919 | 133 | (7,955) |
| At September 30, 2025 | – | 769,538 | 66 | 769,604 |

## 36. CAPITAL COMMITMENTS

**The Group**

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, the Group had outstanding capital commitments as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Contracted, but not provided for: | | | | |
| – Construction-in-progress | 847,726 | 88,246 | 90,277 | 71,903 |
| – Office equipment | 111 | 324 | 157 | 462 |
| | 847,837 | 88,570 | 90,434 | 72,365 |

**The Company**

As at December 31, 2022, 2023 and 2024 and as at September 30, 2025, the Company had outstanding capital commitments as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Authorised but not contracted for: | | | | |
| – Unpaid share capital of subsidiary | – | – | – | 55 |
| Contracted, but not provided for: | | | | |
| – Construction-in-progress | 847,726 | 88,246 | 90,277 | 71,903 |
| – Office equipment | 111 | 324 | 157 | 462 |
| | 847,837 | 88,570 | 90,434 | 72,420 |

## 37. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

**(a)** The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group:

| Name of related parties | Relationship with the Group |
|---|---|
| 費勉儀器科技(上海)有限公司 | Company subject to common significant influence |
| 無錫華潤微電子有限公司 | Company subject to common significant influence |
| 無錫華潤華晶微電子有限公司 | Company subject to common significant influence |

**(b)** The Group entered into the following related party transactions with related companies during the Track Record Period:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| **Related companies** | | | | | |
| Revenue | 8,408 | 20,729 | 25,841 | 14,805 | 22,997 |

The terms of the related party transactions carried out during the Track Record Period were mutually agreed by the Group and the related companies.

**(c) Balance with related parties**

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Trade and bills receivables** | | | | |
| 無錫華潤微電子有限公司 | – | 3,186 | 238 | – |
| 無錫華潤華晶微電子有限公司 | 1,897 | 541 | 8,762 | 451 |

All of the above related party balances are of trade nature.

**(d) Compensation of key management personnel of the Group**

The compensation of key management personnel of the Group during the Track Record Period represented the directors' emoluments as disclosed in Note 14(a) to the Historical Financial Information.

**38. SHARE-BASED PAYMENTS**

In December 2022, one of the then shareholders of the Company sold its shares to one of the employees of the Company, who is also the director of the Company, at a price below the fair value of the shares which was primarily established with reference to a recent equity transaction of the Company close to the transaction date. The share-based payment expenses of RMB28,575,000, which was the difference between the transaction price and the fair value, was charged to profit or loss of the Group during the year ended December 31, 2022.

On June 21, 2023, the Group granted 25,598,888 RSUs of the Company to 24 eligible employees at a subscription price of RMB1 per unit. According to the RSU scheme and employees' agreements, the vesting periods for 2,230,000 shares, 1,443,000 shares and 21,925,888 shares granted are nil, 3 years and 6 years, respectively, from the grant date. The shares with vesting period are subject to the Company's financial performance and individual performance assessment. The fair values of the shares of RMB70.38 per share granted were primarily established with reference to recent equity transaction of the Company close to the grant date.

On December 18, 2023, there is a modification of terms of RSUs, in which vesting period of all RSUs is 6 years, out of which 1,443,000 shares are subject to the Company's financial performance and individual performance assessment.

The fair values of the RSUs granted on June 21, 2023 and modified on December 18, 2023 were RMB1,801,650,000 and RMB1,801,650,000, respectively. During the years ended December 31, 2023 and 2024 and nine months ended September 30, 2024 and September 30, 2025, the Group recognized share-based payment expenses of RMB256,210,000, RMB154,249,000, RMB141,163,000 and RMB124,484,000, respectively.

**39. CAPITAL MANAGEMENT POLICIES AND PROCEDURES**

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debts which include total liabilities (which includes trade and bills payables, other payables and accruals, income tax payables, borrowings, lease liabilities, derivative financial liabilities, redemption liabilities and deferred tax liabilities) and total equity.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total liabilities divided by total equity. The gearing ratio were as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Total liabilities | 764,109 | 1,400,132 | 1,421,901 | 1,076,395 |
| Total equity | 583,502 | 1,464,167 | 2,813,484 | 2,977,464 |
| Gearing ratio | 131% | 96% | 51% | 36% |

## 40. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

### The Group

The following table shows the carrying amounts of financial assets and liabilities of the Group:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial assets** | | | | |
| *Financial assets at amortized cost:* | | | | |
| Trade receivables | 104,995 | 75,666 | 127,740 | 268,707 |
| Deposits and other receivables | 1,153 | 1,074 | 2,230 | 10,832 |
| Term deposits | 20,622 | 20,622 | – | – |
| Cash and cash equivalents | 274,417 | 549,521 | 2,030,653 | 1,832,787 |
| | 401,187 | 646,883 | 2,160,623 | 2,112,326 |
| *Financial assets at FVOCI:* | | | | |
| Bills receivable | 1,801 | 3,000 | 1,905 | 257 |
| **Financial liabilities** | | | | |
| *Financial liabilities measured at amortized cost:* | | | | |
| Trade and bills payables | 54,863 | 32,912 | 71,883 | 154,964 |
| Other payables and accruals, excluding other tax payables | 180,788 | 189,554 | 142,631 | 101,730 |
| Lease liabilities | 344 | 261 | 67 | 66 |
| Redemption liabilities | 213,637 | 16,673 | 18,007 | – |
| Borrowings | 313,188 | 1,126,992 | 1,112,130 | 769,538 |
| | 762,820 | 1,366,392 | 1,344,718 | 1,026,298 |
| *Financial liabilities at FVPL:* | | | | |
| Derivative financial instruments | – | – | – | 2,140 |

### The Company

The following table shows the carrying amounts of financial assets and liabilities of the Company:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial assets** | | | | |
| *Financial assets at amortized cost:* | | | | |
| Trade receivables | 104,995 | 75,666 | 63,666 | 67,161 |
| Deposits and other receivables | 1,153 | 1,074 | 2,116 | 10,723 |
| Amount due from a subsidiary | – | – | 210,709 | 421,229 |
| Term deposits | 20,622 | 20,622 | – | – |
| Cash and cash equivalents | 274,417 | 549,521 | 2,022,075 | 1,705,055 |
| | 401,187 | 646,883 | 2,298,566 | 2,204,168 |
| *Financial assets at FVOCI:* | | | | |
| Bills receivable | 1,801 | 3,000 | 902 | 257 |

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial liabilities** | | | | |
| *Financial liabilities measured at amortized cost:* | | | | |
| Trade and bills payables | 54,863 | 32,912 | 36,870 | 30,688 |
| Other payables and accruals, excluding other tax payables | 180,788 | 189,554 | 140,623 | 100,017 |
| Lease liabilities | 344 | 261 | – | – |
| Redemption liabilities | 213,637 | 16,673 | 18,007 | – |
| Borrowings | 313,188 | 1,126,992 | 1,076,142 | 769,538 |
| | 762,820 | 1,366,392 | 1,271,642 | 900,243 |
| Financial liabilities at FVPL: | | | | |
| Derivative financial instruments | – | – | – | 470 |

## 41. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The fair value hierarchy of financial instruments measured at fair value is provided below.

**The Group**

| | Level 2 | | | |
|---|---|---|---|---|
| | As at December 31, | | | As at September 30, |
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financial liabilities** | | | | |
| Derivative financial instruments (fair value through profit or loss) | – | – | – | 2,140 |

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

| Financial instrument | Valuation techniques used | Significant unobservable inputs (Level 3 only) | Inter-relationship between key unobservable inputs and fair value (Level 3 only) |
|---|---|---|---|
| **Derivative financial instruments** | Market approach Execution value quoted by banks with reference to the expected return of the underlying assets | Not applicable. | Not applicable. |

## 42. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk, liquidity risk, equity price risk and foreign currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management. The Group has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

### (a) Interest rate risk

The Group's interest-bearing financial instruments at variable rates as at December 31, 2022, 2023 and 2024 and as at September 30, 2025 are the cash at bank and term deposits except for fixed deposits, and the cash flow interest risk arising from the change of market interest rate on these balances of relatively short maturity is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates as at December 31, 2022, 2023 and 2024 and as at September 30, 2025 are fixed deposits, redemption liabilities and borrowings and the change of market interest rate does not expose the Group to fair value interest risk. The directors of the Company consider that the Group's exposure to interest rate risk is not significant and no sensitivity analysis of interest rate risk is presented.

### (b) Credit risk

The Group's credit risk is primarily attributable to its trade and bills receivables, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and bills receivables, deposits and other receivables, credit evaluations are performed on all debtors. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Trade and bills receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Concentrations of credit risk are managed by customer/counterparty and by geographical region. The Group had certain concentrations of credit risks as 68%, 0%, 26% and 12% of total trade receivables are due from largest customer as at December 31, 2022, 2023, 2024 and September 30, 2025. The directors carry a periodic review of the creditworthiness of these customers and consider that the exposure to such credit risk is minimal. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 42(b)(i). Other than above, the Group does not have any other significant concentration of credit risk.

**The Group**

***(i) Trade and bills receivables***

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs individually and collectively using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The bills receivable as at December 31, 2022, 2023, 2024 and as at September 30, 2025 were not yet past due. No loss allowance under the ECL model was recognized, as the credit risk on the bills receivable was considered insignificant.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

| | Current | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | Over 3 years | Individually assessed | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At December 31, 2022** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | 1% | N/A | 20% | N/A | N/A | N/A | |
| Gross carrying amount (RMB'000) | 95,613 | 9,051 | 213 | – | 1,465 | – | – | – | 106,342 |
| Loss allowance (RMB'000) | (956) | (96) | (2) | – | (293) | – | – | – | (1,347) |
| **At December 31, 2023** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | N/A | 5% | 20% | 50% | N/A | N/A | |
| Gross carrying amount (RMB'000) | 71,587 | 4,265 | – | 18 | 213 | 785 | – | – | 76,868 |
| Loss allowance (RMB'000) | (716) | (49) | – | (1) | (43) | (393) | – | – | (1,202) |
| **At December 31, 2024** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | 1% | N/A | 20% | 50% | 100% | N/A | |
| Gross carrying amount (RMB'000) | 71,878 | 54,459 | 2,782 | – | 18 | 213 | 785 | – | 130,135 |
| Loss allowance (RMB'000) | (719) | (752) | (28) | – | (4) | (107) | (785) | – | (2,395) |
| **At September 30, 2025** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | 1% | 34.0% | N/A | 100% | 100% | N/A | |
| Gross carrying amount (RMB'000) | 219,538 | 37,367 | 14,505 | 780 | – | 231 | 785 | – | 273,206 |
| Loss allowance (RMB'000) | (2,698) | (374) | (145) | (266) | – | (231) | (785) | – | (4,499) |

Expected loss rates are based on actual loss experience over the past 6 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance for impairment of trade receivables are as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| At the beginning of the year/period | 413 | 1,347 | 1,202 | 1,202 | 2,395 |
| Provision/(reversal of provision) for loss allowance | 934 | (145) | 1,193 | 179 | 2,104 |
| At the end of the year/period | 1,347 | 1,202 | 2,395 | 1,381 | 4,499 |

Changes in loss allowance for impairment of trade receivables during the Track Record Period were mainly contributed by the followings:

– For the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 *(unaudited)* and 2025, increase/(decrease) in the ending balances of trade receivables resulted in an increase/(decrease) in loss allowance of and RMB934,000, RMB(145,000), RMB1,193,000, RMB179,000 and RMB2,104,000, respectively.

*(ii) Deposits and other receivables*

In respect of deposits and other receivables, the Group has applied the general approach prescribed by IFRS 9, by measuring loss allowance at an amount equal to 12-month ECLs or lifetime ECLs for deposits and other receivables. To measure the ECLs, deposits and other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

As at the end of each reporting period, all deposits and other receivables are measured at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. The following table provides information about the Group's exposure to credit risk and ECLs for deposits and other receivables:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Gross carrying amount** | | | | |
| – Deposits and other receivables . . . | 1,214 | 1,131 | 2,347 | 10,961 |
| **Loss allowance** | | | | |
| – Deposits and other receivables . . . | 61 | 57 | 117 | 129 |

Movements in the loss allowance account for impairment of deposits and other receivables are as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| At the beginning of the year/period . . . . . | 94 | 61 | 57 | 57 | 117 |
| (Reversal of provision)/ provision for loss allowance . . . . . | (33) | (4) | 60 | 21 | 12 |
| At the end of the year/period. | 61 | 57 | 117 | 78 | 129 |

Changes in loss allowance for impairment of deposits and other receivables during the Track Record Period were mainly contributed by the followings:

– For the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 *(unaudited)* and 2025, (decrease)/increase in the ending balances of deposits and other receivables resulted in a (decrease)/increase in loss allowance of RMB(33,000), RMB(4,000), RMB60,000, RMB21,000 and RMB12,000, respectively.

*(iii) Cash and cash equivalents and term deposits*

In respect of the Group's cash and cash equivalents and term deposits, the directors of the Company consider the probability of default is low on these balances since the counterparties are financial institutions with high credit ratings or with good reputation.

**The Company**

***(i) Trade and bills receivables***

The Company measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs individually and collectively using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is not further distinguished between the Company's different customer bases. The bills receivable as at December 31, 2022, 2023, 2024 and as at September 30, 2025 were not yet past due. No loss allowance under the ECL model was recognized, as the credit risk on the bills receivable was considered insignificant.

The following table provides information about the Company's exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

| | Current | 1 to 3 months | 3 to 6 months | 6 months to 1 year | 1 to 2 years | 2 to 3 years | Over 3 years | Individually assessed | Total |
|---|---|---|---|---|---|---|---|---|---|
| **At December 31, 2022** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | 1% | N/A | 20% | N/A | N/A | N/A | |
| Gross carrying amount (RMB'000) | 95,613 | 9,051 | 213 | – | 1,465 | – | – | – | 106,342 |
| Loss allowance (RMB'000) | (956) | (96) | (2) | – | (293) | – | – | – | (1,347) |
| **At December 31, 2023** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | N/A | 5% | 20% | 50% | N/A | N/A | |
| Gross carrying amount (RMB'000) | 71,587 | 4,265 | – | 18 | 213 | 785 | – | – | 76,868 |
| Loss allowance (RMB'000) | (716) | (49) | – | (1) | (43) | (393) | – | – | (1,202) |
| **At December 31, 2024** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | 1% | N/A | 20% | 50% | 100% | N/A | |
| Gross carrying amount (RMB'000) | 22,307 | 39,372 | 2,718 | – | 18 | 213 | 785 | – | 65,413 |
| Loss allowance (RMB'000) | (323) | (501) | (27) | – | (4) | (107) | (785) | – | (1,747) |
| **At September 30, 2025** | | | | | | | | | |
| Expected loss rate (%) | 1% | 1% | 1% | N/A | N/A | 100% | 100% | N/A | |
| Gross carrying amount (RMB'000) | 57,048 | 9,199 | 1,428 | – | – | 231 | 785 | – | 68,691 |
| Loss allowance (RMB'000) | (408) | (92) | (14) | – | – | (231) | (785) | – | (1,530) |

Expected loss rates are based on actual loss experience over the past 6 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historical data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance for impairment of trade receivables are as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| At the beginning of the year/period | 413 | 1,347 | 1,202 | 1,202 | 1,747 |
| Provision/(reversal of provision) for loss allowance | 934 | (145) | 545 | 168 | (217) |
| At the end of the year/period | 1,347 | 1,202 | 1,747 | 1,370 | 1,530 |

Changes in loss allowance for impairment of trade receivables during the Track Record Period were mainly contributed by the followings:

– For the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 *(unaudited)* and 2025, increase/(decrease) in the ending balances of trade receivables resulted in an increase/(decrease) in loss allowance of and RMB934,000, RMB(145,000), RMB545,000, RMB168,000 and RMB(217,000), respectively.

***(ii) Deposits and other receivables***

In respect of deposits and other receivables, the Company has applied the general approach prescribed by IFRS 9, by measuring loss allowance at an amount equal to 12-month ECLs or lifetime ECLs for deposits and other receivables. To measure the ECLs, deposits and other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

As at the end of each reporting period, all deposits and other receivables are measured at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. The following table provides information about the Company's exposure to credit risk and ECLs for deposits and other receivables:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Gross carrying amount** | | | | |
| – Deposits and other receivables . . . | 1,214 | 1,131 | 2,227 | 10,838 |
| **Loss allowance** | | | | |
| – Deposits and other receivables . . . | 61 | 57 | 111 | 115 |

Movements in the loss allowance for impairment of deposits and other receivables are as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000 (Unaudited)* | *RMB'000* |
| At the beginning of the year/period . . . . . | 94 | 61 | 57 | 57 | 111 |
| (Reversal of provision)/ provision for loss allowance . . . . . | (33) | (4) | 54 | 21 | 4 |
| At the end of the year/period. | 61 | 57 | 111 | 78 | 115 |

Changes in loss allowance for impairment of deposits and other receivables during the Track Record Period were mainly contributed by the followings:

– For the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 *(unaudited)* and 2025, (decrease)/increase in the ending balances of deposits and other receivables resulted in a (decrease)/increase in loss allowance of RMB(33,000), RMB(4,000), RMB54,000, RMB21,000 and RMB4,000, respectively.

***(iii) Cash and cash equivalents and term deposits***

In respect of the Company's cash and cash equivalents and term deposits, the directors of the Company consider the probability of default is low on these balances since the counterparties are financial institutions with high credit ratings or with good reputation.

*(iv) Amount due from subsidiary*

The amount due from subsidiary is mainly trade nature. The Company measures loss allowances for amount due from subsidiary at an amount equal to lifetime ECLs individually and collectively using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is not further distinguished between the Company's different customer bases.

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current** | | | | |
| Gross carrying amount | – | – | 213,201 | 423,142 |
| Loss allowance | – | – | 2,492 | 1,913 |

Movements in the loss allowance for impairment of amount due from subsidiary is as follows:

| | Year ended December 31, | | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* *(Unaudited)* | *RMB'000* |
| At the beginning of the year/period | – | – | – | – | 2,492 |
| Provision/(reversal of provision) for loss allowance | – | – | 2,492 | 445 | (579) |
| At the end of the year/period | – | – | 2,492 | 445 | 1,913 |

Changes in loss allowance for impairment of amount due from subsidiary during the Track Record Period were mainly contributed by the followings:

– For the years ended December 31, 2022, 2023 and 2024 and nine months ended September 30, 2024 *(unaudited)* and 2025, (decrease)/increase in the ending balances of amount due from subsidiary resulted in a (decrease)/increase in loss allowance of nil, nil and RMB2,492,000, RMB445,000 and RMB(579,000), respectively.

**(c) Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amounts are derived from current interest rate at the end of each reporting period.

**The Group**

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2022** | | | | | | |
| Trade and bills payables | 54,863 | 54,863 | 54,863 | – | – | – |
| Other payables and accruals | 180,788 | 180,788 | 180,788 | – | – | – |
| Lease liabilities | 344 | 350 | 350 | – | – | – |
| Redemption liabilities | 213,637 | 213,637 | 213,637 | – | – | – |
| Borrowings | 313,188 | 334,822 | 151,178 | 76,246 | 107,398 | – |
| | 762,820 | 784,460 | 600,816 | 76,246 | 107,398 | – |

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2023** | | | | | | |
| Trade and bills payables | 32,912 | 32,912 | 32,912 | – | – | – |
| Other payables and accruals | 189,554 | 189,554 | 189,554 | – | – | – |
| Lease liabilities | 261 | 263 | 263 | – | – | – |
| Redemption liabilities | 16,673 | 16,673 | 16,673 | – | – | – |
| Borrowings | 1,126,992 | 1,240,896 | 349,062 | 246,995 | 385,872 | 258,967 |
| | 1,366,392 | 1,480,298 | 588,464 | 246,995 | 385,872 | 258,967 |

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2024** | | | | | | |
| Trade and bills payables | 71,883 | 71,883 | 71,883 | – | – | – |
| Other payables and accruals | 142,631 | 142,631 | 142,631 | – | – | – |
| Lease liabilities | 67 | 67 | 67 | – | – | – |
| Redemption liabilities | 18,007 | 18,007 | 18,007 | – | – | – |
| Borrowings | 1,112,130 | 1,244,892 | 335,835 | 163,592 | 465,163 | 280,302 |
| | 1,344,718 | 1,477,480 | 568,423 | 163,592 | 465,163 | 280,302 |

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at September 30, 2025** | | | | | | |
| Trade and bills payables | 154,964 | 154,964 | 154,964 | – | – | – |
| Other payables and accruals | 101,730 | 101,730 | 101,730 | – | – | – |
| Lease liabilities | 66 | 66 | 66 | – | – | – |
| Derivative financial instruments | 2,140 | 2,140 | 2,140 | – | – | – |
| Borrowings | 769,538 | 877,765 | 91,075 | 95,710 | 613,309 | 77,671 |
| | 1,028,438 | 1,136,665 | 349,975 | 95,710 | 613,309 | 77,671 |

**The Company**

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2022** | | | | | | |
| Trade and bills payables | 54,863 | 54,863 | 54,863 | – | – | – |
| Other payables and accruals | 180,788 | 180,788 | 180,788 | – | – | – |
| Lease liabilities | 344 | 350 | 350 | – | – | – |
| Redemption liabilities | 213,637 | 213,637 | 213,637 | – | – | – |
| Borrowings | 313,188 | 334,822 | 151,178 | 76,246 | 107,398 | – |
| | 762,820 | 784,460 | 600,816 | 76,246 | 107,398 | – |

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2023** | | | | | | |
| Trade and bills payables | 32,912 | 32,912 | 32,912 | – | – | – |
| Other payables and accruals | 189,554 | 189,554 | 189,554 | – | – | – |
| Lease liabilities | 261 | 263 | 263 | – | – | – |
| Redemption liabilities | 16,673 | 16,673 | 16,673 | – | – | – |
| Borrowings | 1,126,992 | 1,240,896 | 349,062 | 246,995 | 385,872 | 258,967 |
| | 1,366,392 | 1,480,298 | 588,464 | 246,995 | 385,872 | 258,967 |

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at December 31, 2024** | | | | | | |
| Trade and bills payables | 36,870 | 36,870 | 36,870 | – | – | – |
| Other payables and accruals | 140,623 | 140,623 | 140,623 | – | – | – |
| Redemption liabilities | 18,007 | 18,007 | 18,007 | – | – | – |
| Borrowings | 1,076,142 | 1,208,904 | 299,847 | 163,592 | 465,163 | 280,302 |
| | 1,271,642 | 1,404,404 | 495,347 | 163,592 | 465,163 | 280,302 |

| | Carrying amount | Total contractual undiscounted cash flows | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **As at September 30, 2025** | | | | | | |
| Trade and bills payables | 30,688 | 30,688 | 30,688 | – | – | – |
| Other payables and accruals | 100,017 | 100,017 | 100,017 | – | – | – |
| Derivative financial instruments | 470 | 470 | 470 | – | – | – |
| Borrowings | 769,538 | 877,765 | 91,075 | 95,710 | 613,309 | 77,671 |
| | 900,713 | 1,008,940 | 222,250 | 95,710 | 613,309 | 77,671 |

**(d) Foreign currency risk**

**The Group**

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has foreign currency exposures. Such exposures arise from the balances of assets and liabilities in currencies other than the group entities' functional currency. The carrying amounts of the foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Assets** | | | | |
| EURO ("EUR") | 8,985 | 344 | – | – |
| United state dollars ("USD") | 8,626 | 427,236 | 1,155,815 | 1,336,922 |
| | 17,611 | 427,580 | 1,155,815 | 1,336,922 |
| **Liabilities** | | | | |
| EUR | 26,322 | 48,969 | 41,768 | 31,505 |
| USD | 28,402 | 7,908 | 1,748 | – |
| | 54,724 | 56,877 | 43,516 | 31,505 |

Management monitors foreign currency exposure by closely monitoring the movements of foreign currency rates. Management has set up a policy to require the group entities to manage their foreign exchange risk against their respective functional currency.

The following table indicates the approximate change in the Group's profit before tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period. A positive number below indicates an increase in profit before tax where the RMB strengthens against the relevant currency. For a weakening of the RMB against the relevant currency, there would be an equal and opposite impact on the profit before tax, and the balances below would be negative. The 5% change in foreign exchange rate is used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible changes in foreign exchange rates.

The following sensitivity analysis has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the reporting year/period and held constant throughout the year/period.

| | As at December 31, | | | | | | As at September 30, | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2025 | |
| | Increase/(decrease) in profit before tax | | Increase/(decrease) in profit before tax | | Increase/(decrease) in profit before tax | | Increase/(decrease) in profit before tax | |
| | EUR | USD | EUR | USD | EUR | USD | EUR | USD |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Changes in exchange rate:** | | | | | | | | |
| RMB appreciates by 5% against the foreign currencies | 867 | 989 | 2,431 | (20,966) | 2,088 | (57,703) | 1,575 | (66,846) |
| RMB depreciates by 5% against the foreign currencies | (867) | (989) | (2,431) | 20,966 | (2,088) | 57,703 | (1,575) | 66,846 |

**The Company**

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has foreign currency exposures. Such exposures arise from the balances of assets and liabilities in currencies other than the Company's functional currency. The carrying amounts of the foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

| | As at December 31, | | | As at September 30, |
|---|---|---|---|---|
| | 2022 | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Assets** | | | | |
| EUR | 8,985 | 344 | – | – |
| USD | 8,626 | 427,236 | 1,102,345 | 1,120,533 |
| | 17,611 | 427,580 | 1,102,345 | 1,120,533 |
| **Liabilities** | | | | |
| EUR | 26,322 | 48,969 | 41,768 | 31,505 |
| USD | 28,402 | 7,908 | 1,748 | – |
| | 54,724 | 56,877 | 43,516 | 31,505 |

Management monitors foreign currency exposure by closely monitoring the movements of foreign currency rates. Management has set up a policy to require the Company to manage their foreign exchange risk against their respective functional currency.

The following table indicates the approximate change in the Company's profit before tax in response to reasonably possible changes in the foreign exchange rates to which the Company has significant exposure at the end of the reporting period. A positive number below indicates an increase in profit before tax where the RMB strengthens against the relevant currency. For a weakening of the RMB against the relevant currency, there would be an equal and opposite impact on the profit before tax, and the balances below would be negative. The 5% change in foreign exchange rate is used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible changes in foreign exchange rates.

The following sensitivity analysis has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the reporting year/period and held constant throughout the year/period.

| | As at December 31, | | | | | | As at September 30, | |
|---|---|---|---|---|---|---|---|---|
| | 2022 | | 2023 | | 2024 | | 2025 | |
| | Increase/(decrease) in profit before tax | | Increase/(decrease) in profit before tax | | Increase/(decrease) in profit before tax | | Increase/(decrease) in profit before tax | |
| | EUR | USD | EUR | USD | EUR | USD | EUR | USD |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Changes in exchange rate:** | | | | | | | | |
| RMB appreciates by 5% against the foreign currencies | 867 | 989 | 2,431 | (20,966) | 2,088 | (55,030) | 1,575 | (56,027) |
| RMB depreciates by 5% against the foreign currencies | (867) | (989) | (2,431) | 20,966 | (2,088) | 55,030 | (1,575) | 56,027 |

## 43. CONTINGENCIES

During the years ended December 31, 2022, 2023, 2024 and nine months ended September 30, 2025, there were ongoing disputes and legal proceeding between Xiamen Dangfeng Technology Co., Ltd. ("**Dangfeng Technology**"), one of the shareholders of the Company, and Zhu Xiaomin (朱曉閩), an independent third party, as to the shareholding of Dangfeng Technology in the Company. Zhu Xiaomin brought a legal action against Dangfeng Technology and the Company, pursuant to which he alleged that Dangfeng Technology held certain shares in the Company on trust for him, representing approximately 0.12% of the total issued share capital. As of December 31, 2024, such legal action was still ongoing and has not yet been settled. The court dismissed Zhu Xiaomin's claims in the first instance in April 2025 and Zhu Xiaomin filed an appeal in May 2025. Considering (i) as confirmed by the PRC legal adviser of the Company, the Company will not be subject to cash or share payment obligations as a result of such legal proceeding, and (ii) the shares in dispute only account for 0.12% of the total issued share capital, which have no control or influence in the daily operation of the Company, the directors of the Company are of the view that the dispute will not have a material adverse impact on the financial position and operation of the Group. Subsequent to the filing of the appeal in May 2025, the Xiamen Intermediate People's Court conducted a hearing in June 2025 and issued a final judgment in July 2025. The Court rejected Zhu Xiaomin's request to be registered as a formal shareholder of the Company on its official register.

As of September 30, 2025, there were no significant contingency items for the Group and the Company.

## 44. SUBSEQUENT EVENT

There was no material event subsequent to the Track Record Period to be disclosed.

## 45. SUBSEQUENT FINANCIAL INFORMATION

No audited financial statements have been prepared by the Group and the Company or any of the companies comprising the Group in respect of any period subsequent to September 30, 2025.

## (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 attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set forth here 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 September 30, 2025 as if the Global Offering had taken place on September 30, 2025.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated financial position or results of the Group as of September 30, 2025 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net assets of the Group attributable to owners of the Company as of September 30, 2025 as set out in the Accountants' Report on historical financial information of the Group, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below.

| | **Consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025** | **Estimated net proceeds from the Global Offering** | **Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025** | **Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 per Share** | |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB* | *HK$* |
| | *(Note 1)* | *(Note 2)* | | *(Note 3)* | |
| Based on Offer Price of HK$76.26 per H Share . . . | 2,975,646 | 1,441,768 | 4,417,414 | 10.38 | 11.37 |

*Notes:*

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 is extracted from the Accountants' Report set out in Appendix I to this Prospectus, which is based on the audited consolidated net assets of our Group attributable to owners of the Company as of September 30, 2025 of approximately RMB2,977,464,000 with an adjustment for intangible assets as of September 30, 2025 of approximately RMB1,818,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$76.26 per Offer Share, after deduction of the estimated underwriting fees and other related expenses paid or payable by the Company, excluding the listing expenses that have been charged to profit or loss during the Track Record Period.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 per Share is calculated based on a total of 425,584,810 Shares in issue immediately following the completion of the Global Offering.

(4) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets, the translation of Renminbi amounts into Hong Kong dollars has been made at a rate of RMB0.9130 to HK$1.00 as at September 30, 2025. No representation is made that Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at that rate.

(5) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of September 30, 2025 to reflect any trading or other transactions of the Group entered into subsequent to September 30, 2025.

## (B) REPORT FROM REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

BDO

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

### INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

**To the directors of Epiworld International Co., Ltd**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Epiworld International Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets as at September 30, 2025 and related notes as set out on pages II-1 to II-2 of Appendix II to the Company's prospectus dated March 20, 2026 (the "**Prospectus**") in connection with the proposed initial public offering of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Global Offering**"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages II-1 to II-2 of Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering on the Group's consolidated financial position as at September 30, 2025 as if the Global Offering had taken place at September 30, 2025. As part of this process, information about the Group's consolidated financial position has been extracted by the Directors from the Group's historical financial information for nine months ended September 30, 2025, on which an accountants' report set out in Appendix I to the Prospectus has been published.

**Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the unaudited 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 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars ("**AG 7**") 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" 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 (HKSQM) 1, Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements issued by the HKICPA, 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 unaudited 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 unaudited 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, issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 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 unaudited 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 unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or 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 Global Offering at September 30, 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited 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 unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited 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 unaudited pro forma financial information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**BDO Limited**
*Certified Public Accountants*
Hong Kong
March 20, 2026

*The following is the preliminary financial information of our Group as of and for the year ended December 31, 2025 (the "**2025 Preliminary Financial Information**"), together with comparative financial information as of and for the year ended December 31, 2024 and a discussion of changes in our financial condition and results of operations between the two periods. The 2025 Preliminary Financial Information has been prepared based on the unaudited consolidated financial statements of the Group prepared in accordance with IFRS Accounting Standards. The 2025 Preliminary Financial Information does not constitute the audited consolidated financial statements of the Group for the year ended December 31, 2025 (the "**2025 Consolidated Financial Statements**"). The 2025 Preliminary Financial Information was not audited. Investors should bear in mind that the 2025 Preliminary Financial Information in this appendix may be subject to adjustments.*

## BUSINESS REVIEW AND OUTLOOK

We are a global leader in the SiC epitaxy industry. According to CIC, since 2023, we have been the world's largest SiC epitaxial foundry by annual sales volume, with a market share exceeding 30% in 2024.

Our deep knowledge of SiC epitaxy technology enables us to stay at the frontline of the SiC epitaxy industry and provide high quality and reliable products to our customers. We were the first in the world to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers and the first in China to commercialize and mass-produce 3-inch, 4-inch, 6-inch, and 8-inch SiC epitaxial wafers. We led the writing and establishment of the world's first and only Semiconductor Equipment and Materials International (SEMI) industry standard for SiC epitaxy. In 2024, our cumulative sales, combining sales under Turnkey and Consign models, exceeded 164,000 SiC epitaxial wafers. During the Track Record Period, we have delivered a total of over 599,700 SiC epitaxial wafers.

During the Track Record Period, we had 134 customers. Our customers included four of the world's top five SiC power device providers and eight of the top ten power device providers, according to CIC. SiC power devices fabricated using our epitaxial wafers exhibit stable performance in high-temperature and high-power use. Our customers utilize our SiC epitaxy wafers to manufacture their products, typically power devices, for a wide range of downstream industrial applications, such as EVs, charging infrastructure, renewable energy, ESS, as well as emerging applications such as home appliances, AI computing power and data centers, smart grids, and eVTOL. For example, our products can be adopted in EVs to enable smaller, lighter and more power-efficient devices such as 800V powertrains, particularly in inverters and converters. This application allows high-voltage operations with minimal energy loss for EVs, which translate into longer range, faster charging and reduced cooling demands. During the Track Record Period, we acquired new customers primarily through active market engagement efforts, including participation in industry exhibitions and academic conferences, as well as through customer referrals. Our technical expertise, large production capacity,

reliable quality control procedure, consistent delivery, and reliable customer services have earned us long-term recognition and loyalty from customers. These qualities not only strengthen customer retention but also provide us with unique growth opportunities.

Since December 31, 2025 and up to the date of this Prospectus, to the best of our knowledge, (i) there has been no material adverse change in our financial or operational position; and (ii) there has been no material adverse change in our business, the industry in which we operate and/or market or regulatory environment to which we are subject.

**Year Ended December 31, 2025 Compared to Year Ended December 31, 2024**

***Revenue***

Our revenue decreased by 21.4% from RMB974.3 million in 2024 to RMB765.3 million in 2025, primarily due to the decrease in our revenue from Turnkey service.

By type of service, revenue from Turnkey service decreased from RMB839.6 million in 2024 to RMB695.9 million in 2025, primarily due to our competitive pricing strategies, in response to the general downward pricing trend across the industry. Revenue generated from Consign service decreased from RMB121.1 million in 2024 to RMB27.6 million in 2025, primarily due to the decrease in our sales volume under Consign service as certain of our major customers experienced fluctuations in their business operations.

By region, revenue from Asia slightly increased from RMB672.4 million in 2024 to RMB679.0 million in 2025, primarily due to our robust domestic sales. The revenue from Europe decreased from RMB268.9 million in 2024 to RMB69.6 million in 2025, primarily due to weakened demand following production cuts by certain customers.

***Cost of Sales***

Our cost of sales decreased by 10.4% from RMB642.0 million in 2024 to RMB575.4 million in 2025, primarily attributable to the decrease in the costs of our raw materials, reflecting the decreases in the price of our key raw materials.

***Gross Profit and Gross Profit Margin***

As a result of the foregoing, our gross profit decreased by 42.9% from RMB332.3 million in 2024 to RMB189.9 million in 2025, and our gross profit margin decreased from 34.1% in 2024 to 24.8% in 2025, primarily attributable to our strategic adjustments in our pricing and sales to consolidate our market share, resulting in a lower gross margin profile.

***Other Income and Other Gains, Net***

Our other income slightly decreased from RMB168.4 million in 2024 to RMB166.0 million in 2025, primarily due to a relatively large amount of net exchange loss.

***Selling and Distribution Expenses***

Our selling and marketing expenses increased from RMB5.5 million in 2024 to RMB10.8 million in 2025, primarily due to the increase in sample costs as a result of our active marketing and business development activities, as well as the increase in employee expenses.

***Administrative and Other Expenses***

Our general and administrative expenses increased by 18.5% from RMB175.6 million in 2024 to RMB208.1 million in 2025, primarily due to the listing expenses we incurred.

***Research and Development Expenses***

Our R&D expenses slightly decreased from RMB80.0 million in 2024 to RMB74.9 million in 2025, primarily attributable to the decrease in material costs resulted from price reduction of materials we use.

***Impairment Loss on Financial Assets, Net***

Our impairment losses on financial assets increased from RMB1.3 million in 2024 to RMB2.7 million in 2025, primarily attributable to the higher balance of our trade and bills receivables.

***Finance Costs***

Our finance costs decreased from RMB30.2 million in 2024 to RMB24.9 million in 2025, primarily due to our repayment of borrowings.

***Income Tax Expenses***

Our income tax expenses decreased from RMB43.1 million in 2024 to RMB22.6 million in 2025, primarily due to the decrease in our taxable profits.

***Profit for the Year***

As a result of the foregoing, the recorded profit of the year narrowed from RMB165.1 million in 2024 to RMB11.9 million in 2025. This significant decrease is primarily because our average selling prices of SiC epitaxial wafers continued to decrease in 2025 as compared to 2024, squeezing our revenue and gross profit and leading to net loss for the fourth quarter. To

a lesser extent, our share-based payment expenses remained a large amount of ongoing expense as we provide long-term incentive programs to employees to motivate and retain talent; and we incurred substantially higher listing expenses in 2025, whereas the listing expenses in 2024 was relatively minimal.

## DISCUSSION OF CERTAIN ITEMS IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Current Assets/Liabilities

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Current assets** | | |
| Inventories | 247,640 | 305,514 |
| Trade and bills receivables | 129,645 | 354,589 |
| Prepayments, deposits and other receivables | 7,468 | 17,514 |
| Value-added tax (VAT) recoverable | 33,259 | 39,446 |
| Term deposits | – | 611,677 |
| Cash and cash equivalents | 2,030,653 | 1,213,993 |
| **Total current assets** | **2,448,665** | **2,542,733** |
| **Current liabilities** | | |
| Trade and bills payables | 71,883 | 163,655 |
| Other payables and accruals | 145,089 | 109,262 |
| Contract liabilities | 6,795 | 186 |
| Derivative financial instruments | – | 2,812 |
| Lease liabilities | 67 | 67 |
| Borrowings | 303,536 | 162,451 |
| Redemption liabilities | 18,007 | – |
| Income tax payable | 59,765 | 37,271 |
| **Total current liabilities** | **605,142** | **475,704** |
| **Net current assets** | **1,843,523** | **2,067,029** |

Our net current assets increased from RMB1,843.5 million as of December 31, 2024 to RMB2,067.0 million as of December 31, 2025 primarily due to (i) the decrease of our borrowings of RMB141.1 million, and (ii) the increase of our trade and bills receivables of RMB224.9 million.

## ANALYSIS OF SELECTED ITEMS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### Assets

#### *Inventories*

Our inventories comprise of raw materials, finished goods and work in progress. Our raw materials mainly include substrates and other accessory materials, graphite components and gases. The following table sets forth the carrying amount of our inventories as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Inventories** | | |
| Raw materials | 196,416 | 250,237 |
| Finished goods | 46,255 | 58,660 |
| Work in progress | 11,169 | 16,738 |
| | 253,840 | 325,635 |
| Write-down of inventories to net realizable value | (6,200) | (20,121) |
| **Total** | **247,640** | **305,514** |

Our inventories increased from RMB247.6 million as of December 31, 2024 to RMB305.5 million as of December 31, 2025, primarily due to our strategic storage in light of our sales increase during the second half of 2025.

The following table sets forth the aging analysis of our inventory after deduction of provision as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Inventories** | | |
| Within 1 year | 103,453 | 179,642 |
| 1-2 years | 134,649 | 18,688 |
| 2-3 years | 8,240 | 102,847 |
| Over 3 years | 1,298 | 4,337 |
| **Total** | **247,640** | **305,514** |

***Trade and Bills Receivables***

Trade and bills receivables are amounts due for goods sold in the ordinary course of business.

Our trade and bills receivables increased from RMB129.6 million as of December 31, 2024 to RMB354.6 million as of December 31, 2025, primarily due to our sales increase in the third and fourth quarter of 2025, leading to a high closing balance of receivables to be settled.

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Trade and bills receivables** | | |
| Trade receivables | 130,135 | 342,473 |
| Bills receivable | 1,905 | 17,080 |
| | 132,040 | 359,553 |
| Less: impairment loss allowance | (2,395) | (4,964) |
| **Total** | **129,645** | **354,589** |

The following table sets forth an aging analysis of our trade receivables as of the dates indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Trade and bills receivables** | | |
| Within 3 months | 123,752 | 234,412 |
| 3 months to 6 months | 1,151 | 107,289 |
| 6 months to 1 year | 4,635 | 12,888 |
| 1-2 years | 14 | – |
| 2-3 years | 93 | – |
| **Total** | **129,645** | **354,589** |

***Prepayments, Deposits and Other Receivables***

Our prepayments, deposits and other receivables comprise of (i) prepayments, (ii) deposits and other receivables and (iii) consulting fees and offset by impairment loss allowance. The following table sets forth a breakdown of our prepayments, deposits and other receivables as of the years indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Prepayments, deposits and other receivables** | | |
| Prepayments | 5,238 | 4,213 |
| Deposits and other receivables | 2,347 | 5,805 |
| Prepaid listing expenses and deferred issue costs | – | 7,786 |
| | 7,585 | 17,804 |
| Less: Impairment loss allowance | (117) | (290) |
| **Total** | **7,468** | **17,514** |

Our prepayments, deposits and other receivables increased from RMB7.5 million as of December 31, 2024 to RMB17.5 million as of December 31, 2025, primarily due to the prepaid listing expenses and deferred issue costs in relation to the Listing.

**Equity and Liabilities**

***Trade and Bills Payables***

Our trade and bills payables are short-term in nature and hence, the carrying amount of trade and bills payables are considered to approximate to their fair value. Our trade and bills payables increased from RMB71.9 million as of December 31, 2024 to RMB163.7 million as of December 31, 2025, primarily due to our increased procurement scale to accommodate our sales growth, especially during the second half of 2025.

The following table sets forth our trade and bills payables as of the years indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Trade and bills payables** | | |
| Trade payables | 46,781 | 163,655 |
| Bills payables | 25,102 | – |
| **Total** | **71,883** | **163,655** |

The following table sets forth an aging analysis of our trade and bills payables as of the years indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Trade and bills payables** | | |
| Within 1 year | 71,538 | 162,873 |
| 1-2 years | 104 | 437 |
| Over 2 years | 241 | 345 |
| **Total** | **71,883** | **163,655** |

***Other Payables and Accruals***

Our other payables and accruals primarily represent (i) construction payables, (ii) accruals, (iii) other tax payables and (iv) other payables, primarily representing the accrued employee compensation. The following table sets forth our other payables and accruals as of the years indicated:

| | As of December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Other payables and accruals** | | |
| Construction payables | 130,159 | 93,207 |
| Accruals | 11,415 | 12,647 |
| Other tax payables | 2,458 | 2,922 |
| Other payables | 1,057 | 486 |
| **Total** | **145,089** | **109,262** |

Our other payables and accruals decreased from RMB145.1 million as of December 31, 2024 to RMB109.3 million as of December 31, 2025, primarily due to the settlement of our construction payables.

**Borrowings**

As of December 31, 2025, we had bank borrowings of RMB886.7 million, among which RMB528.4 million were pledged by our property, plant and equipment. As of December 31, 2025, the effective interest rate of our borrowings ranged from 2.32% to 2.60%. The interest should be paid quarterly or semi-annually and the principal should be repaid semi-annually before 2032. These borrowings are for general business operation purposes.

**Dividends**

No dividend has been paid or declared by us in 2024 and 2025. No dividend or distribution has been declared, made or paid by us or any of the subsidiaries in respect of any period subsequent to December 31, 2025.

**INDEBTEDNESS**

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

| | Year Ended December 31, | |
|---|---|---|
| | **2024** | **2025** |
| | *(RMB in thousands)* | |
| | | *(unaudited)* |
| **Current** | | |
| Redemption liabilities | 18,007 | – |
| Borrowings | 303,536 | 162,451 |
| Lease liabilities | 67 | 67 |
| **Non-Current** | | |
| Borrowings | 808,594 | 724,210 |
| **Total** | **1,130,204** | **886,728** |

Our borrowings amounted to RMB1,130.2 million and RMB886.7 million as of December 31, 2024 and 2025, respectively. As of December 31, 2024 and 2025, RMB555.2 million and RMB528.4 million of our borrowings were secured. We had unsecured borrowings of RMB556.9 million and RMB358.3 million as of December 31, 2024 and 2025, respectively.

Except as discussed above, we had no outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance lease or hire purchase commitments, guarantees or other

contingent liabilities or any covenant in connection therewith as of January 31, 2026, being our indebtedness statement date. After due and careful consideration, our Directors confirm that there had been no material change in our indebtedness since January 31, 2026 and up to the Latest Practicable Date.

## KEY FINANCIAL RATIO

The following table sets forth some of our key financial ratios for the dates indicated.

| | As of and Years Ended December 31, | |
|---|---|---|
| | 2024 | 2025 |
| | | *(unaudited)* |
| Gross profit margin[(1)] | 34.1% | 24.8% |
| Current ratio[(2)] | 4.0 | 5.3 |
| Quick ratio[(3)] | 3.6 | 4.7 |
| Debt-to-asset ratio[(4)] | 37.5% | 33.5% |

*Notes:*

(1) Gross profit margin is calculated using gross profit for the year/period divided by revenue for the year/period and multiplied by 100%.

(2) Current ratio equals current assets divided by current liabilities as of the relevant year/period end.

(3) Quick ratio equals current assets excluding inventories divided by current liabilities as of the relevant year/period end.

(4) Debt-to-Asset Ratio equals total liabilities divided by total assets multiplied by 100%.

## DISCLOSURE ABOUT MARKET RISK

See "Financial Information — Quantitative and Qualitative Disclosure about Market Risk" in this Prospectus for further information.

## CODE ON CORPORATE GOVERNANCE PRACTICES

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules was not applicable to us during such period. After the Listing, we will comply with all the code provisions set forth in the Corporate Governance Code.

## REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

The unaudited financial information in respect of our consolidated statement of financial position, consolidated statement of profit and loss and other comprehensive income and the related notes thereto for the year ended December 31, 2025 as set out in the 2025 Preliminary Financial Information above has been agreed by the Reporting Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year ended December 31, 2025 following their work under Practice Note 730 (Revised) "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The work performed by the Reporting Accountants in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by the Reporting Accountants on the 2025 Preliminary Financial Information.

## PURCHASE, SALE OR REDEMPTION OF OUR COMPANY'S SHARES

Since we were not yet listed on the Stock Exchange in during the year ended December 31, 2025, this disclosure requirement is not applicable to us.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*(Expressed in Renminbi unless otherwise indicated)*

| | Notes | Year ended December 31, 2025 | Year ended December 31, 2024 |
|---|---|---|---|
| | | *RMB'000 (Unaudited)* | *RMB'000* |
| **REVENUE** | *5* | **765,333** | **974,316** |
| Cost of sales | | (575,423) | (642,007) |
| **Gross profit** | | **189,910** | **332,309** |
| Other income and other gains and losses, net | *6* | 165,969 | 168,402 |
| Selling and distribution expenses | | (10,807) | (5,513) |
| Administrative and other expenses | | (208,095) | (175,575) |
| Research and development costs | | (74,874) | (79,992) |
| Impairment loss on financial assets, net | *7* | (2,742) | (1,253) |
| Finance costs | | (24,865) | (30,197) |
| **PROFIT BEFORE TAX** | *7* | **34,496** | **208,181** |
| Income tax expense | *8* | (22,608) | (43,114) |
| **PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **11,888** | **165,067** |
| **Earnings per share (RMB) attributable to owners of the Company** | | | |
| Basic and diluted | *10* | 0.03 | 0.43 |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Notes | As at December 31, 2025 | As at December 31, 2024 |
|---|---|---|---|
| | | *RMB'000 (Unaudited)* | *RMB'000* |
| **ASSETS AND LIABILITIES** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 1,965,325 | 2,047,566 |
| Right-of-use assets | | 77 | 77 |
| Intangible assets | | 1,414 | 2,075 |
| Prepayments for acquisition of property, plant and equipment | | 6,566 | 1,582 |
| Deferred tax assets | | 2,945 | 49 |
| Other non-current assets | | 4,801 | 2,930 |
| **Total non-current assets** | | **1,981,128** | **2,054,279** |
| **Current assets** | | | |
| Inventories | | 305,514 | 247,640 |
| Trade and bills receivables | *11* | 354,589 | 129,645 |
| Prepayments, deposits and other receivables | *12* | 17,514 | 7,468 |
| Value-added tax ("VAT") recoverable | | 39,446 | 33,259 |
| Term deposits | | 611,677 | – |
| Cash and cash equivalents | | 1,213,993 | 2,030,653 |
| **Total current assets** | | **2,542,733** | **2,448,665** |
| **Current liabilities** | | | |
| Trade and bills payables | *13* | 163,655 | 71,883 |
| Other payables and accruals | *14* | 109,262 | 145,089 |
| Contract liabilities | | 186 | 6,795 |
| Lease liabilities | | 67 | 67 |
| Borrowings | *15* | 162,451 | 303,536 |
| Derivative financial instruments | *17* | 2,812 | – |
| Redemption liabilities | *18* | – | 18,007 |
| Income tax payable | | 37,271 | 59,765 |
| **Total current liabilities** | | **475,704** | **605,142** |
| **Net current assets** | | **2,067,029** | **1,843,523** |
| **TOTAL ASSETS LESS CURRENT LIABILITIES** | | **4,048,157** | **3,897,802** |
| **Non-current liabilities** | | | |
| Borrowings | *15* | 724,210 | 808,594 |
| Deferred revenue | *16* | 313,367 | 260,764 |
| Deferred tax liabilities | | 877 | 14,960 |
| **Total non-current liabilities** | | **1,038,454** | **1,084,318** |
| **Net assets** | | **3,009,703** | **2,813,484** |
| **EQUITY** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | 404,093 | 404,093 |
| Reserves | | 2,605,610 | 2,409,391 |
| **TOTAL EQUITY** | | **3,009,703** | **2,813,484** |

## NOTES TO THE 2025 PRELIMINARY FINANCIAL INFORMATION

*(Expressed in Renminbi unless otherwise indicated)*

### 1. GENERAL INFORMATION

Epiworld International Co., Ltd. (the "**Company**") is a limited liability company incorporated in the People's Republic of China (the "**PRC**") on March 31, 2011. The registered office address and principal place of business of the Company is located at No. 198-1 Shitou Dong'er Road., Tongxiang High-tech Park, Xiamen Torch Development Zone for High Technology Industries, Xiamen 361101, Fujian, the PRC.

The Company and its subsidiaries (collectively referred as the "**Group**") are principally engaged in the manufacturing and sale of silicon carbide ("SiC") epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service in the PRC.

At the date of the prospectus (the "Prospectus") issued in connection with the initial listing of the Company's shares (the "Listing"), Dr. Zhao Jianhui (趙建輝) is the largest shareholder of the Company (the "Controlling Shareholder").

### 2. MATERIAL ACCOUNTING POLICIES

#### 2.1 Statement of compliance

The 2025 Preliminary Financial Information comprises the Company and its subsidiaries. The 2025 Preliminary Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). The 2025 Consolidated Financial Statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

The 2025 Preliminary Financial Information is presented in Renminbi ("**RMB**") and all amounts have been rounded to the nearest thousand ("**RMB'000**"), unless otherwise stated.

The basis of preparation and presentation of the 2025 Consolidated Financial Statements and a summary of material accounting policies adopted by the Group in preparing the 2025 Consolidated Financial Statements are set out in Note 4 to the Accountants' Report in Appendix I to the Prospectus.

#### 2.2 Basis of measurement

The 2025 Preliminary Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out in Note 4 to the Accountants' Report in Appendix I to the Prospectus.

### 3. NEW OR AMENDMENTS TO STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or amendments to standards, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[1] |
| Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7 | Annual Improvements to IFRS Accounting Standards – Volume 11[1] |
| Amendments to IFRS 9 and IFRS 7 | Contracts Referencing Nature-dependent Electricity[1] |
| Amendments to IAS 21 | Translation to a Hyperinflationary Presentation Currency[2] |
| IFRS 18 | Presentation and Disclosure in Financial Statements[2] |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures[2] |
| Amendments to IFRS 10 and IAS 28 | Sales or Contribution of Assets between an Investors and its Associate or Joint Venture[3] |

1 Effective for annual periods beginning on or after January 1, 2026

2 Effective for annual periods beginning on or after January 1, 2027

3 Effective date to be determined by the IASB

**IFRS 18** ***Presentation and Disclosures in Financial Statements***

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the 2025 Consolidated Financial Statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the consolidated statements of profit or loss and other comprehensive income, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. The Group is currently evaluating the full impact of IFRS 18 on its financial statement presentation and disclosures. The application of the new standard is not expected to have material impact on the financial performance and financial position of the Group but is expected to affect the disclosures in the future financial statements.

The directors of the Company do not anticipate that the adoption of other new or amendments to standards will have any material impact on the Group's financial performance, financial position and cash flows in future periods.

## 4. SEGMENT INFORMATION

### (a) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the directors of the Company, being chief operating decision maker, for their decisions about resources allocation to the Group's business components and for their review of these components' performance.

During the years ended December 31, 2024 and 2025, the Group is principally engaged in the manufacturing and sale of SiC epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service in the PRC. Information reported to the directors of the Company for the purpose of resources allocation and performance assessment focuses on the operating results of the business. Therefore, the chief operating decision maker of the Company regards that there is only one operating segment which is used to make strategic decisions. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

### (b) Geographical information

The Group is domiciled in the PRC, which is the location of the Group's principal office. All of the Group's revenue from external customers are originated from PRC. These revenues from external customers are further divided into the following geographical areas:

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Revenue by region** | | |
| Asia – Greater China | 392,472 | 207,656 |
| Asia – Other than Greater China | 286,556 | 464,773 |
| Europe | 69,568 | 268,943 |
| North America | 16,737 | 32,944 |
| Total | 765,333 | 974,316 |

The Group's revenue information above is based on the delivery destinations of the Group's products and services requested by the customers. The geographical location of non-current assets is based on the physical location of the assets. As at December 31, 2024 and 2025 all of the Group's non-current assets were located in the PRC.

**(c) Information about major customers**

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue for the years ended December 31, 2024 and 2025, are set out below:

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| Customer A | 267,610 | 393,592 |
| Customer B | * | 104,411 |
| Customer C | * | 201,486 |

* The corresponding revenue is not disclosed as it did not contribute over 10% of the total revenue of the Group during that year.

**5. REVENUE**

Revenue primarily represents the revenue from Turnkey service and Consign service.

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Revenue** | | |
| Turnkey service | 695,873 | 839,577 |
| Consign service | 27,595 | 121,103 |
| Others | 41,865 | 13,636 |
| | 765,333 | 974,316 |

All revenue is recognized at a point in time when the goods are delivered to the customers. All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied (or partially unsatisfied) performance obligations is not disclosed.

The following table provides information about trade and bills receivable and contract liabilities from contracts with customers.

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| Trade and bills receivables *(Note 11)* | 354,589 | 129,645 |
| Contract liabilities | 186 | 6,795 |

## 6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000 (Unaudited)* | *RMB'000* |
| Bank interest income | 76,534 | 39,950 |
| Government grants *(Note)* | 123,508 | 111,894 |
| Fair value loss on derivatives financial instruments | (2,812) | – |
| (Loss)/gain on disposal of property, plant and equipment | (5) | 20 |
| Exchange (loss)/gain, net | (32,395) | 16,482 |
| Others | 1,139 | 56 |
| | 165,969 | 168,402 |

*Note:* These government grants mainly comprised of subsidies received/receivable for subsidizing the Group's business. There was no unfulfilled condition to receive government grants at the end of each reporting period.

## 7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000 (Unaudited)* | *RMB'000* |
| Cost of inventories recognized as expenses | 555,651 | 640,937 |
| Auditors' remuneration | 500 | 943 |
| Depreciation of property, plant and equipment | 177,083 | 144,715 |
| Depreciation of right-of-use assets | 132 | 276 |
| Amortization of intangible assets | 1,241 | 743 |
| Employee costs (including directors' emoluments): | | |
| – Salaries and wages | 69,916 | 71,734 |
| – Retirement scheme contributions | 5,469 | 5,537 |
| – Equity-settled share-based payments | 165,980 | 154,249 |
| | 241,365 | 231,520 |
| Write-down of inventories to net realizable value | 19,772 | 1,070 |
| Listing expenses | | |
| – Hong Kong | 20,172 | – |
| – PRC *(Note)* | – | 2,853 |
| Impairment loss on financial assets, net: | | |
| – Trade and bills receivables | 2,569 | 1,193 |
| – Deposits and other receivables | 173 | 60 |
| | 2,742 | 1,253 |

*Note:* Listing expenses in PRC include expenses related to previous listing exercise attempt.

## 8. INCOME TAX EXPENSE

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| Current year – PRC corporate income tax | (39,587) | (59,766) |
| Deferred tax | 16,979 | 16,652 |
| | (22,608) | (43,114) |

The Group is subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated.

**PRC corporate income tax**

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC corporate income tax of the group entities is calculated based on the statutory tax rate of 25% during the years ended December 31, 2024 and 2025, except for the Company which is registered as a High and New-Tech Enterprise pursuant to the PRC tax regulations and entitled to a preferential tax rate of 15% for the years ended December 31, 2024 and 2025.

**Hong Kong profits tax**

Under the current Hong Kong Inland Revenue Ordinance, the Company's subsidiaries incorporated in Hong Kong are subject to a two-tiered profit tax rates regime. Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

**Singapore and Malaysia corporate income tax**

Overseas taxation has been calculated at the current rates of taxation prevailing in the jurisdiction in which the Group operates.

## 9. DIVIDENDS

No dividend were declared and paid during the years ended December 31, 2024 and 2025.

## 10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Earnings for the year attributable to ordinary equity shareholders of the Company** | | |
| Profit for the year attributable to all equity shareholders of the Company | 11,888 | 165,067 |

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *'000* | *'000* |
| | *(Unaudited)* | |
| **Weighted average number of shares** | | |
| Weighted average number of ordinary shares in issue | 404,093 | 388,236 |
| Effect of ordinary shares with redemption rights | (1,163) | (4,768) |
| Weighted average number of ordinary shares in issue, for the purposes of basic and diluted earnings per share | 402,930 | 383,468 |

During the years ended December 31, 2024 and 2025, ordinary shares with redemption rights (Note 18) were not included in the calculation of diluted earnings per share, as their inclusion would have been anti-dilutive. Accordingly, diluted earnings per share are the same as the basic earnings per share as the Company had no dilutive potential ordinary shares in existence for the years ended December 31, 2024 and 2025.

## 11. TRADE AND BILLS RECEIVABLES

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* | *RMB'000* |
| | *(Unaudited)* | |
| Trade receivables | 342,473 | 130,135 |
| Bills receivable | 17,080 | 1,905 |
| | 359,553 | 132,040 |
| Less: impairment loss allowance | (4,964) | (2,395) |
| | 354,589 | 129,645 |

An aging analysis of trade and bills receivables, net of impairment losses, as at the end of each reporting period, based on the invoice dates, is as follows:

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* | *RMB'000* |
| | *(Unaudited)* | |
| Trade and bills receivables | | |
| Within 3 months | 234,412 | 123,752 |
| 3 months to 6 months | 107,289 | 1,151 |
| 6 months to 1 year | 12,888 | 4,635 |
| 1 year to 2 years | – | 14 |
| 2 years to 3 years | – | 93 |
| | 354,589 | 129,645 |

The Group recognized impairment loss based on the accounting policy stated in Note 4 to the Accountants' Report in Appendix I to the Prospectus. Trade and bills receivables are generally due within 30 to 90 days from the date of billing.

Movements in the loss allowance for impairment of trade receivables are as follows:

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| At the beginning of the year | 2,395 | 1,202 |
| Provision for loss allowance | 2,569 | 1,193 |
| At the end of the year | 4,964 | 2,395 |

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Current portion** | | |
| Deposits and other receivables | 5,805 | 2,347 |
| Prepayments | 4,213 | 5,238 |
| Prepaid listing expenses and deferred issue costs – Hong Kong | 7,786 | – |
| | 17,804 | 7,585 |
| Less: Impairment loss allowance | (290) | (117) |
| | 17,514 | 7,468 |

## 13. TRADE AND BILLS PAYABLES

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| Trade payables | 163,655 | 46,781 |
| Bills payable | – | 25,102 |
| | 163,655 | 71,883 |

A credit period of 30 days to 90 days from the date of billing is generally granted by the Group's trade suppliers. Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Group's trade and bills payables as at the end of each reporting period is as follows:

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| Within one year | 162,873 | 71,538 |
| 1-2 years | 437 | 104 |
| Over 2 years | 345 | 241 |
| | 163,655 | 71,883 |

The Group's trade and bills payables are short-term in nature and hence, the carrying amount of trade and bills payables are considered to approximate to their fair value.

## 14. OTHER PAYABLES AND ACCRUALS

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* | *RMB'000* |
| | *(Unaudited)* | |
| Construction payables | 93,207 | 130,159 |
| Other tax payables | 2,922 | 2,458 |
| Accruals | 12,647 | 11,415 |
| Other payables | 486 | 1,057 |
| | 109,262 | 145,089 |

As at December 31, 2024 and 2025, other payables and accruals were non-interest bearing, unsecured and repayable on demand.

## 15. BORROWINGS

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* | *RMB'000* |
| | *(Unaudited)* | |
| **Current portion** | | |
| Borrowings – unsecured | 122,586 | 247,500 |
| Borrowings – secured | 39,865 | 56,036 |
| | 162,451 | 303,536 |
| **Non-current portion** | | |
| Borrowings – unsecured | 235,682 | 309,408 |
| Borrowings – secured | 488,528 | 499,186 |
| | 724,210 | 808,594 |
| | 886,661 | 1,112,130 |

As at December 31, 2024 and 2025, the borrowings bear interest rates ranging from 2.4% to 4.0%, the effective interest rates ranging from 2.32% to 2.60%. None of the borrowings contains a repayment-on-demand clause. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank borrowings balances as non-current. The secured borrowings were pledged by property, plant and equipment of RMB579,099,000 and RMB519,472,000 as at December 31, 2024 and 2025, respectively.

## 16. DEFERRED REVENUE

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* | *RMB'000* |
| | *(Unaudited)* | |
| At the beginning of the year | 260,764 | 205,569 |
| Additions | 176,111 | 167,089 |
| Credited to profit or loss *(Note 6)* | (123,508) | (111,894) |
| At the end of the year | 313,367 | 260,764 |

Deferred revenue consists of deferred government grants mainly for construction of certain property, plant and equipment. The grants from local government were conditional and the conditions would be fulfilled upon the completion of construction of certain property, plant and equipment of the Group. The grants will be recognized as income in profit or loss on a systematic basis over the estimated useful lives of the property, plant and equipment.

## 17. DERIVATIVES FINANCIAL INSTRUMENTS

The Group recognises all derivative financial instruments on the consolidated statements of financial position at fair value with changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income in the years of the change. The Group's derivative financial instrument includes forward foreign exchange contracts.

As at December 31, 2024 and 2025, the Group's derivative financial instruments mature within one year. The fair values of derivative financial instruments included in the consolidated statement of financial position as current liabilities are as follows:

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* | *RMB'000* |
| | *(Unaudited)* | |
| **Current liabilities** | | |
| Forward foreign exchange contracts – within 1 year | 2,812 | – |

## 18. REDEMPTION LIABILITIES

The movements of the redemption liabilities during the years ended December 31, 2024 and 2025 are set out as below:

| | Redemption liabilities |
|---|---|
| | *RMB'000* |
| At January 1, 2024 | 16,673 |
| Interest expenses associated with redemption liabilities | 1,334 |
| At December 31, 2024 and at January 1, 2025 | 18,007 |
| Interest expenses associated with redemption liabilities | 344 |
| Derecognition due to termination of redemption rights | (18,351) |
| At December 31, 2025 *(Unaudited)* | – |

The Company entered into respective shareholders' and share subscription agreements (collectively, the "Pre-IPO Investors Agreements) with various pre-IPO investors (collectively, the "Pre-IPO Investors") and issued ordinary shares. Pursuant to the Pre-IPO Investors Agreements, the Pre-IPO Investors were granted by the Company with redemption rights.

The redemption rights that existed during the years ended 31 December 2024 and 2025 are limited to instances where the Company and its original shareholder maliciously breach the clause in the Pre-IPO Investors Agreements and fail to rectify the breach in a timely manner. If such breaches occurred and remained unrectified, the Pre-IPO Investors were entitled to exercise the right to put back the ordinary shares they had acquired from the Company. The Company has confirmed that there have been no breaches of the Pre-IPO Investors Agreements during the years ended December 31, 2024 and 2025, and all but one redemption rights were formally terminated pursuant to supplemental agreements executed in October 2023 and the remaining one redemption rights was formally terminated pursuant to supplemental agreement executed in April 2025.

The redemption amount is the sum of 100% of the issue price, compound interest of eight percent per annum calculated on a 365-day per year basis from the date of the Pre-IPO Investors Agreements.

## 19. CAPITAL COMMITMENTS

As at December 31, 2024 and 2025, the Group had outstanding capital commitments as follows:

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| Contracted, but not provided for: | | |
| – Construction-in-progress | 87,739 | 90,277 |
| – Office equipment | 825 | 157 |
| | 88,564 | 90,434 |

## 20. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

**(a)** The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group:

| Name of related parties | Relationship with the Group |
|---|---|
| 費勉儀器科技(上海)有限公司 | Company subject to common significant influence |
| 無錫華潤微電子有限公司 | Company subject to common significant influence |
| 無錫華潤華晶微電子有限公司 | Company subject to common significant influence |

**(b)** The Group entered into the following related party transactions with related companies during the years ended December 31, 2024 and 2025:

| | Year ended December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Related companies** | | |
| Revenue | 25,893 | 25,841 |

The terms of the related party transactions carried out during the years ended December 31, 2024 and 2025 were mutually agreed by the Group and the related companies.

**(c) Balance with related parties**

| | As at December 31, | |
|---|---|---|
| | 2025 | 2024 |
| | *RMB'000* *(Unaudited)* | *RMB'000* |
| **Trade and bills receivables** | | |
| 無錫華潤微電子有限公司 | – | 238 |
| 無錫華潤華晶微電子有限公司 | 3,517 | 8,762 |

All of the above related party balances are of trade nature.

**(d) Compensation of key management personnel of the Group**

The compensation of key management personnel of the Group during the years ended December 31, 2024 and 2025 represented the directors' emoluments.

## SHARES

### Issuance of Shares

The capital of the Company is divided into shares. All shares of the Company, according to the provisions of the Articles of Association, shall be issued as par value shares, with each share having an equal amount.

The shares of the Company shall take the form of registered share certificates.

The issuance of shares by the Company shall adhere to the principles of openness, fairness and impartialness, and each share in the same class shall carry the same rights.

For shares issued at the same time and within the same class, the conditions and price per share must be the same; for the shares subscribed by any entity or individual, the price per share paid must be the same.

Domestic unlisted shares and overseas listed shares issued by the Company shall rank pari passu over any distribution by way of dividend (including distributions in cash and in kind) or any other forms of distribution. The Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person only on the ground that the said person fails to disclose his/her equity to the Company.

All or part of the Company's domestic unlisted shares may be converted into overseas listed shares upon filing with the CSRC and approval by the Hong Kong Stock Exchange, and the converted overseas listed shares may be listed and traded on overseas stock exchanges. The listing and trading of the converted shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the relevant overseas securities markets.

### Increase, Decrease and Repurchase of Shares

The Company may, upon separate resolution by a shareholders' general meeting, adopt the following methods to increase its registered capital in accordance with its business and development needs and pursuant to the laws, regulations and securities regulatory rules of the place where the shares of the Company are listed:

(I) public offering of shares;

(II) non-public offering of shares;

(III) allotting of bonus shares to existing shareholders;

(IV) conversion of funds in the capital reserve into share capital;

(V) any other means stipulated by laws or administrative regulations or approved by relevant regulatory authorities.

Subject to the laws, regulations and securities regulatory rules of the place where the shares of the Company are listed, the Board of Directors may decide to issue no more than 50% of the issued shares within three years under the authorization of the shareholders' general meeting. However, capital contributions in the form of non-monetary assets shall be resolved by the shareholders' general meeting.

When the Company reduces its registered capital, in principle, shares shall be reduced in proportion to the shares held by shareholders; however, as otherwise provided by law or approved by two thirds of the voting rights represented by the shareholders present at the meeting, the capital contributions may be reduced in a targeted manner by some of the shareholders or the shareholders may reduce their respective shares in a non-proportional manner.

The Company shall not acquire its shares, except in any of the following circumstances:

(I) decreasing the registered capital of the Company;

(II) merging with other companies holding shares of the Company;

(III) using shares for employee stock ownership plan or equity incentives;

(IV) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company and request the Company to acquire their shares;

(V) using shares for conversion of corporate bonds issued by the Company which are convertible into shares;

(VI) acquiring shares in a manner as necessary for maintenance of the Company's value and shareholders' interests;

(VII) acquiring shares in other circumstances as permitted by the securities regulatory rules of the place where the shares of the Company are listed.

Subject to the relevant securities regulatory rules of the place where the shares of the Company are listed, the Company may acquire its shares through public centralized trading or other ways as permitted by the laws, regulations, Hong Kong Listing Rules and relevant regulatory authorities.

Where the Company acquires its shares under the circumstances prescribed in items (I) and (II) of paragraph 1 of this article, such acquisition shall be approved by a resolution at a shareholders' general meeting. The acquisition by the Company of its own shares under circumstances as mentioned in items (III), (V) and (VI) of paragraph 1 of this article shall be proceeded by a public centralized trading method pursuant to the relevant securities regulatory rules of the place where the shares of the Company are listed and upon approval by a resolution

at a meeting of the Board of Directors attended by more than two thirds of all directors. If it is otherwise specified in the securities regulatory rules of the place where the shares of the Company are listed, such rules shall prevail, subject to the Company Law, the Securities Law, the Guidelines for Articles of Association of Listed Companies and other relevant laws and regulations.

Subject to the relevant securities regulatory rules of the place where the shares of the Company are listed, the shares repurchased according to this article under the circumstance stipulated in item (I) hereof shall be deregistered within 10 days from the date of repurchase of shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the Company held in total by the Company after the repurchase of shares under any of the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total outstanding shares, and shall be assigned or deregistered within three years. If it is otherwise specified in the securities regulatory rules of the place where the shares of the Company are listed, such rules shall prevail, subject to the Company Law, the Securities Law, the Guidelines for Articles of Association of Listed Companies and other relevant domestic laws and regulations.

In acquiring its shares, the Company shall perform its obligation of information disclosure according to the provisions of the Securities Law and the securities regulatory rules of the place where the shares of the Company are listed.

The Company or its subsidiaries (including its affiliates) shall not provide gifts, loans, guarantees or other financial assistance for the acquisition of the Company's shares by others, except for the implementation of the Company's employee stock ownership plan.

In the interest of the Company, the Company may, by resolution of the shareholders' general meeting or by resolution of the Board of Directors under the authorization of the shareholders' general meeting, provide financial assistance for the acquisition of the Company's shares by others, provided that the cumulative total amount of financial assistance shall not exceed 10% of the total amount of the issued share capital. Resolutions made by the Board of Directors shall require approval from two thirds of all directors.

If the violations of the provisions outlined in the previous two paragraphs result in losses to the Company, the responsible directors, supervisors, and senior management personnel shall be held liable for compensation.

**Transfer of Shares**

Unless otherwise provided by laws, administrative regulations, departmental rules, and securities regulatory rules of the place where the shares are listed, the shares of the Company may be transferred according to law.

All transfers of H shares shall be effected by an instrument of transfer made in writing in a general or common form or in such other form acceptable to the Board of Directors (including the standard transfer format or transfer form prescribed by the Hong Kong Stock Exchange from time to time). The instrument of transfer can only be signed by hand or affixed with a seal of the Company (if the Company is the transferor or the transferee). Where the transferor or transferee is a recognized clearing house as defined by relevant regulations in the laws of Hong Kong effective from time to time, or any of its agents, the written instrument of transfer may be signed by hand or by print. All instruments of transfer shall be kept at the legal address of the Company or other place designated by the Board of Directors from time to time.

**Share Register**

The Company shall make a share register in accordance with evidentiary documents provided by the securities registration authorities, which register bears adequate evidence of shareholders holding shares of the Company. The original of register of holders of H shares shall be kept in Hong Kong for shareholders' inspection, but the Company may suspend the registration of shareholders in accordance with the provisions of applicable laws and regulations and the securities regulatory rules of the place where the shares of the Company are listed, e.g., the equivalent provision of Section 632 of the Companies Ordinance. If the applicable laws, administrative regulations, departmental rules, regulatory documents and securities regulatory rules of the place where the shares of the Company are listed have special provisions on the suspension of the registration of changes in the share register, such provisions shall apply.

If the Company convenes a shareholders' general meeting, distributes dividends, conducts liquidation or performs other activities that require determining the identity of the shareholders, the Board of Directors or the convener of the shareholders' general meeting shall determine the date of record, and shareholders registered in the share register after market closing on the date of record shall be shareholders who enjoy the relevant rights and interests.

**SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING**

**Rights and Obligations of the Shareholders**

The shareholders of the Company shall have the following rights:

(I) obtaining dividends and any other form of profit distribution based on the proportion of shares held by them;

(II) requiring, convening, chairing, attending or appointing a proxy to attend a shareholders' general meeting pursuant to the laws and exercising the corresponding voting rights;

(III) supervising, presenting suggestions on or making inquiries about the business operations of the Company;

(IV) transferring, gifting or pledging their shares in accordance with laws, administrative regulations and the Articles of Association;

(V) inspecting and replicating the Articles of Association, share register, minutes of shareholders' general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors and financial and accounting reports;

(VI) Participating in the distribution of the Company's residual assets based on their shareholding upon termination or liquidation of the Company;

(VII) requiring the Company to repurchase their shares in the event of objection to resolutions of the shareholders' general meetings concerning merger or division of the Company;

(VIII) enjoying other rights stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The shareholders of the Company shall have the following obligations:

(I) to abide by laws, administrative regulations and the Articles of Association;

(II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(III) not to make divestment unless in the circumstances stipulated by laws and administrative regulations;

(IV) not to abuse shareholder's right to prejudice the interests of the Company or other shareholders; not to abuse the independent status of legal person of the Company or shareholder's limited liability to prejudice the interests of the creditors of the Company;

(V) to assume other obligations as provided by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders who abuse shareholders' rights and cause damages to the Company and other shareholders shall be liable for compensation pursuant to the law. Shareholders who abuse the independent status of legal person of the Company and shareholders' limited liability to evade debts and severely infringe upon interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.

The controlling shareholder and actual controlling person of the Company shall perform fiduciary duty to the Company and general public shareholders thereof. The controlling shareholder shall exercise contributor's rights in strict accordance with law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.

**Proxies of Shareholders**

A shareholder may either attend the shareholders' general meeting(s) in person, or appoint a proxy to attend, speak and vote on his/her behalf. Such proxy need not be a shareholder of the Company.

A shareholder who appoints a proxy to attend the shareholders' general meeting shall specify the matters delegated and the scope and term of authorization, and the proxy is required to submit the shareholder's power of attorney to the Company and exercise the voting rights within the scope of authorization.

The power of attorney used by shareholders to appoint proxies to attend the shareholders' general meeting shall contain the following information:

(I) the name of the proxy;

(II) whether or not the proxy has any voting right;

(III) instructions to vote for or against or abstain from voting on each matter under consideration included in the agenda of the shareholders' general meeting;

(IV) the date of issue and validity period of the power of attorney;

(V) signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed.

Such a power of attorney shall specify that in default of directives from the shareholder, the proxy may vote at his/her own discretion.

Where the instrument of proxy is signed by a person authorized by the principal, the power of attorney or other documents authorizing such person to sign the instrument of proxy shall be notarized. The notarized power of attorney or other authorization documents, together with the instrument of proxy, shall be lodged at the address of the Company or at other places specified in the notice of meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board of Directors or other decision-making body shall attend the shareholders' general meeting of the Company on its behalf.

**Powers of Shareholders' General Meetings and Matters to be Determined**

The shareholders' general meeting is the organ of authority of the Company, and shall exercise following functions and powers:

(I) to elect and replace directors and supervisors, and to determine the remuneration of the relevant directors and supervisors;

(II) to consider and approve the reports of the Board of Directors;

(III) to consider and approve the reports of the Board of Supervisors;

(IV) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(V) to resolve on increase or decrease of the registered capital of the Company;

(VI) To resolve on issuance of bonds of the Company;

(VII) To resolve on the merger, division, dissolution, liquidation or change in corporate form of the Company;

(VIII) to amend the Articles of Association;

(IX) to resolve on the engagement and dismissal of the accounting firm providing audit services for the Company;

(X) to consider equity incentive scheme and employee stock ownership plan of the Company;

(XI) to consider the Company's proposed investments in other enterprises that exceed the limits approved by the Board of Directors;

(XII) to consider the Company's external loans and guarantees (except for entities within the scope of consolidated financial statements).

External guarantees of the Company (except for entities within the scope of the consolidated financial statements) shall be considered and approved by the Board of Directors and then submitted to the shareholders' general meeting for approval. External guarantees not approved by the competent decision-making body of the Company are invalid and the Company shall not bear any legal responsibility.

(XIII) to deliberate matters regarding the purchase or sale of material assets by the Company within one year that exceed 30% of the latest audited total assets of the Company;

(XIV) to consider and approve matters relating to the modification of raised fund purposes;

(XV) to consider other matters which should be decided by the shareholders' general meeting as stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

When the shareholders' general meeting considers a connected transaction, the connected shareholders may provide appropriate representations regarding the transaction but shall not participate in the voting on the transaction. The number of shares with voting rights they represent shall not be included in the total number of valid votes. Voting on the connected transaction shall be carried out by the unconnected shareholders present at the meeting, and a majority of valid votes in favor of the connected transaction shall constitute approval. If the transaction involves a resolution to amend the Articles of Association, increase or decrease the registered capital, or address matters related to the merger, division, dissolution or change in corporate form of the Company, it requires approval from more than two thirds of the valid voting rights. The announcement of the resolution of a shareholders' general meeting shall fully disclose the votes of the unconnected shareholders.

Shareholders (including proxies) may exercise their voting rights in respect of the number of shares held by them which carry the right to vote, and each share shall carry one vote, unless otherwise specified in laws, administrative regulations, departmental rules, regulatory documents and securities regulatory rules of the place where the shares of the Company are listed.

When a shareholders' general meeting deliberates significant matters which have an impact on the interests of small and medium investors, the votes of small and medium investors shall be calculated separately. The separate counting results shall be disclosed responsively and publicly in accordance with relevant laws, regulations and securities regulatory rules of the place where the shares of the Company are listed.

The shares of the Company held by the Company itself shall have no voting right and shall not be included in the total number of shares with voting rights of the shareholders who are present at the shareholders' general meeting.

When any resolution is to be made at the shareholders' general meeting, it shall be adopted by shareholders representing more than half of the voting rights of the shareholders in presence. However, when the shareholders' general meeting makes a resolution to modify the Articles of Association, increase or reduce the registered capital, or address matters relating to the merger, division, dissolution or change in the corporate form, such a resolution shall be approved by more than two thirds of the voting rights (excluding treasury shares, if any)

represented by the shareholders present at the shareholders' general meeting. If the issued share capital of the Company includes shares of different classes, matters involving amendments to the Articles of Association, increase or reduction of registered capital and mergers, divisions, dissolutions or changes in the corporate form of the Company which may affect the rights of the holders of different classes of shares shall, in addition to being resolved by a special resolution of a shareholders' general meeting in accordance with the provisions of this article, be approved by more than two thirds of the voting rights represented by the shareholders present at the class shareholders' general meetings.

**Convening, Proposals and Notice of Shareholders' General Meetings**

Shareholders' general meetings shall be convened by the Board of Directors. Independent non-executive directors shall be entitled to propose to the Board of Directors to convene an extraordinary shareholders' general meeting. Where independent non-executive directors propose to convene an extraordinary shareholders' general meeting, the Board of Directors shall, pursuant to the provisions of laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, issue a written reply on whether or not to approve the convening of the extraordinary shareholders' general meeting within 10 days upon the receipt of the proposal. If the Board of Directors agrees to convene the extraordinary shareholders' general meeting, it shall serve a notice of such meeting within five days after such resolution is made. If the Board of Directors does not agree to convene the extraordinary shareholders' general meeting, it shall give the reasons and publish an announcement in respect thereof.

The Board of Supervisors shall be entitled to propose to the Board of Directors to convene an extraordinary shareholders' general meeting, and such proposal shall be made in writing to the Board of Directors. The Board of Directors shall, pursuant to laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, reply in writing on whether or not to agree on the convening of the extraordinary shareholders' general meeting within 10 days after receipt of the proposal. If the Board of Directors agrees to convene the extraordinary shareholders' general meeting, it shall serve a notice of such meeting within five days after such resolution is made. Any change to the original proposal set forth in the notice shall be subject to approval by the Board of Supervisors.

On the one-share, one-vote basis, the shareholders holding 10% or more of the Company's shares (excluding treasury shares, if any) separately or in aggregate shall have the right to request the Board of Directors to convene an extraordinary shareholders' general meeting and such proposal shall be made to the Board of Directors in writing. The Board of Directors shall, pursuant to laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, reply in writing on whether or not to agree on the convening of the extraordinary shareholders' general meeting within 10 days upon the receipt of the request.

Where the Board of Directors agrees to convene the extraordinary shareholders' general meeting, it shall serve a notice of such meeting within five days after such resolution is made. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

If the Board of Directors does not agree to convene the extraordinary shareholders' general meeting or fails to give a written reply within 10 days after receipt of the request, the shareholders holding more than 10% of the Company's shares separately or in aggregate shall have the right to propose to the Board of Supervisors on convening of an extraordinary shareholders' general meeting and such proposal shall be made to the Board of Supervisors in writing.

Where the Board of Supervisors gives consent for convening an extraordinary shareholders' general meeting, a notice of such meeting shall be issued within five days upon the receipt of the request and the changes to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

Where the Board of Supervisors fails to issue a notice of a shareholders' general meeting within the stipulated period, the Board of Supervisors shall be deemed as not convening and chairing the shareholders' general meeting, and the shareholders who hold more than 10% of the Company's shares individually or jointly for more than 90 consecutive days may proceed to convene and chair a shareholders' general meeting on their own initiative.

If the shareholders' general meeting is convened by the Board of Supervisors or shareholders on their own, a written notice shall be issued to the Board of Directors, and such meeting shall be filed with the stock exchange of the place where the shares of the Company are listed.

The shares held by the convening shareholders prior to the announcement of the resolution of the shareholders' general meeting shall not be below 10% of the shares of the Company.

The Board of Supervisors or convening shareholders shall submit the relevant supporting materials to the securities regulatory authority of the place where the Company is registered and the stock exchange of the place where the shares of the Company are listed at the time of the issuance of notice of the shareholders' general meeting as well as of the announcement of the resolutions passed by such meeting.

With regard to the shareholders' general meeting convened by the Board of Supervisors or shareholders on its/their own initiative, the Board and the secretary to the Board shall offer cooperation. The Board of Directors shall provide a share register as of the equity registration date.

Annual shareholders' general meetings shall be convened once a year within six months after the end of the preceding fiscal year. In any of the following circumstances, the Board of Directors shall convene an extraordinary shareholders' general meeting within two (2) months:

(I) the number of directors falls short of the quorum stipulated in the Company Law or is less than two thirds of the number specified in the Articles of Association;

(II) the unrecovered losses of the Company amount to one third of the total amount of its share capital;

(III) when shareholders severally or jointly holding more than 10% shares of the Company request in writing to hold such meeting; (calculated as per the shares of the Company held by the shareholder at the date on which such written request is made by such shareholder)

(IV) when the Board of Directors deems necessary;

(V) when the Board of Supervisors proposes to convene such meeting;

(VI) other circumstances stipulated by laws, administrative regulations, departmental rules, Listing Rules of the Stock Exchange and the Articles of Association occur.

For a shareholders' general meeting to be held, a notice shall be given in written form (including via announcement) to each shareholder 20 days in advance, which shall state the time and venue of the meeting, and the matters to be deliberated at the meeting. For an extraordinary shareholders' general meeting, a notice shall be given in written form (including via announcement) to each shareholder 15 days in advance, unless all shareholders agree that the notice of this meeting may be exempted from the time limit or notification rules for notices.

The content of a proposal shall fall within the scope of the shareholders' general meeting's powers, have a clear topic and specific resolution items, and comply with relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association of the Company.

Shareholder(s) severally or jointly holding more than 1% shares of the Company may submit written provisional proposals to the Board of Directors 10 days before a shareholders' general meeting is convened. The provisional proposals shall cover specific topics for discussion and specific issues to be resolved. The Board of Directors shall notify other shareholders within two days after receiving the proposal, announce the content of the provisional proposal, and submit the provisional proposal to the shareholders' general meeting for deliberation, except where the provisional proposal violates laws, administrative regulations or the Company's Articles of Association, or falls outside the scope of the powers of the shareholders' general meeting. Regarding the publication of supplementary notices for shareholders' general meeting, if there are special provisions in the securities regulatory rules of the place where the shares of the Company are listed, and provided that they do not violate

applicable domestic laws and regulations such as the Company Law and the Guidelines for Articles of Association of Listed Companies, such provisions shall prevail. If, in accordance with the securities regulatory rules of the place where the shares of the Company are listed, the shareholders' general meeting needs to be postponed due to the publication of supplementary notices for the shareholders' general meeting, the convening of the shareholders' meeting shall be postponed in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of shareholders' general meeting or add any new proposal after the said notice is served via announcement.

The shareholders' general meeting shall not make resolutions on matters not listed in the notice or matters that do not comply with relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the shares of the Company are listed, and the Articles of Association of the Company.

The notice of a shareholders' general meeting shall specify:

(I) the time, venue and duration of the meeting;

(II) the matters and proposals submitted for consideration at the meeting;

(III) a clear statement that all shareholders of ordinary shares (including shareholders of preferred shares whose voting rights have been restored) are entitled to attend the shareholders' general meeting and appoint proxies in writing to attend and vote at such meeting and that such proxies need not be shareholders of the Company;

(IV) the equity registration date of shareholders entitled to attend the shareholders' general meeting;

(V) the name and telephone number of the coordinator of the meeting;

(VI) where a shareholders' general meeting is held via online or other means, the voting time and voting procedure of such means.

Notices or supplementary notices of shareholders' general meetings shall adequately and completely disclose the specific contents of all proposals. Where the opinions of an independent director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notices or supplementary notices of shareholders' general meetings are served.

The Company allows hybrid shareholders' general meetings, enabling shareholders to attend the meetings virtually through technological means. The Company may also allow shareholders to vote via online or other electronic means, and shall clearly state in the notice of the shareholders' general meeting the voting time and voting procedures for the online or other means. The time to start voting at a shareholders' general meeting held via online or other means shall not be earlier than 3:00 PM of the day preceding the date of the onsite shareholders' general meeting or later than 9:30 AM of the date of the onsite shareholders' general meeting, and shall not conclude earlier than 3:00 PM of the date of the onsite shareholders' general meeting.

The interval between equity registration date and the date of the meeting shall not be more than 7 working days. The equity registration date shall not be changed once confirmed.

## DIRECTORS AND SENIOR MANAGEMENT

### Appointment, Removal and Retirement

A director is elected or replaced by the shareholders' general meeting, and his/her positions may be terminated by the shareholders' general meeting before the expiration of his/her terms of office. The term of office for directors is three years. Upon the expiration of a director's term, they may be re-elected for consecutive terms in accordance with the securities regulatory rules of the place where the shares of the Company are listed. The Board of Directors has the power to appoint any person to fill a temporary vacancy on the Board or to increase the number of directors on the Board. Any person so appointed by the Board to fill a temporary vacancy or increase the Board's size shall hold office only until the issuer's first annual shareholders' general meeting following their appointment and shall be eligible for re-election at that meeting.

If any director violates the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association in fulfilling his/her duties, thereby incurring any loss of the Company, the said director shall be liable for compensation. Any director who has left his office without authorization or is negligent in performing his duties before his term of office expires and thereby caused the Company to incur a loss shall be liable for compensation.

Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of loyalty:

(I) not to abuse their official powers to accept bribes or other unlawful income, and not to expropriate the Company's property;

(II) not to embezzle monies of the Company;

(III) not to open in their own names or in others' names any bank account for the purpose of depositing any of the Company's assets or monies;

(IV) not to lend monies of the Company to other persons or provide guarantee for other persons with the property of the Company counter to the Articles of Association or without the consent of the shareholders' general meeting or the Board of Directors;

(V) not to conclude any contract or conduct any transaction with the Company counter to the Articles of Association or without the consent of the shareholders' general meeting;

(VI) without the consent of the shareholders' general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct for themselves or others any businesses similar to those of the Company;

(VII) not to take as their own any commission for any transaction with the Company;

(VIII) not to disclose the Company's secrets without authorization, not to leak any significant information that has not been disclosed, and not to seek illegal gains taking advantage of insider information; and to fulfill the non-competition obligations agreed upon with the Company after leaving the Company;

(IX) not to use their connected relations to damage the interests of the Company;

(X) to fulfill other duties of loyalty specified by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Earnings obtained by directors counter to the provisions above shall belong to the Company, and the directors shall be liable for compensation for any loss incurred to the Company.

The provisions on the directors' obligations of loyalty shall also apply to senior management members.

Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following duties of diligence:

(I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with State laws, administrative regulations and economic policies, and do not go beyond the business scope specified in the business license of the Company;

(II) to treat all shareholders impartially;

(III) to keep informed of the business operations and management of the Company;

(IV) to sign written opinions on the regular reports of the Company; to ensure the information disclosed by the Company is true, accurate and complete;

(V) to honestly provide the Board of Supervisors with relevant information and data, and not to prevent the Board of Supervisors or supervisors from exercising their functions and powers;

(VI) to fulfill other duties of diligence specified by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

The provisions in (IV), (V) and (VI) on the directors' duties of diligence shall also apply to senior management members.

The Company shall have one general manager, several deputy general managers, one chief financial officer and one secretary to the Board. The general manager, deputy general managers, chief financial officer and the secretary to the Board are senior management members of the Company and are appointed or dismissed by the Board. The Board of Directors of the Company may decide that a member of the Board of Directors concurrently serve as the manager.

The Company shall have a secretary to the Board to see to the preparations for shareholders' general meetings and Board meetings, keeping of documentation and shareholders' data, handling of matters relating to information disclosure, etc.

The secretary to the Board shall observe the laws, administrative regulations, departmental rules and the Articles of Association.

If any member of senior management violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his/her duties to the Company, thereby incurring any loss of the Company, the said member shall be liable for compensation.

The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management members of the Company fail to faithfully perform their duties or violate the duty of good-faith, causing damage to the interests of the Company and the holders of publicly-traded shares, they shall bear compensation liability in accordance with the law.

When a director, supervisor or senior management member directly or indirectly enters into a contract or conducts a transaction with the Company, they shall report the matters related to the contract-making or transaction to the Board of Directors and obtain the approval of the Board of Directors through a resolution in accordance with the provisions of the Articles of Association.

The provisions of the preceding paragraph shall apply when a close relative of a director, supervisor or senior management member, an enterprise directly or indirectly controlled by a director, supervisor, senior management member or their close relatives, or an affiliated person having other affiliated relationships with a director, supervisor or senior management member enters into a contract or conducts a transaction with the Company.

A director, supervisor or senior management member shall not take advantage of their positions to seek for themselves or for others business opportunities that should belong to the Company. However, this does not apply in any of the following circumstances:

(I) they have reported the matter to the Board of Directors and obtained the approval of a board resolution in accordance with the Articles of Association;

(II) the Company is unable to take advantage of such business opportunities according to laws, administrative regulations or the provisions of the Articles of Association.

A director, supervisor or senior management member shall not operate, either on their own account or for others, businesses of the same kind as those of the Company where they serve, unless they report the matter to the Board of Directors and obtain the approval of a board resolution in accordance with the Articles of Association.

Any income derived by directors, supervisors and senior management members in violation of the above-mentioned provisions shall belong to the Company.

**FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT**

**Accounting and Auditing**

The Company shall formulate its financial and accounting systems in accordance with relevant laws, administrative regulations and the provisions of the relevant financial authority of the State Council.

The Company shall submit and disclose its annual report within four months after the end of each fiscal year in accordance with relevant regulatory requirements, and submit and disclose its interim report within three months after the end of the first half of each fiscal year in accordance with relevant regulatory requirements.

The aforesaid annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, departmental rules and the securities regulatory rules of the place where the shares of the Company are listed.

**Profit Distribution**

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits to the Company's statutory reserve fund. Such allocation may be stopped when the statutory reserve fund of the Company has accumulated to at least 50% of the registered capital of the Company.

If the statutory reserve fund of the Company is insufficient to recover the losses of the preceding year, the profits of the current year shall first be used to recover the said losses before being allocated to the statutory reserve fund as per the preceding paragraph.

After statutory reserve fund is withdrawn out of the after-tax profits, discretionary reserve fund may also be withdrawn out of the same as per a resolution made at a shareholders' general meeting.

The after-tax profits remaining after recovery of losses and withdrawal of reserve funds may be distributed to the shareholders in proportion to their shareholding percentages.

The shares of the Company held by the Company shall not be subject to profit distribution.

The reserve funds of the Company shall be used to make up for the losses, enhance the operating scale or increase the registered capital of the Company.

When using the reserve funds to make up for the Company's losses, the Company shall first use the discretionary reserve fund and the statutory reserve fund. If the losses cannot be fully made up, the Company may then use the capital reserve fund in accordance with relevant regulations.

When converting the statutory reserve fund into an increase in the registered capital, the remaining amount of this reserve fund shall not be less than 25% of the Company's registered capital before the conversion.

**Merger, Division, Dissolution and Liquidation of the Company**

For a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify all creditors within 10 days after adoption of the merger resolution and shall make an announcement on a qualified media and the HKEXnews website (**www.hkexnews.hk**) within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and an inventory of assets shall be prepared. The Company shall notify all creditors within 10 days after adoption of the division resolution and shall make an announcement on a qualified media and the HKEXnews website (**www.hkexnews.hk**) within 30 days.

The Company dissolves for the following reasons:

(I) the term of operation specified in the Articles of Association expires or any other circumstance for dissolution specified in the Articles of Association arises;

(II) the shareholders' general meeting resolves to dissolve the Company;

(III) dissolution is necessary due to a merger or division of the Company;

(IV) the business license is revoked according to law, or the Company is ordered to close or is cancelled;

(V) if the Company gets into serious trouble in operations and management and its continued existence may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

If a company is dissolved due to the circumstances stipulated in items (1), (2), (4) or (5) of Paragraph 1 of Article 229 of the Company Law, it shall be liquidated. Directors are the liquidation obligors of the Company. They shall form a liquidation team to conduct liquidation within 15 days from the date when the grounds for dissolution occur.

The Company's liquidation group is composed of directors, except for those selected by a resolution of the shareholders' general meeting.

If the liquidator fails to perform liquidation duties in a timely manner, causing losses to the Company or creditors, he/she shall be liable for compensation.

The Company shall carry out liquidation in accordance with the provisions of the first paragraph of the preceding article. If a liquidation group is not established for liquidation within the specified period or if the liquidation group is established but fails to carry out the liquidation, interested parties may request the people's court to designate relevant personnel to form a liquidation group for the purpose of liquidation. If the Company is dissolved due to the revocation of its business license, being ordered to close, or being revoked, the department or company registration authority that made the decision to revoke the business license, order the closure, or revoke the Company may apply to the people's court to designate relevant personnel to form a liquidation group for the purpose of liquidation.

The liquidation group shall exercise the following functions and powers during the course of the liquidation:

(I) to liquidate the Company's assets and produce a balance sheet and schedule of assets;

(II) to notify the Company's creditors by way of notice or public announcement;

(III) to manage and clear the remaining business of the Company;

(IV) to pay outstanding taxes and any tax liability incurred in the course of the liquidation;

(V) to settle claims and debts;

(VI) to deal with the surplus assets remaining after the Company's debts have been repaid; and

(VII) to represent the Company in any civil litigation to which it is a party.

The liquidation group shall, within ten days of its formation, notify the Company's creditors of its formation, and shall make a public announcement in qualified media and on the HKEX website of the Hong Kong Stock Exchange (**www.hkexnews.hk**) within 60 days of its formation. Any creditor shall, within 30 days of receipt of a notice or within 45 days of the public announcement in the event that the relevant creditor does not receive a notice, make a claim to the liquidation group on the debt owed to it/him.

The liquidation group shall, after liquidating the assets of the Company and producing a balance sheet and schedule of assets, draft a liquidation plan and present it to the shareholders' general meeting or to the people's court for confirmation.

Any remaining assets after payment of liquidation expenses, employee wages, social insurance premiums and statutory indemnity premiums, outstanding taxes and outstanding debts may be distributed on a prorate basis in accordance with the respective proportion of stock held by each shareholder.

The Company in liquidation shall continue in existence during the course of the liquidation but may not conduct any business unconnected with the liquidation. No assets of the Company may be distributed to any shareholder s prior to repaying debts in accordance with the provisions.

Where, after liquidating the assets of the Company and formulating a balance sheet and schedule of assets, the liquidation group finds that the Company's assets are insufficient to meet its obligations in full, it shall file a bankruptcy petition with the people's court.

Where the people's court declares the Company bankrupt by a ruling, the liquidation group shall hand over administration of the liquidation to the people's court.

Following completion of the liquidation of the Company, the liquidation group shall draft a liquidation report and submit it to the shareholders' general meeting or to the people's court for confirmation, submit it to the company registration authority to apply for the cancellation of the registration of the Company, and publish a public announcement relating to the termination of the Company.

## OTHER SIGNIFICANT PROVISIONS RELATED TO THE COMPANY AND ITS SHAREHOLDERS

### Board of Directors

The Board of Directors shall exercise the following functions and powers:

(I) to convene the shareholders' general meetings and report to the shareholders' general meetings on its work;

(II) to execute resolutions of the shareholders' general meetings;

(III) to determine the Company's operational plans and investment plans;

(IV) to formulate the Company's profit distribution plans and loss recovery plans;

(V) to formulate the Company's plans on the increase or reduction of its registered capital and on the issuance of corporate bonds;

(VI) to formulate the Company's plans on the merger, division, dissolution or transformation of the Company;

(VII) to make decisions on the establishment of the Company's internal management departments;

(VIII) to decide on the appointment and dismissal and remunerations of the general manager and the secretary to the Board of the Company as nominated by the chairman of the Board of Directors; the deputy general manager, chief financial officer and other senior management as nominated by the chairman of the Board of Directors or the general manager after consideration and approval by the nomination committee;

(IX) to develop the company's basic management system;

(X) to decide on the Company's investment in other enterprises within the specified limits;

(XI) to formulate proposals for amendments to the Articles of Association;

(XII) to manage the Company's information disclosure matters;

(XIII) to decide on the employment or dismissal of accounting firms responsible for audit business of the Company;

(XIV) to listen to the work reports of the Company's managers and review their performance;

(XV) to consider contracts or transactions entered into directly or indirectly between the Company and directors, supervisors, senior management and enterprises controlled by them, or close relatives of directors, supervisors and senior management and enterprises controlled by those relatives, or other related parties associated with directors, supervisors, and senior management;

(XVI) to consider matters that are required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association to be determined by the Board of Directors;

(XVII) to exercise other functions and powers granted by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed, or the Articles of Association.

Matters that exceed the scope of authority granted by the shareholders' general meeting shall be submitted to the shareholders' general meeting for consideration.

No meeting of the Board of Directors may be held unless a majority of directors are present. Any resolution of the Board of Directors shall be adopted by a majority of directors.

Each director shall have one vote in any resolution put to a vote of the Board of Directors.

If a director has a related party relationship with the enterprise or individual involved in the matters being resolved at the meeting of the Board of Directors, that director shall promptly report in writing to the Board of Directors. Directors with a related party relationship shall not exercise their voting rights on that resolution nor act as a proxy for other directors to exercise voting rights. A meeting of the Board of Directors may be held with the attendance of a majority of the unrelated directors, and the resolutions made at the meeting of the Board of Directors must be approved by a majority of the unrelated directors. If the number of unrelated directors attending the meeting of the Board of Directors is less than three, the matter shall be submitted to the shareholders' general meeting for consideration. If there are any additional restrictions under laws, regulations, or securities regulatory rules of the place where the shares of the Company are listed regarding directors' participation in meetings of the Board of Directors and voting, those provisions shall apply.

The chairman of the Board of Directors shall exercise the following functions and powers:

(I) to convene and preside over meetings of the Board of Directors, review the implementation of meetings of the Board of Directors, and report on work to the shareholders' general meeting and the Board of Directors;

(II) to execute resolutions of the shareholders' general meeting and the Board of Directors;

(III) to propose the appointment or dismissal of the Company's general manager, secretary to the Board and other senior management;

(IV) to decide on the appointment or dismissal of management personnel, except for those that should be determined by the Board of Directors;

(V) to exercise the powers of the legal representative as specified in the Articles of Association.

The Board of Directors shall make meeting minutes of the matters discussed at the meeting, and the directors present shall sign the meeting minutes.

The meeting of the Board of Directors minutes shall be kept as part of the Company's archives for a period of not less than 10 years.

The meeting of the Board of Directors minutes shall include the following content:

(I) time and place of the meeting and name of the convener;

(II) name of directors present at the meeting and name of director (agent) appointed to be present at the meeting of the Board of Directors on behalf of others;

(III) agenda of the meeting;

(IV) key points of the directors' speeches;

(V) the voting method and results for each resolution (the voting results shall specify the number of votes for, against, or abstentions);

(VI) any other matters that attending directors believe should be recorded.

**Special Committees of the Board of Directors**

The Board of Directors of the Company shall establish the Audit, Remuneration and Nomination Committees, and may establish other special committees, such as a Strategy Committee, as needed. These special committees are accountable to the Board of Directors and perform their duties in accordance with the Articles of Association and the authority granted by the Board of Directors. Proposals from the special committees shall be submitted to the Board of Directors for consideration and decision. All members of the special committees shall consist solely of directors. In particular, the Audit Committee shall have three or more members, all of whom shall be non-executive directors. The majority of members in the Nomination Committee and Remuneration Committee shall be independent non-executive directors. The Board of Directors shall be responsible for formulating the working rules for its special committees to regulate their operations. If there are other provisions regarding the composition of special committees in the securities regulatory rules of the place where the shares of the Company are listed, those provisions shall prevail.

The Board of Directors of the Company comprises nine Directors, including six non-independent non-executive directors and three independent non-executive directors, who are elected by the shareholders' general meeting. Among the independent non-executive directors, there should be at least one professional in finance or accounting as defined by the Listing Rules of the Stock Exchange.

The Board of Directors shall have one chairman and may have a vice-chairman. The chairman and vice-chairman are elected by a majority vote of all the directors on the Board of Directors. The chairman of the Board of Directors shall convene and preside over meetings of the Board of Directors and examine the implementation of resolutions of the Board of Directors. The vice-chairman shall assist the chairman in his/her work. If the chairman is unable or fails to perform his/her duties, the vice-chairman shall perform the duties. If the vice-chairman is unable or fails to perform his/her duties, a director jointly nominated by a majority of the directors shall perform the duties.

**General Manager**

The general manager shall serve a term of three years and may be re-elected for consecutive terms.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

(I) to be in charge of the Company's production, operation and management, and to organize the implementation of the resolutions of the Board of Directors;

(II) to organize the implementation of the Company's annual business plan and investment plans;

(III) to draft plans for the establishment of the Company's internal management structure;

(IV) to draft the Company's basic management system;

(V) to formulate specific rules and regulations for the Company;

(VI) to propose the appointment or dismissal of the Company's deputy general manager and chief financial officer;

(VII) to exercise other functions and powers conferred by the Board of Directors.

The general manager shall attend meetings of the Board of Directors.

The general manager shall formulate working rules of the general manager, which shall be implemented after being approved by the Board of Directors.

The working rules of the general manager shall contain the following contents:

(I) conditions, procedure and participants of the general manager office's meeting;

(II) responsibilities and work allocation of the general manager and other senior management of the Company;

(III) use of funds and assets of the Company, scope of authorization to enter into contracts and reporting policies regarding the Board of Directors and the Board of Supervisors; and

(IV) other matters which the Board of Directors deems necessary.

The general manager may resign before expiry of his/her term of office. The specific procedures and methods for the resignation of the general manager shall be specified in the employment contract concluded by the general manager and the Company.

The deputy general manager shall assist the general manager in his/her work, be responsible for related tasks upon entrustment by the general manager, and issue relevant business documents within the scope of his/her duty. When the general manager is unable to exercise his/her authority, the deputy general manager may act on behalf of the general manager as entrusted.

**Secretary to the Board**

The Company shall have a secretary to the Board, who shall be responsible for the preparation of the shareholders' general meetings and meetings of the Board of Directors, preservation of documents and management of the information of the Company's shareholders, and handle matters related to information disclosure, etc.

The secretary to the Board shall observe pertinent provisions of laws, administrative regulations, department rules and the Articles of Association.

**Board of Supervisors**

The directors, general manager and other senior management shall not act concurrently as supervisors.

Each supervisor shall serve for a term of three years, which term is renewable upon reelection upon expiry.

The Company shall have a Board of Supervisors consisting of three members, of whom two shall be elected by the shareholders' general meeting, and one shall be an employee representative of the Company. The employee representative in the Board of Supervisors shall be elected by the employee representative meeting.

The Board of Supervisors shall have one chairman and may have a vice-chairman. The chairman and vice-chairman of the Board of Supervisors are elected by a majority vote of all the supervisors. The chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his/her duties, the vice-chairman of the Board of Supervisors shall convene and preside over meetings of the Board of Supervisors. If the vice-chairman of the Board of Supervisors is unable or fails to perform his/her duties, a supervisor jointly nominated by a majority of the supervisors shall convene and preside over meetings of the Board of Supervisors.

The Board of Supervisors shall exercise the following functions and powers:

(I) to review the Company's financial position;

(II) to supervise the directors and senior management's acts in performing duties of the Company, propose a removal of any director or senior management in violation of any laws, administrative regulations, the Articles of Association or resolution adopted at the shareholders' general meeting;

(III) to demand any director or senior management who acts in a manner which is harmful to the Company's interest to rectify such behavior;

(IV) to propose to convene an extraordinary shareholders' general meeting, and to convene and preside over shareholders' general meetings where the Board of Directors fails to perform its duty to do so as required by the Company Law;

(V) to submit proposals to shareholders' general meetings;

(VI) to initiate legal proceedings against any director or senior management according to Article 189 of the Company Law;

Meetings of the Board of Supervisors shall be held at least once every six months. The Board of Supervisors may propose to convene an extraordinary meeting of the Board of Supervisors.

**AMENDMENT TO THE ARTICLES OF ASSOCIATION OF THE COMPANY**

In any of the following circumstances, the Company shall amend the Articles of Association:

(I) The Articles of Association is contradictory to any provision of the amended version of the Company Law or other applicable laws or administrative regulations or securities regulatory rules of the place where the shares of the Company are listed;

(II) There is any change to the Company's situation and is inconsistent with any matter recorded in the Articles of Association;

(III) A shareholders' general meeting adopts a resolution for amendment to the Articles of Association.

Amendments to the Articles of Association adopted by a resolution of the shareholders' general meeting which are subject to approvals from relevant competent authority shall be submitted to the competent authority for approval; if there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the law.

The Board of Directors shall amend the Articles of Association according to the resolution of the shareholders' general meeting for amendments hereof and the approval opinions of relevant competent authority.

If amendments to the Articles of Association need to be disclosed pursuant to laws and regulations, they shall be disclosed accordingly.

## FURTHER INFORMATION ABOUT OUR COMPANY

### Incorporation of our Company

Our Company was established as a limited liability company in the PRC on March 31, 2011 and was converted into a joint stock limited company on May 25, 2023 under the laws of the PRC. As of the Latest Practicable Date, the registered share capital of our Company is RMB404,092,760.

Our registered place of business in Hong Kong is at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong. We have been registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance. Ms. Wong Wai Yee, Ella at Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong has been appointed as our authorized representative for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, we 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 to this Prospectus, respectively.

### Changes in the Share Capital of our Company

Save as disclosed in the sections headed "History, Development and Corporate Structure — Pre-IPO Investments" in this Prospectus, there has been no other alteration in the share capital of our Company during the two years immediately preceding the date of this Prospectus.

### Changes in the Share Capital of our Subsidiaries

A summary of the corporate information and the particulars of our subsidiary is set out in the Accountants' Report in Appendix I to this Prospectus.

On December 10, 2025, Epiworld Hong Kong was incorporated in Hong Kong as a private limited company with an initial registered capital of HK$10,000. Save as disclosed above, there has been no alterations of share capital of our subsidiary within the two years preceding the date of this Prospectus.

### Resolutions of our Shareholders

Pursuant to the extraordinary general meeting of our Shareholders in March 2025, it was resolved, among others, and the following was approved:

(a) the issue of H Shares with a nominal value of RMB1.00 each and the listing of such H Shares on the Stock Exchange;

(b) the number of H Shares to be issued pursuant to the Global Offering;

(c) conditional upon the completion of the Global Offering, 97,431,581 Unlisted Shares held by certain existing Shareholders will be converted into H Shares;

(d) subject to the completion of the Global Offering, the Articles of Association have been approved and adopted, which shall become effective on the Listing Date, and our Board has been authorized to amend the Articles of Association to the extent necessary in accordance with any comments from the relevant regulatory authorities; and

(e) our Board has been authorized to handle all relevant matters relating to, among other things, the implementation of issuance of H Shares and the Listing.

## FURTHER INFORMATION ABOUT OUR BUSINESS

### Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Group within the two years preceding the date of this Prospectus and are or may be material:

(a) the cornerstone investment agreement dated March 19, 2026 entered into among the Company, Xiamen Advanced Manufacturing Equity Investment Fund Partnership (Limited Partnership) (廈門先進製造業股權投資基金合夥企業(有限合夥)), China International Capital Corporation Hong Kong Securities Limited and ABCI Capital Limited, pursuant to which Xiamen Advanced Manufacturing Equity Investment Fund Partnership (Limited Partnership) agreed to subscribe for H Shares at the Offer Price in the aggregate amount of HK$774,797,022.30; and

(b) the Hong Kong Underwriting Agreement.

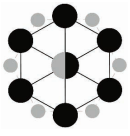
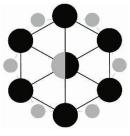
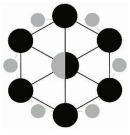
### Intellectual Property Rights

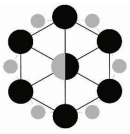
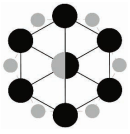
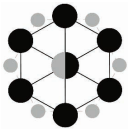
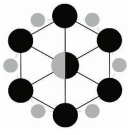
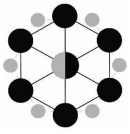
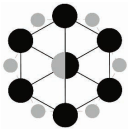
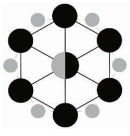
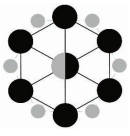
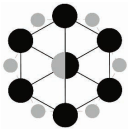
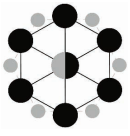
As of the Latest Practicable Date, our Group has registered, or has applied for the registration of the following intellectual property rights which were material to our Group's business.

*Trademarks*

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

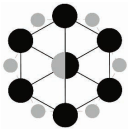
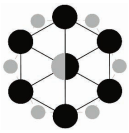
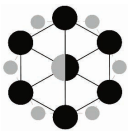
| No. | Trademark Registered | Owner | Registration Number | Place of Registration |
|---|---|---|---|---|
| 1 . . . | EpiWorld | The Company | 69365678<br>69359904 | PRC |
| 2 . . . | EpiWorld | The Company | 306183090 | Hong Kong |
| 3 . . . | EpiWorld | The Company | 02319662<br>02320519 | Taiwan |
| 4 . . . | EpiWorld | The Company | 1770331 | European Union |
| 5 . . . | EpiWorld | The Company | 1770331 | Australia |
| 6 . . . | EpiWorld | The Company | 1770331 | Malaysia |
| 7 . . . | EpiWorld | The Company | 1770331 | Switzerland |
| 8 . . . | EpiWorld | The Company | 1770331 | Japan |
| 9 . . . | EpiWorld | The Company | 1770331 | New Zealand |
| 10. . . | EpiWorld | The Company | 1770331 | Singapore |
| 11. . . | EpiWorld | The Company | 1770331 | United Kingdom |
| 12. . . | EpiWorld | The Company | 1770331 | Russia |
| 13. . . | 瀚天天成<br>EpiWorld | The Company | 69541459<br>69367035 | PRC |
| 14. . . | 瀚天天成<br>EpiWorld | The Company | 306183108 | Hong Kong |
| 15. . . | 瀚天天成<br>EpiWorld | The Company | 02319663<br>02320520 | Taiwan |
| 16. . . | 瀚天天成<br>EpiWorld | The Company | 7683149 | United States |

| No. | Trademark Registered | Owner | Registration Number | Place of Registration |
|---|---|---|---|---|
| 17. . . | 瀚天天成 EpiWorld | The Company | 1771680 | European Union |
| 18. . . | 瀚天天成 EpiWorld | The Company | 1771680 | Australia |
| 19. . . | 瀚天天成 EpiWorld | The Company | 1771680 | Malaysia |
| 20. . . | 瀚天天成 EpiWorld | The Company | 1771680 | Switzerland |
| 21. . . | 瀚天天成 EpiWorld | The Company | 1771680 | Japan |
| 22. . . | 瀚天天成 EpiWorld | The Company | 1771680 | New Zealand |
| 23. . . | 瀚天天成 EpiWorld | The Company | 1771680 | Singapore |
| 24. . . | 瀚天天成 EpiWorld | The Company | 1771680 | United Kingdom |
| 25. . . | 瀚天天成 EpiWorld | The Company | 1771680 | Russia |
| 26. . . |  | The Company | 69367847<br>69372271 | PRC |
| 27. . . |  | The Company | 306183081 | Hong Kong |
| 28. . . |  | The Company | 02319661<br>02320518 | Taiwan |

| No. | Trademark Registered | Owner | Registration Number | Place of Registration |
|---|---|---|---|---|
| 29. . . |  | The Company | 7683148 | United States |
| 30. . . |  | The Company | 1771658 | European Union |
| 31. . . |  | The Company | 1771658 | Australia |
| 32. . . |  | The Company | 1771658 | Malaysia |
| 33. . . |  | The Company | 1771658 | Switzerland |
| 34. . . |  | The Company | 1771658 | Japan |
| 35. . . |  | The Company | 1771658 | New Zealand |
| 36. . . |  | The Company | 1771658 | Singapore |
| 37. . . |  | The Company | 1771658 | United Kingdom |
| 38. . . |  | The Company | 1771658 | Russia |
| 39. . . | EpiWorld | The Company | 61180379<br>12043688<br>61177240 | PRC |
| 40. . . | EpiWorld | The Company | 1205809 | European Union |

| No. | Trademark Registered | Owner | Registration Number | Place of Registration |
|---|---|---|---|---|
| 41. . . | EpiWorld | The Company | UK00801205809 | United Kingdom |
| 42. . . | EpiWorld | The Company | 1205809 | Japan |
| 43. . . | EpiWorld | The Company | 4737130 | United States |
| 44. . . | 瀚天天成 | The Company | 61170360<br>61182586 | PRC |

As of the Latest Practicable Date, we had applied for the registration of the following trademarks which we consider to be or may be material to our business:

| No. | Trademark | Owner | Place of Registration |
|---|---|---|---|
| 1 . . . | EpiWorld | The Company | United States |
| 2 . . . | EpiWorld | The Company | Republic of Korea |
| 3 . . . | EpiWorld | The Company | India |
| 4 . . . | EpiWorld | The Company | Canada |
| 5 . . . | 瀚天天成<br>EpiWorld | The Company | Republic of Korea |
| 6 . . . | 瀚天天成<br>EpiWorld | The Company | India |
| 7 . . . | 瀚天天成<br>EpiWorld | The Company | Canada |
| 8 . . . |  | The Company | Republic of Korea |
| 9 . . . |  | The Company | India |
| 10. . . |  | The Company | Canada |

***Patents***

As of the Latest Practicable Date, we are the owner of the following material patents, details of which are as follows:

| No. | Patent description | Registered Owner | Place of Registration |
|---|---|---|---|
| 1. . . . | A Method for Reducing Growth Defects in SiC Epitaxial Wafers and a SiC Substrate (一種降低碳化硅外延片生長缺陷的方法及碳化硅襯底) | Company | PRC |
| 2. . . . | A Control Method for Growth of SiC Epitaxial (一種碳化硅外延生長的控制方法) | Company | PRC |
| 3. . . . | SiC Step Flow Low-Speed Growth Method for Chemical Potential Regulation Growth Monomer under Non-Equilibrium Condition (非平衡條件下化學勢調控生長單體的SiC台階流低速生長方法) | Company | PRC |
| 4. . . . | A Method for Reducing Surface Defects of SiC Epitaxial Film (一種降低碳化硅外延薄膜表面缺陷的方法) | Company | PRC |
| 5. . . . | A Method for Reducing Growth Defects in SiC Epitaxial Wafers and a SiC Substrate (一種降低碳化硅外延片生長缺陷的方法及碳化硅襯底) | Company | PRC |

***Domain Names***

As of the Latest Practicable Date, we had registered the following internet domain names which we consider to be or may be material to our business:

| No. | Domain Name | Registered Owner | Expiry Date |
|---|---|---|---|
| 1. . . . | **http://www.epiworld.com.cn/** | the Company | June 21, 2026 |

Save as disclosed in this section headed "Intellectual Property Rights", as of the Latest Practicable Date, there were no other intellectual property rights which are or may be material to our business.

## FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND SUBSTANTIAL SHAREHOLDERS

### Interests of our Directors, Supervisors and chief executive in the Company and our associated corporations

Save as disclosed in the section headed "Substantial Shareholders" in this Prospectus, immediately following the completion of the Global Offering, so far as our Directors are aware, none of our Directors, Supervisors and chief executive has any interests and short positions in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) (i) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or (ii) which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (iii) which will be required to be notified to us and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules.

### Interests of the substantial shareholders in the Shares

Save as disclosed in "Substantial Shareholders" in this Prospectus, immediately following the completion of the Global Offering, our Directors are not aware of any other person (not being a Director, Supervisor or chief executive of our Company) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange 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 issued voting shares of our Company.

### Particulars of Directors' and Supervisors' Service Contracts

Each of the Directors and Supervisors has entered into a service contract or a letter of appointment with our Company.

Save as disclosed in this section, we have not entered into, and do not propose to enter into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

**Remuneration of Directors and Supervisors**

Save as disclosed in "Directors, Supervisors and Senior Management" and Note 14 to the Accountants' Report set out in Appendix I to this Prospectus for the three years ended December 31, 2024 and the nine months ended September 30, 2025, none of our Directors or Supervisors received other remunerations of benefits in kind from us.

**Disclaimers**

(a) save as disclosed in the section headed "Substantial Shareholders" in this Prospectus and this section, none of our Directors, Supervisors or our chief executive has any interest or short position in our Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to us and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to us and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers once the H Shares are listed on the Stock Exchange;

(b) save as disclosed in the section headed "Substantial Shareholders" in this Prospectus, none of our Directors or Supervisors is aware of any person (not being a Director, Supervisor or chief executive of our Company) who will, immediately following the completion of the Global Offering and the conversion of Unlisted Shares into H Shares, have an interest or short position in our Shares or underlying Shares which would fall to be disclosed to us under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is interested, directly or indirectly, in 10% or more of the issued voting shares of any member of our Group;

(c) none of our Directors, Supervisors, their respective close associates (as defined under the Listing Rules) or Shareholders who own more than 5% of the number of issued shares of our Company has any interests in the five largest customers or the five largest suppliers of our Group for each year/period during the Track Record Period; and

(d) none of our Directors, Supervisors or any of the parties listed in "Qualifications of Experts" of 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.

## OTHER INFORMATION

### Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries under the laws of the PRC.

### Litigation

As of the Latest Practicable Date, we were not engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against any member of our Group, that would have a material and adverse effect on our Group's results of operations or financial conditions, taken as a whole.

### Preliminary Expenses

As of the Latest Practicable Date, our Company has not incurred any material preliminary expenses.

### Promoter

The promoters of the Company are shareholders of our Company as of May 25, 2023 immediately before our conversion into a joint stock limited liability company. Within the two years immediately preceding the date of this Prospectus, no cash, securities or other benefit has been paid, allotted or given or is proposed to be paid, allotted or given to the promoters in connection with the Global Offering and the related transactions described in this Prospectus.

### Taxation of Holders of H Shares

The sale, purchase and transfer of H Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of our Shares being sold or transferred.

### No Material Adverse Change

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of the Group since September 30, 2025 (being the date to which the latest consolidated financial statements of our Group were prepared).

**Qualifications of Experts**

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given their opinion and/or advice in this Prospectus are as follows:

| Name | Qualification |
|---|---|
| China International Capital Corporation Hong Kong Securities Limited | A corporation licensed to conduct Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 5 (advising on futures contracts), and Type 6 (advising on corporate finance) of the regulated activities as defined under the SFO |
| Jingtian & Gongcheng | Legal adviser to our Company as to PRC law |
| BDO Limited | Certified Public Accountants<br>Registered Public Interest Entity Auditor |
| China Insights Industry Consultancy Limited | Independent industry consultant |
| Pillsbury Winthrop Shaw Pittman LLP | U.S. export control and sanctions counsel |

As of the Latest Practicable Date, none of the experts named above had any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

**Consents of Experts**

Each of the experts as referred to "Qualifications of Experts" of this Appendix has given and has not withdrawn their respective written consents to the issue of this Prospectus with the inclusion of their reports and/or letters (as the case may be) and the references to their names included in the form and context in which they are respective included.

**Sole Sponsor's Independence**

The Sole Sponsor satisfies the independence criteria applicable to the sponsor set out in Rule 3A.07 of the Listing Rules.

Pursuant to the engagement letter entered into between the Company and the Sole Sponsor, the Sole Sponsor's fees payable by us to the Sole Sponsor in respect of its services as sponsor in connection with the Listing on the Stock Exchange is USD500,000.

**Binding Effect**

This Prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

**Bilingual Prospectus**

The English and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

**Miscellaneous**

(a) except in connection with our A share listing application as disclosed in the section headed "History, Development and Corporate Structure" in this Prospectus and the Listing, within the two years preceding the date of this Prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there are no contracts for hire or hire purchase of plant to or by us for a period of over one year which are substantial in relation to our business;

(g) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(h) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(i) no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Hong Kong Stock Exchange is currently being or agreed to be sought;

(j) our Company has no outstanding convertible debt securities or debentures;

(k) our Company is a joint stock limited company and is subject to the PRC Company Law; and

(l) our Company has adopted a code of conduct regarding Directors' and Supervisors' securities transactions on terms as required under the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

## DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this Prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of the material contracts referred to in "Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in Appendix V to this Prospectus; and

(b) the written consents referred to in "Statutory and General Information — Other Information — Consents of Experts" in Appendix V to this Prospectus.

## DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **http://www.epiworld.com.cn/** during a period of 14 days from the date of this Prospectus:

(a) the Articles of Association;

(b) the Accountants' Report from BDO Limited, 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, 2022, 2023 and 2024 and the nine months ended September 30, 2025;

(d) the report from BDO Limited on the unaudited pro forma financial information of our Group, the text of which is set out in Appendix II to this Prospectus;

(e) the material contracts referred to in "Appendix V — Statutory and General Information — Further Information about our Business — Summary of Material Contracts" in this Prospectus;

(f) the written consents referred to in "Appendix V — Statutory and General Information — Other Information — Consents of Experts" in this Prospectus;

(g) the service contracts and letters of appointment referred to in "Appendix V — Statutory and General Information — Further Information about our Directors, Supervisors, Senior Management and Substantial Shareholders — Particulars of Directors' and Supervisors' Service Contracts" in this Prospectus;

(h) the legal opinions issued by Jingtian & Gongcheng, our PRC Legal Adviser, in respect of, among other things, the general corporate matters and property interests of our Group under the PRC law;

(i) the legal memorandum on U.S. outbound investment rule matters issued by Pillsbury Winthrop Shaw Pittman LLP;

(j) the industry report issued by China Insights Industry Consultancy Limited referred to in "Industry Overview" in this Prospectus; and

(k) a copy of the following PRC laws, together with unofficial English translations:

(i) the PRC Company Law;

(ii) the PRC Securities Law; and

(iii) the Overseas Listing Trial Measures.

# 瀚天天成电子科技（厦门）股份有限公司

# Epiworld International Co., Ltd.

灼识咨询
China Insights Consultancy

86 21 2356 0288
86 21 2356 0299
www.cninsights.com

March 20 , 2026

**The Board of Directors**

**Epiworld International Co., Ltd.**
**(瀚天天成电子科技(厦门)股份有限公司)**
No. 198-1, East 2nd Road
Tongxiang High-tech City
Torch Hi-tech Zone
Xiamen, Fujian
PRC

Dear Sirs,

**Re: Consent to the Issue of the Prospectus of Epiworld International Co., Ltd. (瀚天天成电子科技(厦门)股份有限公司) (the "Company") in connection with the Global Offering**

We, China Insights Industry Consultancy Limited, refer to the proposed global offering and listing of the H shares of the Company (the "**Global Offering**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and the prospectus of the Company dated March 20, 2026 (the "**Prospectus**") in connection with the Global Offering.

We hereby give, and confirm that we have not withdrawn, our written consent (i) to the issue of the Prospectus; (ii) to the inclusion of all references to the industry report dated March 20, 2026 prepared by us (the "**Industry Report**") and any information extracted therefrom; and (iii) to the inclusion of all references to our name and opinions in the Prospectus, in the form and context in which they are respectively included.

We hereby consent to a copy of this letter being released to the Registrar of Companies in Hong Kong and the Stock Exchange for the purpose of the registration of the Prospectus.

We also hereby consent to copies of our Industry Report and this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VI to the Prospectus.

*[Signature page to follow]*

灼识咨询
China Insights Consultancy

86 21 2356 0288
86 21 2356 0299
www.cninsights.com

Yours faithfully,

For and on behalf of
**China Insights Industry Consultancy Limited**

Name: Leon Zhao
Title: Partner

中国 上海市 静安区普济路88号静安国际中心B座10楼，邮编：200070
10F, Block B, Jing'an International Center, 88 Puji Road, Jing'an District, Shanghai 200070, China

**The Board of Directors**

**Epiworld International Co., Ltd.**
**(瀚天天成电子科技(厦门)股份有限公司)**
No. 198-1, East 2nd Road
Tongxiang High-tech City
Torch Hi-tech Zone
Xiamen, Fujian
PRC

March 20 , 2026

Dear Sirs,

**Re: Consent to the Issue of the Prospectus of Epiworld International Co., Ltd. (瀚天天成电子科技(厦门)股份有限公司) (the "Company") in connection with the Global Offering**

We, Pillsbury Winthrop Shaw Pittman LLP, refer to the proposed global offering and listing of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Global Offering**") and the prospectus of the Company dated March 20 , 2026 (the "**Prospectus**") in connection with the Global Offering.

We hereby give, and confirm that we have not withdrawn, our written consent (i) to the issue of the Prospectus; and (ii) to the inclusion of our name, all references to our name and our legal opinions, memorandums and/or matters advised by us in respect of, among other things, the Company and its subsidiaries under U.S. export control and sanctions laws, including U.S. outbound investment rule matters (the "**Legal Memorandum**"), and any information extracted therefrom, in the form and context in which they respectively appear in the Prospectus.

We hereby consent to a copy of this letter being released to the Registrar of Companies in Hong Kong and The Stock Exchange of Hong Kong Limited for the purpose of the registration of the Prospectus.

We also hereby consent to copies of our Legal Memorandum and this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies in Hong Kong and Available on Display" in Appendix VI to the Prospectus.

*[Signature page to follow]*

For and on behalf of
**Pillsbury Winthrop Shaw Pittman LLP**

Name: Jenny Sheng
Title: Partner