HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE

OVERVIEW

Leveraging our deep expertise in optoelectronic semiconductor design and manufacturing, we provide high-reliability, high-speed laser chips at scale with consistent quality to enable advanced data interconnectivity. Our history dates back to 2013, when our Company was established. Since the early stages of our business, our founder, Dr. Zhang, has been instrumental in driving our corporate strategy and research and development initiatives. For further details of Dr. Zhang's biographical information, please refer to the section headed "Directors and Senior Management."

In December 2022, the A Shares of our Company were listed on the SSE STAR Market (stock code: 688498). See "— Corporate Development and Major Shareholding Changes — Conversion into a Joint Stock Limited Liability Company and Listing on the SSE STAR Market" for more details.

KEY CORPORATE AND BUSINESS DEVELOPMENT MILESTONES

The following table sets forth our key corporate and business development milestones:

Year	Milestones
2013	Our Company was established in Shaanxi, the PRC.
2014	We launched our 2.5G 1490nm and 1550nm DFB lasers.
2015	The cumulative sales volume of our DFB lasers reached one million units.
2016	We launched our first 10G DFB lasers.
2017	We achieved breakthroughs in the manufacturing processes required for medium-to-high-speed chips.
2018	The cumulative sales volume of our DFB lasers surpassed the 10-million-unit milestone.
2019	We launched ultra-high-speed lasers for 5G telecommunications and completed the industrial trial production.
	We introduced 25G DFB CWDM and LWDM products tailored for wireless and data center applications.
2020	Our Company was converted into a joint stock company with limited liability and was then renamed as Yuanjie Semiconductor Technology Co., Ltd. (陝西源杰半導體科技股份有限公司).
	We introduced high-power CW lasers designed for SiPh applications.
	We commenced the mass production and shipment of 5G WDM products, with the sales volume of our 25G DFB lasers for 5G front-haul exceeding one million units.
2021	We completed the development of EMLs, successfully addressing technical challenges in long-distance communication scenarios.
	Our 25G WDM series products were awarded the "Gold Award" at the China International Optoelectronic Exposition (CIOE) Awards (中國光電博覽獎).

Year	Milestones
2022	The A Shares of our Company were listed on the SSE STAR Market in December 2022 (stock code: 688498).
2023	We introduced 100G PAM4 EMLs.
2024	We achieved mass production of 70mW CW lasers with its sales volume exceeding one million units.
2025	Our CW lasers were recognized as the "2025 Most Influential Product in Optical Communications" (2025年度光通信最具影響力產品獎).
	Our 50G 1,342nm EMLs with SOA were recognized the "2025 Innovative Product Award in Optical Interconnect" (2025年度光通信創新產品獎).

OUR SUBSIDIARIES

Set out below are the details of our subsidiaries.

No.	Name	Principal business activities	Date and place of establishment
1.	YUANJIE TECHNOLOGY PTE. LTD.	Wholesale trade and holding company	June 9, 2023, Singapore
2.	YST SEMICONDUCTOR TECHNOLOGY CORPORATION	Production and sales of laser chips	March 25, 2024, the United States

Our Company controlled the entire equity interest in the above subsidiaries during the Track Record Period and up to the Latest Practicable Date.

CORPORATE DEVELOPMENT AND MAJOR SHAREHOLDING CHANGES

Establishment and Early Development

In 2013, our Company was established in Shaanxi, the PRC as a limited liability company with an initial registered capital of RMB10 million.

Conversion into a Joint Stock Limited Liability Company

Following several rounds of equity transfers and capital injections, the registered capital of our Company was increased to RMB30,048,345 in December 2020. Subsequently on December 23, 2020, Our Company was converted into a joint stock company with limited liability and was then renamed as Yuanjie Semiconductor Technology Co., Ltd. (陝西源杰半導體科技股份有限公司) with the total share capital being RMB45,000,000.

Listing on the SSE STAR Market

In December 2022, we completed the listing of our A Shares on the SSE STAR Market (stock code: 688498) (the "**A-Share Listing**"). In the A-Share Listing, we issued an aggregate of 15,000,000 A Shares, accounting for 25% of our Company's total share capital immediately following the A-Share Listing.

2023 Capitalization of Capital Reserves

In May 2023, our then A Shareholders approved a capital reserve capitalization plan at the annual general meeting, pursuant to which we issued four new A Shares for every 10 then existing A Shares by way of capitalization of our capital reserves. Upon completion of such capitalization, our total issued share capital increased from 60,599,000 A Shares to 84,838,600 A Shares.

Share Capital Changes Due to Satisfaction of Incentives

In July 2021, we adopted the 2021 share option plan (the "**2021 Share Option Plan**") to attract, retain and incentivize key personnel and to align their interests with the long-term development of our Group. In addition to 2021 Share Option Plan, we have adopted 2024 Restricted Share Incentive Scheme and 2025 Restricted Share Incentive Scheme, details of which are set out in "Appendix IV — Statutory and General Information — Incentive Schemes." As of the Latest Practicable Date, all options under the 2021 Share Option Plan had been either fully exercised or lapsed and cancelled and no further options would be granted thereunder.

In March 2023, March 2024 and March 2025, our Company issued 599,000, 623,070 and 486,056 A Shares, respectively, upon the exercise of options granted in accordance with the prescribed vesting and exercise arrangements under the 2021 Share Option Plan. The details of the changes in our share capital immediately before and after each option exercise are set forth below:

Time	Number of A Shares in issue immediately before the option exercise	Number of A Shares issued	Number of A Shares in issue immediately after the option exercise
March 2023	60,000,000	599,000	60,599,000
March 2024	84,838,600	623,070	85,461,670
March 2025	85,461,670	486,056	85,947,726

CONCERT PARTY AGREEMENT

On January 8, 2021, Dr. Zhang, Ms. Zhang, Mr. QIN Yansheng and Mr. QIN Weixing entered the Concert Party Agreement. Pursuant to the Concert Party Agreement, Ms. Zhang, Mr. QIN Weixing and Mr. QIN Yansheng have agreed to align their votes with Dr. Zhang at our Board meetings and/or Shareholders' meetings. Specifically, they have confirmed that they have historically acted, and will continue acting, in concert with Dr. Zhang regarding our Company's business decisions.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

Our Company did not carry out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

INCENTIVE PLATFORM

To incentivize and retain our key personnel, talents and senior management members and align their interests with the long-term development of our Group, we established Xinxin Juyuan, a limited partnership in the PRC, in September 2020. As of the Latest Practicable Date, Xinxin Juyuan had 27 limited partners, with Dr. Zhang serving as its general partner with 6.21% partnership interests held and controlling the voting rights attaching to the A Shares held by it. In addition, two of the limited partners of Xinxin Juyuan are members of our Directors and/or senior management members, namely Mr. WANG Yuxi (our executive Director, deputy general manager and manager of the chip business unit) holding 7.50% partnership interest and Mr. PAN YEN-TING (our deputy general manager) holding 11.00% partnership interest, respectively. Save as disclosed above, immediately upon the [REDACTED], none of the partners of Xinxin Juyuan is a Director, a senior management member, or a connected person of our Company.

OUR LISTING ON THE SSE STAR MARKET AND REASONS FOR THE [REDACTED] ON THE HONG KONG STOCK EXCHANGE

Since December 2022, the A Shares of our Company have been listed on the SSE STAR Market. Our Directors confirmed that, during the Track Record Period and up to the Latest Practicable Date, we had no instances of material non-compliance with the SSE STAR Market Listing Rules and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the SSE STAR Market. Based on the information provided by our Company and the Directors, our PRC Legal Advisors are of the view that the confirmation of our Directors above with regard to our compliance records is accurate and reasonable. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention which would cast doubt on our Company's view.

Our Company seeks to [REDACTED] on the Hong Kong Stock Exchange to further advance our internationalization strategy and global layout, establish an international capital operation platform, strengthen our offshore financing capabilities, and further enhance our capital strength and comprehensive competitiveness. See "Business — Growth Strategies" and "Future Plans and [REDACTED]" in this document for more details.

[REDACTED]

Satisfaction of the [REDACTED] Requirement

Rule 19A.13A(2) of for the [REDACTED] the Listing Rules provides that, where a new applicant is a PRC issuer with 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, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

Our A Shares are listed on the SSE STAR Market. Immediately upon completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are [REDACTED] pursuant to the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) no other changes are made to the issued share capital of our Company or treasury Shares from the Latest Practicable Date to the [REDACTED], our H Shares to be [REDACTED] in connection with the [REDACTED] will represent [REDACTED]% of our Company's total issued Shares (excluding 275,169 A Shares held by our Company as treasury Shares) immediately following the [REDACTED] and the expected [REDACTED] of our Company held by [REDACTED] at the time of the [REDACTED] will be HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED], respectively, calculated based on the low-end, mid-point and high-end of the indicative [REDACTED] range as stated in this document. As such, it is expected that the Company will be in compliance with the [REDACTED] requirements set forth under Rule 19A.13A of the Listing Rules.

Satisfaction of the [REDACTED] Requirement

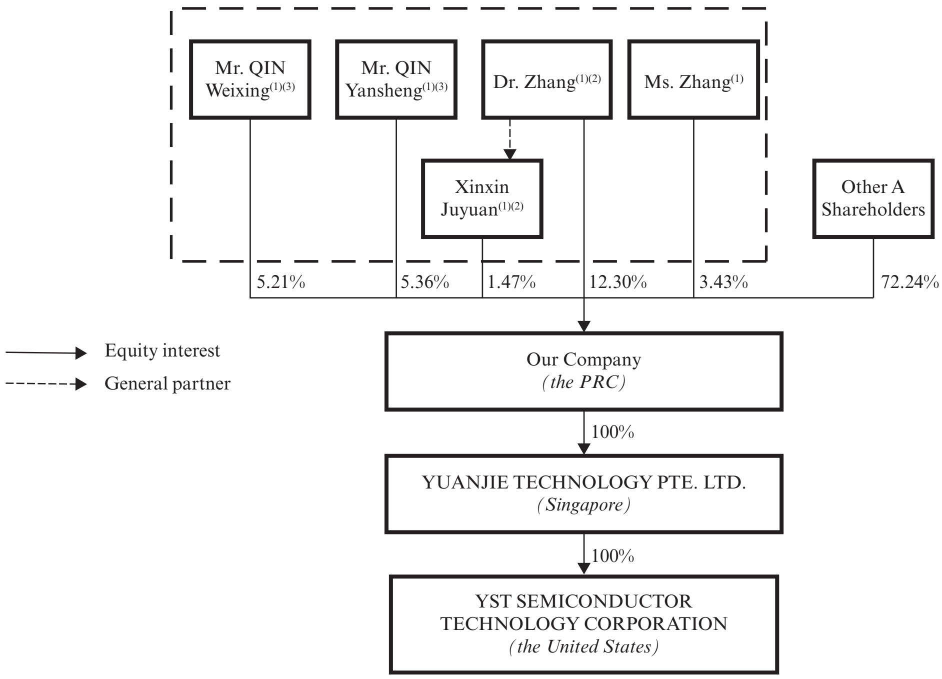
Rule 19A.13C(2) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% 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.

Our A Shares are listed on the SSE STAR Market. Immediately upon completion of the [REDACTED], assuming that (i) [REDACTED] H Shares are [REDACTED] pursuant to the [REDACTED]; (ii) the [REDACTED] is not exercised; and (iii) no other changes are made to the issued share capital of our Company or treasury Shares from the Latest Practicable Date to the [REDACTED], our H Shares to be [REDACTED] in connection with the [REDACTED] will represent [REDACTED]% of our Company's total issued Shares (excluding 275,169 A Shares held by our Company as treasury Shares) immediately following the [REDACTED] and the expected [REDACTED] of our Company held by [REDACTED] and not subject to any disposal restrictions at the time of the [REDACTED] will be HK$[REDACTED], HK$[REDACTED] and HK$[REDACTED], respectively, calculated based on the low-end, mid-point and high-end of the indicative [REDACTED] range as stated in this document. As such, it is expected that the Company will be in compliance with the [REDACTED] requirements set forth under Rule 19A.13C of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately before the [REDACTED]

The following chart illustrates a simplified shareholding and corporate structure of our Group immediately before the completion of the [REDACTED], assuming that no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED]:



Notes:

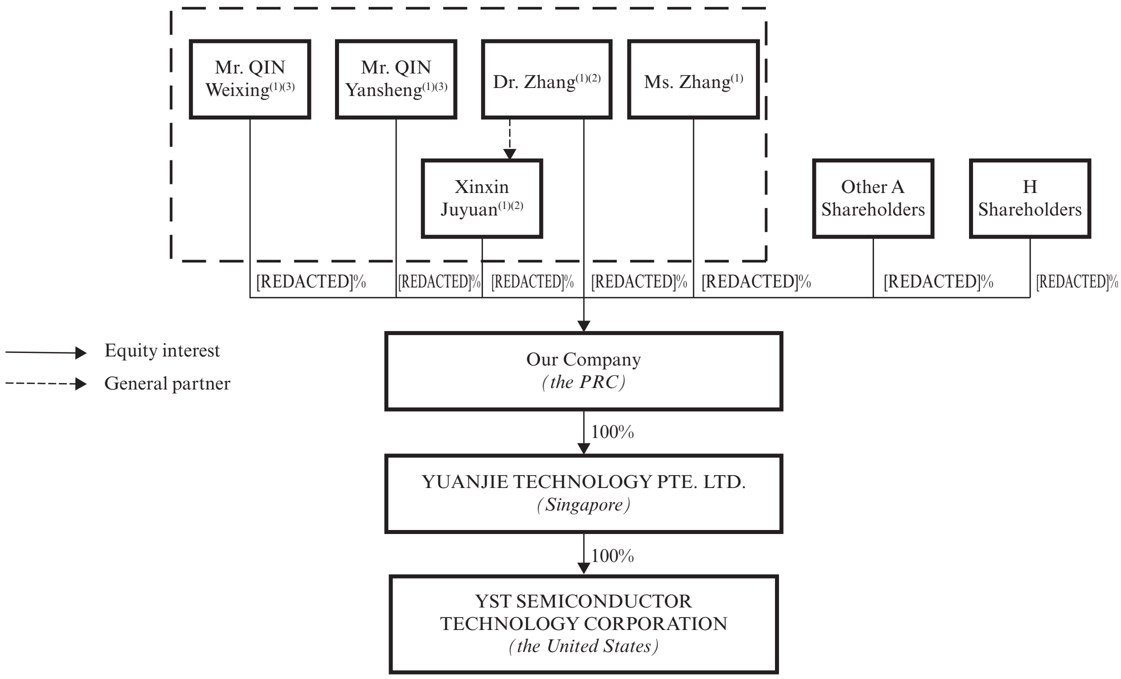
(1) As of the Latest Practicable Date, Dr. Zhang, Ms. Zhang, Mr. QIN Yansheng, Mr. QIN Weixing and Xinxin Juyuan were our Single Largest Group of Shareholders collectively holding 27.76% of issued share capital of our Company (including 275,169 A Shares held by our Company as treasury Shares). For details, please refer to "Relationship with Our Single Largest Group of Shareholders" and "Substantial Shareholders" of this document.

(2) As of the Latest Practicable Date, Dr. Zhang served as the general partner of Xinxin Juyuan, our incentive platform, with 6.21% partnership interest held.

(3) Driven by his long-standing relationship with our founder, Dr. Zhang, and his confidence in the broad prospects of the laser chip industry and our Company's outstanding growth, Mr. QIN Weixing made an early-stage investment in our Company. Sharing this confidence in Dr. Zhang and our business potential, Mr. QIN Weixing's brother, Mr. QIN Yansheng, elected to co-invest in our Group. Both Mr. QIN Weixing and Mr. QIN Yansheng are primarily engaged in the manufacturing and sale of automotive rubber components and focus on their own business operations. Consequently, Mr. QIN Weixing serves as a non-executive Director without participating in our day-to-day management, while Mr. QIN Yansheng does not hold any position within our Group.

Shareholding and Corporate Structure upon Completion of the [REDACTED]

The following chart illustrates a simplified shareholding and corporate structure of our Group upon completion of the [REDACTED], assuming that the [REDACTED] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED]:



Notes:

(1) Immediately after the [REDACTED] and assuming that the [REDACTED] is not exercised and no changes are made to the total issued share capital of our Company since the Latest Practicable Date and up to the [REDACTED], Dr. Zhang, Ms. Zhang, Mr. QIN Yansheng, Mr. QIN Weixing and Xinxin Juyuan are expected to retain as our Single Largest Group of Shareholders collectively holding [REDACTED]% of issued share

capital of our Company (including 275,169 A Shares held by our Company as treasury Shares). For details, please refer to "Relationship with Our Single Largest Group of Shareholders" and "Substantial Shareholders" of this document.

(2)–(3) See notes in "— Shareholding and Corporate Structure Immediately Before the [REDACTED]" above.