

SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all the information that may be important to you. You should read the entire document before you decide to [REDACTED] in the [REDACTED]. There are unique challenges, risks and uncertainties associated with [REDACTED] in companies such as ours. In addition, we have incurred net losses since our inception, and we may incur net losses for the foreseeable future. We had negative net cash flow from operating activities for the years ended December 31, 2023, 2024 and 2025. We did not declare or pay any dividends during the Track Record Period and may not pay any dividends in the foreseeable future. Your [REDACTED] decision should be made in light of these considerations.

There are risks associated with any [REDACTED]. Some of the particular risks in [REDACTED] in the [REDACTED] are set out in the section headed “Risk Factors” in this document. You should read that section carefully before you decide to [REDACTED] in the [REDACTED].

OVERVIEW

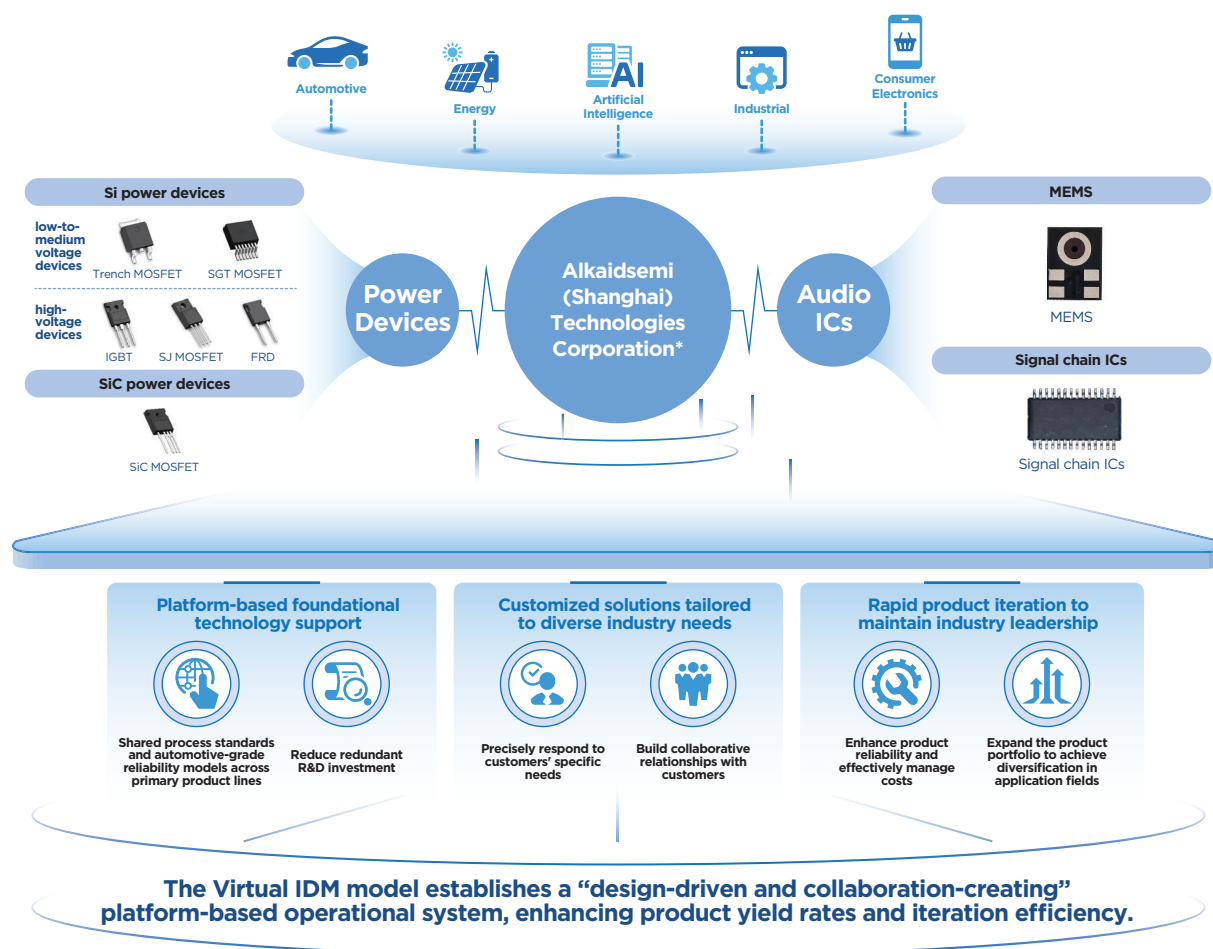
We are a leading provider of power devices and audio ICs in China, and have established an integrated business structure covering design, production process development and sales, spanning across various end markets. Leveraging which, we focus on providing automotive, consumer electronics and energy and industrial, including AI data center power supply markets with power devices and audio ICs exhibiting high quality and strong endurance.

We are the only semiconductor company in China adopting a virtual IDM model to develop power devices and audio ICs, according to CIC. Under the Virtual IDM model, we focus on power device and audio IC design while retaining control over specific proprietary fabrication technologies and establishing deep partnerships with foundries and packaging or testing service providers, thereby combining design-driven flexibility with moderate control over critical manufacturing processes. This allows us to achieve synergy between process development and manufacturing technological implementation, dynamic optimization of production capacity, and strong collaboration with foundries, resulting in a comprehensive set of competitive edges comprising technology definition power, effective control on supply chain and quality control capability.

Our power device products serve as core components for electric energy conversion and circuit control, facilitating quality performance of power electronic devices in a wide range of mission-critical applications, including NEVs, AI data center power supply systems, and energy electrification. Leveraging our strong technology and innovation capability, we have passed relevant validation procedure and become a core supplier of many global leading automotive enterprises, exhibiting our leading technology position in automotive power device industry in China. In the meantime, we provide audio ICs, including MEMS products and signal chain ICs, where, by incorporating advanced algorithm, we can effectively satisfy complex audio processing needs of a great variety of smart devices, covering audio signal acquisition, conversion, processing.

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The following illustrates our product mix and integrated business structure, which distinguish us from our peers:



* For identification purpose only

According to CIC, we ranked sixth among Chinese suppliers in the domestic non-IDM power device market in terms of revenue in 2024, with a market share of 0.3%. Simultaneously, according to CIC, in terms of shipment volume in 2024, we ranked third among global suppliers and first among domestic suppliers in the MEMS microphone IC sector, with a global market share of 16.8%.

Our Products and Operating Model

During the Track Record Period, we derived revenue primarily from designing, development and sales of (i) power devices, including both Si and SiC power devices, and (ii) audio ICs, including MEMS products and signal chain ICs, facilitating critical functions across a broad range of industries, including automotive, consumer electronics, and industrial, including AI data center power supply. We have adopted a transaction-based model for our power device and audio IC products.

Leveraging our technology platform, we have established a comprehensive power device products portfolio. We offer both Si and SiC power device products, including (i) low-to-medium voltage Si power devices, primarily including Trench MOSFET and SGT MOSFET products; (ii) high-voltage and high-frequency Si power devices, primarily including FRD and SJ MOSFET products; (iii) Si IGBT products and (iv) SiC MOSFET products. The rapidly expanding product portfolio exhibits our strong product development and innovation capabilities and effectively establishes full coverage on diverse application scenarios including automotive, consumer electronics, energy and industrial.

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- **Automotive sector** represents the largest market for power devices. However, applications of power devices in the automotive sectors are characterized by particularly high barriers to entry, which set forth exacting standards for electrical performance, reliability, and stability. Consequently, in contrast to other application scenarios that have achieved a localization rate in excess of 80%, the localization rate within the automotive application domain is the lowest, amounting to less than 10%, according to CIC. Significant disparities persist between the automotive sector and other application sectors with respect to the penetration of domestic manufacturers, the accumulation of technology, and the independence of the supply chain, thereby representing considerable market potential for us. We have introduced SiC MOSFET, Si IGBT and Si MOSFET products which have achieved large-scale mass production and supply for many global leading automotive electronics enterprises, being applied to diverse scenarios covering NEV powertrain systems, battery management systems, on-board charging systems, chassis management systems, vehicle body management systems, thermal management systems, and ZCU domain control systems. In particular, our products cover both high-voltage electrical architectures (800V/400V) and low-voltage electrical architectures (12V/48V), with SiC and Si products. Capitalizing on our proprietary process platform, we are one of the power device companies offering comprehensive product matrix in China, and have entered the supply chain systems of many global leading automotive electronics enterprises and automotive manufacturers.
- **AI data centers** serve as the critical infrastructure of the digital economy, where both AI training and computing demands robust power support, creating significant growth opportunities for power device industry. Leveraging our profound technical expertise across the full spectrum of power device product lines, we have established a comprehensive product portfolio covering voltages from 25V to 2,300V scenario, and spanning both SiC and Si products, which have already been in mass-production stage and adopted by many global leading enterprises engaging power supply business for data centers and servers.

During the Track Record Period, our products comprised MEMS products and signal chain ICs used in sound signal acquisition and analog-to-digital/digital-to-analog conversion. These products serve as the critical “entry point” for human-machine interaction through voice, a key function in great variety of AI-empowered smart hardware, such as smartphones, wearable devices, smart cockpits, and humanoid robots. Leveraging our process platform covering ICs design, algorithm development and process innovation, we provide customers with comprehensive edge-side intelligent audio solutions.

Different from typical IC design companies that primarily rely on standard foundry process platforms for product development, our virtual IDM model enables us to introduce our proprietary process technologies into the foundries’ manufacturing flows, ensuring their process capabilities get precisely aligned with our IC design requirements, thus creating a strong collaboration relationship with leading domestic semiconductor foundries. In particular, this model allows us to achieve superior IC performance, higher reliability, and shorter design iteration cycles. Capitalizing on our virtual IDM model, our self-developed SiC process yield has achieved over 90%, significantly surpassing the industry average yield.

Market Opportunities

In the automotive sector, driven by the continuous growth in sales of NEVs and the market trend towards more complex and intelligent functions that demands sophisticated power supply and delicate control system, automotive has become one of the largest application markets for power devices in China. According to CIC, the global market size of power devices in the automotive sector increased from USD7.3 billion in 2020 to USD13.5 billion in 2024, representing a CAGR of 16.8% from 2020 to 2024. It is projected to reach USD24.5 billion by 2029, with an expected CAGR of 12.7% from 2024 to 2029.

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According to CIC, the market size as the energy and industrial sector expanded from USD11.9 billion in 2020 to USD13.0 billion in 2024 and is forecast to reach USD21.0 billion by 2029, with a CAGR of 10.0% between 2024 and 2029. The renewable energy segment represents a significant growth opportunity, with the market size reaching USD2.4 billion in 2024 and expected to expand at a CAGR of 13.8% from 2024 to 2029.

As the core infrastructure of the digital economy, global AI data centers are experiencing a surge in power supply together with growing challenges associated with proper power supply management for training and computing tasks resulting in peak and valley cycle. As a result, this sector becomes one of the fastest-growing market for power devices. According to CIC, the global market size of power devices for AI data centers was approximately USD700.0 million in 2024, and is expected to grow at an expected CAGR of 23.9% from 2024 to 2029. In line with global trend towards carbon neutrality and quick expansion of advanced power transmission infrastructures around the world, demands for power devices in energy and industrial applications experienced continuous growth, particularly in scenarios like photovoltaic inverters, energy storage converters, and smart grids.

Both automotive and AI data center sectors are characterized by stringent requirements for the performance, reliability, and safety of power devices, resulting in exceptionally high entry barriers. With the continuous increase in the penetration rate of new energy vehicles and the explosive growth in demand for AI computing power, the market size of these high-end applications is expanding rapidly. Benefiting from policy support, technological advancements, and substantial capital investment, domestic manufacturers are poised to incrementally enhance their market penetration and facilitate domestic substitution. Currently, however, the localization rate in both fields remains at a relatively low level in China compared to other application sectors. According to CIC, the localization rate for automotive power devices in China was less than 10% in 2024. Similarly, the localization rate for AI data center power devices in China was approximately 20% in 2024. This trend not only portends a sustained enlargement of the potential market space but also presents a valuable opportunity for us to capitalize on its technological and product strengths to penetrate high-growth niche markets.

AI is reshaping human-computer interaction, with audio interaction serving as a critical control interface for intelligent terminals given its convenient nature. With the rapid development of smart hardware, the application landscape for audio interaction continues to expand, covering consumer electronics, automotive electronics and AI human-computer interactions. According to CIC, the global audio IC market size, measured by revenue, grew from USD6.8 billion in 2020 to USD7.9 billion in 2024, representing a CAGR of 3.8% from 2020 to 2024. It is projected to reach USD10.0 billion by 2029, representing an expected CAGR of 4.8% from 2024 to 2029.

OUR COMPETITIVE STRENGTHS

We believe that we have the following competitive strengths:

- A leading domestic power device and audio IC provider enjoying strong recognition among top industry players and carrying successful track record of capturing opportunities arising from industry transitions.
- The sole virtual IDM model operator in the power device and audio IC industry in China, holding a stable and efficient collaboration ecosystem.
- Capitalizing on our process platform, we offer comprehensive product portfolio addressing diverse market needs.
- Advanced design process and stringent quality control ensure stable delivery of quality products with highly reliable performance.

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- We have an experienced talent team with rich experience in semiconductor industry and enjoy support from shareholders holding strong industry background.

OUR STRATEGIES

We plan to implement the following growth strategies:

- Fully embrace the historic opportunities presented by the development of the automotive, energy and industrial sectors
- Continuously to improve the virtual IDM model, increase R&D investment, and drive technological innovation
- Enrich the product portfolio, enhance product performance, and maintain industry leadership
- Deepen collaboration with key strategic customers and continuously expand our new client
- Explore M&A opportunities within the industrial chain
- Enhance specialized talent development

RESEARCH AND DEVELOPMENT

We believe our strong R&D capabilities are essential for our sustainable development and success. We set our R&D strategic position to focus on (i) research on fundamental science with the aim to build up a platform-based technology portfolio to enable coordinated R&D across multiple product lines; (ii) technological solutions that tailored to address industry and client specific challenges or demands, and (iii) continuous product optimization and iteration that are critical for us to achieve sustainable leadership.

During the Track Record Period, our R&D expenses amounted to RMB68.5 million, RMB59.2 million and RMB72.1 million, respectively, accounting for 15.8%, 15.4% and 13.3% of our total revenue for the respective periods.

INTELLECTUAL PROPERTY

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual properties, including patents, registered trademarks and software copyrights and domain names in China and the United States. We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights.

As of December 31, 2025, we owned 69 registered patents in China and 64 patent applications in China and two patent applications in the United States. As of the same date, we had 190 IC layout design registrations, and 21 registered trademarks in Chinas (including three in Hong Kong Region). For more details, see “Business — Intellectual Property”.

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OUR CUSTOMERS AND SUPPLIERS

Our customers encompasses companies across in various industries, including automotive, consumer electronics, renewable energy and industrial applications. In 2023, 2024 and 2025, our five largest customers in each year during the Track Record Period contributed 45.8%, 42.2% and 48.3%, respectively, to our total revenue for relevant years. Sales to our largest customer in each year during the Track Record Period accounted for 15.8%, 11.6% and 20.9% of our total revenue for relevant years.

Our major suppliers primarily include suppliers for wafers, packaging and testing services. In 2023, 2024 and 2025, purchases from our five largest suppliers accounted for 99.7%, 98.8% and 98.4%, respectively, to of our total purchases. Purchase from our largest supplier in each year during the Track Record Period accounted for 94.9%, 93.5% and 92.9% of our total purchases for the respective year.

During the Track Record Period, we primarily procured wafer fabrication service from our largest supplier and may be susceptible to relevant risk. See “Risk Factors — We had reliance on major suppliers during the Track Record Period. We may not be able to secure a stable supply at all times and on commercially acceptable terms, or at all”. Our reliance on limited number of suppliers during the Track Record Period was largely attributable to a concentrated scope of qualified wafer foundries in an earlier stage of development of China’s semiconductor industry, brought by entry barriers such as high capital investment, technical difficulties and regulatory restrictions, according to CIC. We have established a long-term partnership with UNT, a key supplier to leading players in the power device industry since 2019, and entered into a strategic partnership agreement with UNT in January 2025, pursuant to which, UNT will allocate resources to fulfill our procurement requirements and strive to meet our demands. For details of our procurement from UNT, please see “Business”.

Our operations are carried out within the power device and audio IC supply chain involving wafer foundries, packaging and testing service providers as well as raw material suppliers. The supply chain is subject to evolving international trade policies, export control regulations and other regulatory developments. Such policies and regulations may affect the supply chain and downstream markets in which we operate. For example, changes in export control measures or trade policies may influence the availability, pricing or delivery schedules of certain semiconductor-related materials and services within the industry, and may also affect demand from downstream customers in certain application sectors. For further details, see “Risk Factors — We are subject to risks associated with international trade policies, export control regulations, economic sanctions and investment restrictions.”

COMPETITION

The power device and audio IC industry in which we operate is highly competitive and characterized by its extensive downstream applications and diverse product portfolio. The global power device market has demonstrated steady growth. In revenue terms, the global market size increased from USD25.0 billion in 2020 to USD31.7 billion in 2024, representing a CAGR of 6.1% during this period. The relatively slight decline slower growth in 2023–2024 was primarily attributable to supply chain constraints and temporary weakness in end-market demand. It is projected to reach USD51.4 billion by 2029, with a CAGR of 10.2% from 2024 to 2029. Driven by the upgrading of consumer electronics, the increasing adoption of smart voice applications and the acceleration of automotive intelligence, the audio IC market continues to expand. In revenue terms, the global audio IC market grew from USD6.8 billion in 2020 to USD7.9 billion in 2024, representing a CAGR of 3.8%. It is expected to reach USD10.0 billion by 2029, with a CAGR of 4.8% for the period from 2024 to 2029.

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RISK FACTORS

We believe there are certain risks and uncertainties involved in the [REDACTED] in our Shares, some of which are beyond our control. See “Risk Factors” for details of our risk factors, which we urge you to read in full before making an [REDACTED] in our Shares. Some of the major risks we face include:

- We had reliance on major suppliers during the Track Record Period. We may not be able to secure a stable supply at all times and on commercially acceptable terms, or at all.
- If we are unable 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 business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and to expand our product mix and penetrate new markets.
- Our business depends on our ability to protect our intellectual property rights. If we are unable to adequately protect our intellectual property rights or other proprietary rights, we may not be able to compete effectively and our business, results of operations and financial condition could be materially and adversely affected.
- We incurred net losses during the Track Record Period and we may continue to incur losses, and we may not be successful in expanding our operations or managing our growth.
- We incurred net liabilities, net current liabilities and operating cash outflows during the Track Record Period, which may continue into the foreseeable future and expose us to liquidity risk.

THE IMPACT OF COVID-19 PANDEMIC

The outbreak of COVID-19 pandemic has materially and adversely affected the global economy since the first quarter of 2020. In response, the PRC government and the governments of other countries have implemented numerous anti-pandemic measures, to safeguard public health and interest. During the Track Record Period and up to the Latest Practicable Date, our production activities have not encountered any material disruption due to the COVID-19 pandemic, nor did we experience temporary closure or shutdown of our offices or production facilities due to the COVID-19 pandemic.

Accordingly, our Directors believe that the outbreak of COVID-19 pandemic has not had any material adverse impact on our business, financial condition or results of operations during the Track Record Period and up to the Latest Practicable Date. However, there is no assurance that our operation or production activities will not be affected in the future due to pandemic or other events. See “Risk Factors — We may be subject to natural disasters, acts of war or terrorism or other factors beyond our control.” As such, we plan to stay alert and closely monitor and evaluate the market situation based on any development of the COVID-19 pandemic in the future.

SUMMARY HISTORICAL FINANCIAL INFORMATION

The following tables set forth summary financial data from our financial information for the Track Record Period, extracted from the Accountants’ Report as set forth in Appendix I to this document. The summary financial data set forth below should be read together with, and is qualified in its entirety by reference to, the consolidated financial statements in this document, including the related notes. Our consolidated financial information was prepared in accordance with IFRSs.

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Summary of Consolidated Statements of Profit or Loss and Other Comprehensive Income Items

The following table sets forth a summary of our consolidated statements of profit or loss and other comprehensive income in absolute amount and as a percentage of our revenue for the years indicated.

	For the year ended December 31,					
	2023		2024		2025	
	RMB'000	% of revenue	RMB'000	% of revenue	RMB'000	% of revenue
Revenue	432,734	100.0	383,166	100.0	541,473	100.0
Cost of sales	(395,956)	(91.5)	(370,316)	(96.6)	(527,202)	(97.4)
Gross profit	36,778	8.5	12,850	3.4	14,271	2.6
Other income and other gains or loss, net	7,580	1.8	11,049	2.9	2,020	0.4
Selling and distribution expenses	(30,504)	(7.0)	(30,536)	(8.0)	(34,650)	(6.4)
Research and development expenses	(68,475)	(15.8)	(59,175)	(15.4)	(72,121)	(13.3)
Administrative expenses	(46,059)	(10.6)	(49,365)	(12.9)	(49,130)	(9.1)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Reversal of impairment/(impairment loss) on financial assets, net	(4,491)	(1.0)	1,536	0.4	(1,231)	(0.2)
Loss from operations	(105,171)	(24.3)	(113,641)	(29.7)	(152,884)	(28.2)
Finance income	747	0.2	3,335	0.9	3,827	0.7
Finance costs	(449)	(0.1)	(527)	(0.1)	(1,245)	(0.2)
Finance costs, net	298	0.1	2,808	0.7	2,582	0.5
Changes in the carrying amount of redemption liabilities	(46,535)	(10.8)	(73,098)	(19.1)	(56,579)	(10.4)
Loss before income tax	(151,408)	(35.0)	(183,931)	(48.0)	(206,881)	(38.2)
Income tax (expense)/credit	44	–	17	–	(4)	–
Loss for the year	(151,364)	(35.0)	(183,914)	(48.0)	(206,885)	(38.2)

Non-IFRS Measures

To supplement our consolidated financial statements, which are presented in accordance with IFRSs, we also use adjusted loss for the year (non-IFRS measure) as an additional financial metric, which is not required by, or presented in accordance with, IFRSs.

We believe that this non-IFRS measure facilitates comparison of our operating performance by eliminating potential impacts of certain items listed below. We also believe that this non-IFRS measure presents useful information in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, our presentation of this non-IFRS measure may not be comparable to similarly titled measures presented by other companies. The use of this non-IFRS measure has limitations as an analytical tool, and you should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS.

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The following table reconciles our adjusted loss for the year (non-IFRS measure) for the year presented in accordance with IFRSs, which is loss for the year.

	Year Ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Reconciliation of loss			
for the year to adjusted loss (non-IFRS measure)			
Loss for the year	<u>(151,364)</u>	<u>(183,914)</u>	<u>(206,885)</u>
Add:			
Changes in the carrying amount of redemption liabilities ⁽¹⁾	<u>46,535</u>	<u>73,098</u>	<u>56,579</u>
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Share-based payment expenses ⁽²⁾	<u>20,809</u>	<u>12,588</u>	<u>9,863</u>
Adjusted loss (non-IFRS measure)	<u>(84,020)</u>	<u>(98,228)</u>	<u>(128,400)</u>

Notes:

- (1) Changes in the carrying amount of redemption liabilities represent the fair value change in equity instruments issued to investors with redemption rights, which gives rise to a financial liability for the redemption amount, even if our obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortised cost with interest expenses being included in change in the carrying amounts of redemption liabilities. We do not expect to record any further fair value changes in financial instruments issued to investors as such liabilities will be redesignated from liabilities to equity as a result of the automatic conversion into ordinary shares upon the [REDACTED].
- (2) Share-based payment expenses mainly represent the non-cash employee benefit expenses incurred in connection with our awards to employees. Such expenses in any specific period are not expected to result in future cash payments.

In 2023, 2024, and 2025, we recorded net losses of RMB151.4 million, RMB183.9 million and RMB206.9 million, respectively. Our adjusted net loss (non-IFRS measure) amounted to RMB84.0 million, RMB98.2 million and RMB128.4 million, respectively. The net losses and adjusted net losses during the Track Record Period are primarily attributable to our strategic emphasize on product portfolio build-out and customer acquisition over short-term profitability. We believe the recent global recalibration and localization of the semiconductor industry present a strategic window for us to enter the supply chains of leading blue-chip customers, establish ourselves as a tier-1 supplier, and achieve long-term profitability. This strategy is executed by building a comprehensive product portfolio offered at competitive prices, which facilitates customer qualification and seamless supply chain integration.

To build a comprehensive product portfolio, we incur significant research and development expense in upgrading existing products and building new products for customer evaluation. As of December 31, 2025, we have 443 new product development projects. The product development effort is complemented by a competitive pricing strategy designed to win customer validation. The combined focus on product innovation and competitive pricing, which prioritize growth and market access resulted in relatively limited gross margin during the Track Record Period.

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We believe as our product suite matures and sales scale for validated products, we will be able to improve gross margin through economies of scale, moderate R&D spending, and achieve profitability.

During the Track Record Period, we derived revenue primarily from sales of products, including (i) power devices, including Si power devices and SiC power devices, and (ii) audio ICs, including MEMS and signal chain ICs. We generally recognize revenue when our products have been delivered to and accepted by our customers. The following table sets forth the breakdown of our revenue by category of products sold both in absolute amounts and as percentages of total revenue, for the years indicated.

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Revenue						
Power devices	383,991	88.7	283,339	74.0	452,809	83.6
— Si power devices	368,737	85.2	262,108	68.5	335,074	61.9
— SiC power devices	15,254	3.5	21,231	5.5	117,735	21.7
Audio ICs	48,743	11.3	99,827	26.0	88,664	16.4
— MEMS	48,454	11.2	98,168	25.6	87,230	16.1
— Signal chain ICs	289	0.1	1,659	0.4	1,434	0.3
Total	432,734	100.0	383,166	100.0	541,473	100.0

We recorded total gross profits of RMB36.8 million, RMB12.9 million and RMB14.3 million in 2023, 2024 and 2025, respectively. We recorded gross profit margins of 8.5%, 3.4% and 2.6% in 2023, 2024 and 2025, respectively. See “Financial Information — Description of Consolidated Statements of Profit or Loss and Other Comprehensive Income” and “Financial Information — Year-to-year Comparison of Results of Operations.”

	Year ended December 31,					
	2023		2024		2025	
	<i>RMB'000</i>	%	<i>RMB'000</i>	%	<i>RMB'000</i>	%
Before impairment loss of inventories						
Power devices	54,222	14.1	6,669	2.4	37,857	8.4
— Si power devices	49,172	13.3	7,635	2.9	37,024	11.0
— SiC power devices	5,050	33.1	(966)	(4.6)	833	0.7
Audio ICs	11,244	23.1	24,190	24.2	19,714	22.2
— MEMS	11,347	23.4	23,646	24.1	18,972	21.7
— Signal chain ICs	(103)	(36.0)	544	32.8	742	51.7
Subtotal	65,466	15.1	30,859	8.1	57,571	10.6
Impairment loss of inventories	(28,688)		(18,009)		(43,300)	
Gross profit and gross profit margin	36,778	8.5	12,850	3.4	14,271	2.6

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Our revenue decreased from RMB432.7 million in 2023 to RMB383.2 million in 2024, primary due to a decline in revenue from Si power devices, as a result of overall decline in Si power device ASP as well as lower sales of our FRD products, which has higher ASP among our Si power devices. Our gross profit decreased from RMB36.8 million in 2023 to RMB12.9 million in 2024, mainly driven by the decline in Si power device pricing, which erode gross profit margin for Si power device, and lower sales of our FRD products, which has higher gross profit margin among our Si power devices. In 2023 and 2024, the semiconductor industry experienced an inventory destocking cycle as demand moderated, which led to declines in ASPs for most power device products, such as IGBT and MOSFET modules, according to CIC. Prices in the IGBT industry have declined by approximately 30%, while prices of MOSFET modules have decreased by approximately 10%. The overall ASP for power devices, however, increased due to increasing proportion of SiC power devices, which has significantly higher ASP than Si power devices. According to Yole, the share of SiC in the power device market increased from approximately 9% in 2023 to around 12% in 2024.

To address the decline in revenue, we have been actively developing Si power devices for high-growth markets including automotive on-board chargers, power drives, fast-charging infrastructure, and accelerate the validation and commercialization of our SiC power devices. Our revenue increased to RMB541.5 million in 2025 from RMB383.2 million in 2024, driven by strong growth in SiC power devices following commercialization of products that have completed customer validation, and expanding sales volume as well as ASP in Si power devices amid a broader market recovery.

To address the decline in gross profit, we have been actively expanding our revenue source, as well as enhance gross profit margin for our product portfolio. We have been increasing sales of higher-margin products among Si power devices, including FRD and IGBT to improve overall profitability. We have also been ramping up sales of Si and SiC power devices, leveraging economies of scale to reduce unit cost. In addition, we have tightened our management on inventory to reduce excess stock and cost of impairment loss. Our gross profit increased slightly to RMB14.3 million in 2025 from RMB12.9 million in 2024. Our gross profit before impairment loss of inventories increased to RMB57.6 million in 2025 from RMB30.9 million in 2024, primarily driven by gross profit expansion in Si power device as a result of sales expansion, ASP uplift, and cost per unit reduction, as well as positive gross profit from SiC power device.

We plan to achieve breakeven through a series of measures to expand revenue, enhance product margin, and control expense spending. See “Financial Information — Path to Profitability”.

Summary of Consolidated Statements of Financial Position

The table below sets forth selected information from our consolidated statements of financial position as of the dates indicated, which have been extracted from our audited consolidated financial statements included in Appendix I to this document:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total current assets	619,235	751,473	784,687
Total non-current assets	34,633	46,615	62,690
Total assets	653,868	798,088	847,377
Total current liabilities	793,830	1,092,370	301,016
Total non-current liabilities	3,701	4,787	12,111
Net (liabilities)/assets	(143,663)	(299,069)	534,250
Net current (liabilities)/assets	(174,595)	(340,897)	483,671

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We had net liabilities of RMB143.7 million and RMB299.1 million as of December 31, 2023 and 2024, respectively, primarily reflecting (i) our loss for the year of RMB151.4 million and RMB183.9 million in 2023 and 2024, respectively, and (ii) recognition of redemption liabilities of RMB691.8 million and RMB914.9 million as of December 31, 2023 and 2024, respectively, for issuance of equity shares with certain preferred rights to investors in connection with their capital injection. These rights were terminated in September 2025, leading to a reclassification of such liabilities into equity, turning our position of net liabilities into net assets of RMB534.3 million as of December 31, 2025.

See “Financial Information — Liquidity and Capital Resources — Current Assets and Current Liabilities” for detailed analysis of our net current liabilities during the Track Record Period.

Summary of Consolidated Statements of Cash Flows

We have historically financed our operations primarily through a combination of cash flow generated from our operations and bank borrowings. The following table sets forth a summary of our cash flow statements for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash used in operations	(250,914)	(125,576)	(80,179)
Net cash used in investing activities	(15,624)	(4,301)	(3,502)
Net cash generated from financing activities	261,317	189,834	72,731
Net increase/(decrease) in cash and cash equivalents	(5,221)	59,957	(10,950)
Cash and cash equivalents at the beginning of the year	<u>285,623</u>	<u>280,402</u>	<u>340,359</u>
Cash and cash equivalents at the end of the year	<u>280,402</u>	<u>340,359</u>	<u>329,409</u>

In 2023, 2024 and 2025, we recorded net operating cash outflows of RMB250.9 million, RMB125.6 million and RMB80.2 million, respectively. Such net operating cash outflows were primarily attributable to our net losses, with adjustments for non-cash and non-operating items and changes in working capital. The negative changes in working capital in 2023 and 2024 were largely driven by a lengthening of our inventory turnover days, receivable turnover days, and shortening of our payable turnover days. These changes were largely due to a slowdown in demand from downstream sectors, impacting our working capital cycles. However, our net operating cash outflows decreased from RMB125.6 million in 2024 to RMB80.2 million in 2025, with our inventory turnover days reduced from 213 days in 2024 to 170 days in 2025, our trade receivables turnover days declined from 123 days to 83 days in 2025, and our payable turnover days increased from 84 days in 2024 to 103 days in 2025, as a result of our active cash and inventory management measures taken in 2025. Such measures include, among others, aligning inventory with customer orders and forecasts, reducing excess stock while remaining responsive to demand, and establishing a dedicated sales and operations planning (SOP) team to oversee the full sales lifecycle, track orders and forecasts in real time, and make proactive adjustments to delivery plans as needed. Based on such improvements in 2025, our Directors, and as concurred by the Joint Sponsors, are of the view that the Company’s measures to enhance operating

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cashflow have been effective. For more discussion of our cash flow data, adjustments for non-cash and non-operating items and the reasons underlying the changes, see “Financial Information — Liquidity and Capital Resources.”

PATH TO PROFITABILITY

We were loss-making during the Track Record Period. In 2023, 2024 and 2025, we incurred net loss of RMB151.4 million, RMB183.9 million and RMB206.9 million, and adjusted net loss (non-IFRS measure) of RMB84.0 million, RMB98.2 million, and RMB128.4 million, respectively. Specifically, our historical net loss was primarily due to our strategic emphasis on long-term growth. In particular, we prioritized market penetration, key customer acquisition and expansion of our product portfolio in high-value applications over near-term profitability. As a result, we incurred substantial cost of sales, R&D and selling and distribution expenses during the Track Record Period, driven by continued investment in product development and competitive pricing strategies to capture broader market opportunities, especially those arising from the recent shift toward domestic substitution, and to establish our position within the semiconductor supply chains of leading blue-chip customers. Driven by our deepened presence in high-end applications across automotive, energy storage and consumer electronic sectors, our strengthened collaboration with key customers, and the accelerated upgrade of our product mix toward higher value, automotive-grade and industrial-grade products, our revenue increased and our gross profit improved in 2025.

To achieve breakeven and profitable growth in the long term, we aim to continuously (i) expand our revenue scale by delivering orders on hand, commercialize new product development projects, ramp-up SiC power device product sales and enhance pricing with favorable market conditions, (ii) improve our product margin by enhancing pricing, shift product mix towards higher-margin offerings, collaborate with foundry partners to drive cost reduction, and strengthening inventory management, and (iii) enhance operating efficiency by effective expense management. See “Financial Information — Path to Profitability.”

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years indicated.

	<u>For the year ended/As of December 31,</u>		
	2023	2024	2025
Gross profit margin	8.5%	3.4%	2.6%
Current ratio ⁽¹⁾	0.8	0.7	2.6
Quick ratio ⁽²⁾	0.6	0.5	2.0

Notes:

(1) Current ratio represents current assets divided by the current liabilities at the end of year.

(2) Quick ratio represents the difference of current assets and inventories divided by current liabilities at the end of year.

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OUR CONTROLLING SHAREHOLDERS

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Ruishixin, our employee shareholding platform, will be entitled to control [REDACTED]% of the voting rights of our Company. Dr. Guo, chairperson of our Board, executive Director, our chief executive officer and general manager, serves as the general partner of Ruishixin. As such, Ruishixin and Dr. Guo will be our Controlling Shareholders as defined in the Listing Rules upon [REDACTED].

For details of the shareholding of our Controlling Shareholders immediately prior to and following the completion of the [REDACTED], please refer to the section headed “History, Development and Corporate Structure” in this Document.

PRE-[REDACTED] INVESTMENTS

We have undertaken several rounds of Pre-[REDACTED] Investments. For details of the background of our Pre-[REDACTED] Investors and the principal terms of the Pre-[REDACTED] Investments, see History, Development and Corporate Structure Pre-[REDACTED] Investments.

[REDACTED] STATISTICS

The numbers in the following table are based on the assumptions that (i) the Share Subdivision and the [REDACTED] have been completed and [REDACTED] H Shares are issued and [REDACTED] in the [REDACTED]; (ii) [REDACTED] H shares are to be converted from Unlisted Shares upon the [REDACTED] (representing [REDACTED] of the total issued Shares of our Company as of the date of this Document) and (iii) the [REDACTED] is not exercised.

	Based on an [REDACTED] of HK\$[REDACTED] per Share	Based on an [REDACTED] of HK\$[REDACTED] per Share
[REDACTED] after completion of the [REDACTED] ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited [REDACTED] adjusted net tangible asset per Share ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

- (1) The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately following the completion of the Share Subdivision and the [REDACTED], comprising [REDACTED] H Shares to be issued pursuant to the [REDACTED] and [REDACTED] H shares to be converted from Unlisted Shares upon the [REDACTED] (representing [REDACTED] of the total issued Shares of our Company as of the date of this Document).
- (2) The unaudited [REDACTED] adjusted consolidated net tangible asset of the Group attributable to owners of the Company per Share is calculated after the adjustments referred to in “Appendix II — Unaudited [REDACTED] Financial Information” to this Document and on the basis that [REDACTED] Shares were in issue assuming that (i) the [REDACTED] had been completed on December 31, 2025 and (ii) no exercise of the [REDACTED] and no Shares which may be allotted, issued or repurchase by our Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the section headed “Share Capital” to this Document or otherwise.

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DIVIDENDS

We did not declare or distribute dividends to our shareholders during the Track Record Period. 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.

After the [REDACTED], we may declare and pay dividends mainly by cash or by stock that we consider appropriate. Decisions to declare or to pay any dividends in the future, will depend on, among other things, our Company’s profitability, operations and development plans, external financing environment, costs of capital, our Company’s cash flows and other factors that our Directors may consider relevant. Our ability to distribute dividends in the future also depends on whether we can receive dividends from our subsidiaries. In view of our accumulated losses, as advised by our PRC Legal Adviser, we shall not declare or pay any dividend until we have distributable profits after the accumulated losses have been made up and statutory reserves have been drawn in accordance with relevant laws and regulations and the Articles of Association.

USE OF [REDACTED]

We estimate the net [REDACTED] of the [REDACTED] which we will receive, assuming an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the [REDACTED] stated in the document), will be approximately HK\$[REDACTED], after deduction of [REDACTED] fees and [REDACTED] and estimated expenses payable by us in connection with the [REDACTED] and assuming the Overallotment Option is not exercised.

- [REDACTED]%, or approximately HK\$[REDACTED], will be used for continuously enhancing research and development capabilities and expanding our product offerings. Including:
 - o [REDACTED]%, or approximately HK\$[REDACTED], will be used for the development of our infrastructure to optimize our underlying technological capabilities:
 - o [REDACTED]%, or approximately HK\$[REDACTED], will be used for the procurement of R&D equipment and software tools;
 - o [REDACTED]%, or approximately HK\$[REDACTED], will be used for expansion and upgrade of our R&D center.
 - o [REDACTED]%, or approximately HK\$[REDACTED], will be used for the research and development of products targeted at emerging applications, including automotive, AI, and alternative energies, thereby enriching our product matrix and optimizing our existing products.
- [REDACTED]%, or approximately HK\$[REDACTED], will be used for our strategic expansion, including enhancing our distribution and service network and improving our operational efficiency. In particular:
 - o [REDACTED]%, or approximately HK\$[REDACTED], will be used to enhance customer partnerships and expand market reach;
 - o [REDACTED]%, or approximately HK\$[REDACTED], will be used to enhance operational efficiency in managing customer requirements and delivery schedules.

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- [REDACTED]%, or approximately HK\$[REDACTED], will be used for potential industry-related strategic investments and acquisition opportunities globally.
- [REDACTED]%, or approximately HK\$[REDACTED] will be used for the working capital and general corporate purposes.

[REDACTED]

[REDACTED] to be borne by us are estimated to be approximately HK\$[REDACTED] million (assuming an [REDACTED] of HK\$[REDACTED] per Share, being the mid-point of the indicative [REDACTED] of HK\$[REDACTED] to HK\$[REDACTED] per Share), representing approximately [REDACTED]% of the estimated net [REDACTED] from the [REDACTED] assuming no Shares are issued pursuant to the [REDACTED]. The [REDACTED] consist of (i) [REDACTED]-related expenses, including [REDACTED], of approximately HK\$[REDACTED], and (ii) non-[REDACTED]-related expenses of approximately HK\$[REDACTED], comprising (a) fees and expenses of our legal advisers and reporting accountants of approximately HK\$[REDACTED], and (b) other fees and expenses of approximately HK\$[REDACTED]. During the Track Record Period, we incurred [REDACTED] of HK\$[REDACTED]. After the Track Record Period, approximately HK\$[REDACTED] is expected to be charged to our consolidated statements of profit or loss, and approximately HK\$[REDACTED] is expected to be accounted for as a deduction from equity upon the [REDACTED]. We do not believe any of the above fees or expenses are material or are unusually high for our Company. The [REDACTED] above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025 (being the date of our latest audited financial statements) and there has been no event since December 31, 2025 which would materially affect the information shown in the Accountants’ Report set out in Appendix I to this document. We expect to incur net losses for the year ending December 31, 2026, mainly because we expect to continually incur (i) significant research and development expenses, as we will continue to devote resources in product iteration and development as well as continued expansion and optimization of our product mix in high-value sectors; (ii) substantial selling and distribution expenses, as we continue to allocate resources in expanding our customer base, strengthening our relationships with key customers, and preparing for entry into the global market, and (iii) cost of sales, as we ramp up the scale of our product sales into mass production, despite our efforts to drive revenue growth, improve gross profit margin and enhance operating efficiency. See “Financial Information — Path to Profitability.”

[REDACTED]

[REDACTED]