OVERVIEW

Who We Are

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

Through continuous innovation and robust R&D capabilities, we have built a comprehensive portfolio of products, including automotive- and industrial-grade SiC power modules, SiC discrete devices and power semiconductor gate drivers. Our solutions serve a wide range of industries, including NEVs, renewable energy systems, energy storage systems, industrial control, data and server centers and rail transportations. According to Frost & Sullivan, in terms of revenue in 2024, we ranked sixth in China's SiC power module markets with a market share of 2.9%, and ranked third amongst Chinese companies. In terms of revenue in 2024, we ranked ninth and ninth, respectively, in China's SiC discrete device market and power semiconductor gate driver market, with market share of 2.7% and 1.7%, respectively. These markets are highly concentrated, dominated by a few major international players. China's SiC power device market is highly competitive. According to Frost & Sullivan, in terms of revenue in 2024, major international players (namely, the three largest market players) have a market share of 54.6% and 50.0% in China's SiC power module markets and SiC discrete device market, respectively.

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

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

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

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

Market Opportunities

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

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

OUR STRENGTHS

Innovator in China's SiC Power Device Industry

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

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

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

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

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

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

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

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

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

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

Strategically Positioned in Capturing Industry Growth

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

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

We excel in securing orders from leading customers by fulfilling their needs in energy efficiency and system performance. The accelerating adoption of SiC semiconductors is transforming multiple high-growth industries through fundamental improvements in energy efficiency and system performance. In NEVs, automotive-grade SiC power modules are mainly used in motor control systems, which are considered the second most critical component in terms of the cost percentage after batteries in power systems. Our SiC solutions directly address two critical adoption barriers — range anxiety and charging time — by enabling higher power density and thermal efficiency. The widespread adoption of 800V platforms has been driven by the extensive application of SiC power modules, with 800V platform vehicles achieving a penetration rate exceeding 8% by the end of 2024, a figure projected to grow steadily and enable more 5C ultra-fast charging applications according to Frost & Sullivan. As

production costs continue to decline, leading Chinese automotive brands have further begun implementing SiC power modules in their 400V platform vehicles, marking a significant expansion of market applications. Our technological edge has translated into commercial success, with our automotive-grade products progressing from initial vehicle testing in 2019 to securing long-term agreements with leading Chinese automotive manufacturers. As of December 31, 2025, our solutions had been deployed in over 140,000 vehicles (including both 800V and 400V platforms). According to Frost & Sullivan, we hold a dominant position and rank first among Chinese SiC power device manufacturers in the domestic 400V platforms in terms of shipment volume. Beyond NEVs, our technology delivers similar transformative benefits across renewable energy infrastructure, where enhanced conversion efficiency in solar, wind and energy storage systems reduces capital expenditures while increasing energy output. The accelerating adoption of SiC technology in energy storage inverters delivers superior power density and energy efficiency, empowering our customers to develop next-generation products with enhanced market competitiveness. The same performance advantages are driving adoption in power-intensive applications including data centers, telecommunications infrastructure and industrial automation, where our solutions significantly reduce operational costs through enhanced energy efficiency. In addition, we have successfully partnered with domestic leaders in welding equipment, electroplating systems, solid-state circuit breakers, and active power filters to develop superior solutions that enhance end-product performance while demonstrating the transformative potential of our SiC power device technology. It is becoming the enabling technology for next-generation applications including electric aviation and advanced robotics, where its superior thermal management and power handling capabilities support breakthroughs in system performance and reliability.

IDM Model with Domestic and Overseas Supply Chain Capabilities

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

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

Efficient and Synergistic R&D and Manufacturing. As one of China's first semiconductor companies to establish a fully integrated IDM operation, we have achieved full-suite in-house mass production capabilities spanning wafer fabrication and module packaging, supplemented by gate driver design and testing. Our IDM structure enables seamless synergy between R&D and manufacturing. By maintaining control over the entire production process, we achieve accelerated product development cycles through real-time manufacturing feedback, superior quality through optimized process control, and guaranteed supply reliability through production autonomy. New chip designs based on our own existing platform can be completed in less than one week and then delivered to the foundry for tapeout. This vertical integration ensures we consistently meet the stringent customer requirements for performance, quality, and delivery security. Our integrated manufacturing model delivers

significant economies of scale. Unlike fabless competitors who incur substantial foundry processing fees, our in-house control of the value chain allows for refined process optimization and efficient scaling. We have achieved lower defect rates through proprietary process innovations. The resulting economies of scale translate into structurally lower production costs, enabling us to offer customers superior price-performance ratios efficiently.

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

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

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

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

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

OUR STRATEGIES

Continue R&D Investment to Maintain Competitive Edge

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

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

Strengthen the Business Model Encompassing IDM and Foundry Collaboration

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

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

Focus on Core Applications and Strengthening Customer Collaboration

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

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

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

Enhance Global Presence to Build a Leading Brand for Power Device

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

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

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

Our technology innovations are being applied across multiple high-growth sectors, tackling critical industry challenges. In renewable energy, we have engineered specialized SiC power modules for hydrogen fuel cell systems that demonstrate superior efficiency compared to conventional IGBT solutions, supporting the global transition to green hydrogen infrastructure. For power grid modernization, we are delivering breakthrough high-voltage SiC solutions including flexible high-voltage direct current transmission systems and advanced DC circuit breakers that enhance grid stability and capacity substantially. The industrial sector benefits from our compact, high-power-density modules that enable more efficient servo drives for robotics and power supplies for data centers. Each application area represents a strategic market opportunity where our SiC technology provides measurable performance advantages over existing solutions.

Leveraging our know-how and application experience in SiC, we are actively advancing next-generation semiconductor technologies by tapping into the research of ultra-wide bandgap semiconductor materials, through foundry partnerships and academic research programs. These materials represent the future of semiconductor technology, offering performance characteristics that far exceed conventional silicon solutions. We are exploring the potential of these materials in addressing emerging challenges in power electronics.

OUR PRODUCTS AND SOLUTIONS

We offer power modules, discrete devices and power semiconductor gate drivers, each suited to different application scenarios. The table below sets forth our major products and solutions:

Category	Products and Solutions	Brief Introduction
SiC power modules	• Automotive-grade SiC power modules • Industrial-grade SiC power modules	Assembled electronic units that perform similar operations as our SiC discrete devices, but more tailored to higher-power application scenarios because of their higher level of system integration that improves heat dissipation. Our SiC power modules are suitable for a wide range of high-power automotive and industrial applications
SiC discrete devices	• SiC MOSFETs • SiC Schottky diodes	Individual components of power electronic systems, performing fundamental operations such as switching and rectification. Our SiC discrete devices are suitable for various applications in automotive and industrial electronics sectors
Power semiconductor gate drivers	• Gate driver ICs • Gate driver boards	Individual components of electronic systems that facilitate the efficient operation of power electronic systems. Our power semiconductor gate drivers are suitable for various uses such as inverters, motor drives and power converters in the new energy industry and industrial applications

There is no overlap among our major products and solutions. Our SiC discrete devices are not used or packed in our SiC power modules. Compared to our SiC discrete devices, which typically contain no more than two SiC chips, our SiC power modules typically assemble a greater number of chips. The presence of multiple chips within the SiC power modules, along with advanced cooling structures, facilitates their use in high-power applications with higher current demands and enhanced thermal management. Our power semiconductor gate drivers control and enable the functions of discrete devices and power modules through power amplification, in particular: (i) they convert low-voltage control signals into appropriate gate voltage levels and provide sufficient drive current to amplify such signals, thereby enabling rapid charging and discharging of the devices' input capacitance and achieving precise control over the switching of discrete devices and power modules; (ii) they enhance the operating efficiency of power devices by optimizing switching behavior to minimize energy losses; and (iii) they incorporate protection features to safeguard power devices under abnormal operating conditions.

The table below sets forth our revenue breakdown by product type in absolute amount and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except for percentage)					
SiC power modules	77,033	34.9	145,567	48.7	122,373	39.3
SiC discrete devices	52,630	23.9	51,982	17.4	58,389	18.8
Power semiconductor gate drivers	66,832	30.3	80,092	26.8	102,607	33.0
Others[(1)]	24,091	10.9	21,374	7.1	27,796	8.9
Total	**220,586**	**100.0**	**299,015**	**100.0**	**311,165**	**100.0**

Note:

(1) Others primarily include sales of power stack, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.

SiC Power Modules

We are dedicated to delivering high-frequency and high-power-density integrated SiC solutions. We primarily provide two types of automotive-grade SiC power modules, which are produced using transfer molding (a semiconductor packaging process in which molding compound is heated and transferred into a mold cavity to encapsulate and protect the chip and its interconnections) and gel potting (a semiconductor packaging method where a soft, gel-like material is used to encapsulate components, providing protection against moisture, dust and mechanical stress while allowing thermal expansion), respectively. These modules, with power capacities ranging from 200kW to up to 500kW, are suitable for a diverse range of automotive applications.

In response to the industry's transition from silicon-based IGBTs to SiC power modules in NEVs — a shift motivated by the demand for enhanced efficiency, compact designs, superior performance and increased reliability — we have developed a diverse array of automotive-grade SiC power module products specifically tailored for NEV components, such as the main traction inverters. By employing our proprietary SiC chip design technologies and advanced processes in automotive-grade SiC power module packaging, such as nano silver sintering technology, we enhance the conversion efficiency of power inverters, thereby improving the energy efficiency and driving range of NEVs.

Furthermore, capitalizing on our expertise developed through the creation of automotive-grade SiC power modules, we have expanded our portfolio to encompass industrial-grade SiC power modules. Our industrial-grade SiC power modules feature low conduction loss and low switching loss. By incorporating high-performance substrate materials and high-temperature solder, we have further improved our product reliability. Additionally, our industrial-grade SiC power modules support both press-fit and soldering techniques and NTC temperature sensor integration. We also provide complementary gate driver ICs and gate driver boards featuring our own module.

In 2023, 2024 and 2025, our revenue from SiC power modules amounted to RMB77.0 million, RMB145.6 million and RMB122.4 million, respectively, accounting for 34.9%, 48.7% and 39.3% of our total revenue, respectively.

SiC Discrete Devices

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

Benefiting from our IDM model, we maintain full control over our R&D and manufacturing processes, enabling rapid iterations and enhancements in production technology. We integrate in-house production with third-party foundry resources, and have advanced our proprietary production processes to the third generation. Compared to previous generations, we utilize higher precision photolithography and etching equipment, alongside advanced metal filling equipment, to reduce cell pitch and increase cell density. This enables products from the third-generation process to have higher chip conductivity and cost advantages compared to previous products. As we continue to establish our own production bases and improve our production processes, we achieved a growing proportion of in-house production and our fourth-generation MOSFETs have entered mass production in 2025. With the implementation of the self-aligned source contact that improves alignment accuracy in connecting the source region, and trench-assisted contact process that enhances conductivity and reduces contact resistance, in our fourth-generation process, the impact of overlay errors on chip performance and reliability is minimized. This enables further reduction in cell size during product design, achieving superior performance.

In 2023, 2024 and 2025, our revenue from SiC discrete devices amounted to RMB52.6 million, RMB52.0 million and RMB58.4 million, respectively, accounting for 23.9%, 17.4% and 18.8% of our total revenue, respectively.

Power Semiconductor Gate Drivers

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

We primarily offer two types of gate driver products, including gate driver ICs and gate driver boards, covering various power electronics application scenarios and addressing high-end application requirements. In response to the demands for high efficiency and high power density in power electronic machinery, we have restructured driving technology with a "chip-based" concept and launched gate driver IC products. These products feature highly integrated core circuit designs and simplified peripheral setups, facilitating power devices across the voltage range from 650V to 3,300V.

Our gate driver IC products deliver a maximum driving power of up to 5W and support peak currents of up to 35A. Our gate driver boards are products that can be directly applied to power modules, supporting a zero-peripheral circuit development model, allowing customers to achieve plug-and-play functionality. They are directly compatible with power devices across the voltage range from 650V to 4,500V, with a single-channel power output of up to 6W and peak currents of up to 35A, suitable for mainstream module packaging on the market. Their excellent power and current output capabilities meet various power electronics application scenarios in industrial applications.

Furthermore, to meet the increasing power demands and the growing number of parallel modules required in renewable energy applications such as wind power, photovoltaics and energy storage systems, we have introduced integrated gate driver solutions. Our integrated gate driver solutions offer a maximum power of up to 3MW, a maximum single-channel power of 4W and a peak current of 60A. They are adaptable to various three-level topologies and can support up to six parallel module applications, providing robust support for the main circuit driver solutions of power electronic machinery in the new energy industry.

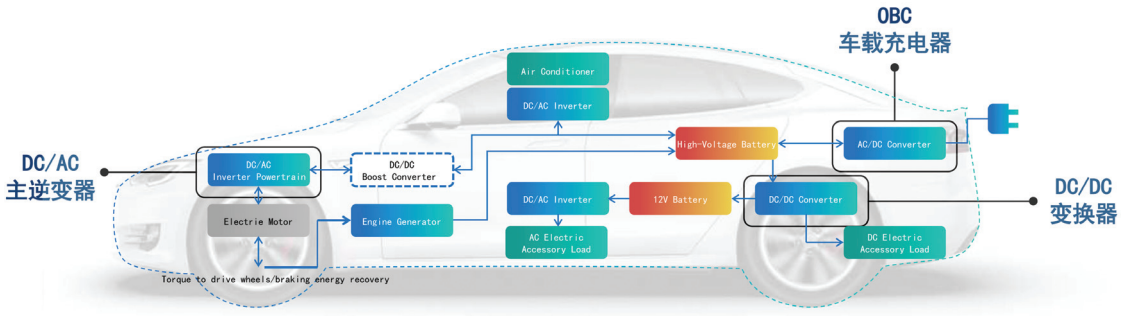
We use our self-developed chipsets in our gate driver solutions, setting us apart from other domestic gate driver providers in China. Our gate driver solution integrates multiple advanced functionalities through a proprietary chipset architecture. The primary-side chip combines signal processing capabilities (including dual-channel direct and half-bridge operation modes with pulse signal generation for transformer transmission), integrated DCDC conversion (providing isolated power to the secondary-side circuitry), fault reception/lockout and status output functions. The secondary-side chip features signal conditioning (converting received pulses into square waves), power regulation for the drive circuit, output current capability, undervoltage/short-circuit detection with fault transmission through pulse transformers to the primary side and soft shutdown functionality. This comprehensive integration of specialized functions gives our driver chipset a competitive advantage in the domestic market. This strategic approach gives us a competitive edge in performance and cost, ultimately delivering better value to our customers.

In 2023, 2024 and 2025, our revenue from power semiconductor gate drivers amounted to RMB66.8 million, RMB80.1 million and RMB102.6 million, respectively, amounting to 30.3%, 26.8% and 33.0% of our total revenue, respectively.

Primary Application Areas

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

NEVs



Our SiC products are primarily applied to NEV components, such as the main traction inverters. Additionally, as integration of electrical systems on EV progresses, such as integration of the cooling of batteries and motors with the air conditioning systems, the demand for superior semiconductor devices is expected to increase further. In capturing opportunities brought along by this trend, we have also developed a range of SiC products to be used in DC-DC converters, OBC, BMS and air compressor solutions. These innovations are designed to enhance the overall efficiency and performance of modern xEVs.

The table below demonstrates details of operating data for our automotive-grade SiC power modules as of the dates indicated:

	As of December 31,		
	2023	2024	2025
Number of NEV models for which we achieved design-wins[(1)]	13	20	30
Number of mass-produced NEV models adopting our automotive-grade SiC power modules	2	8	9
Number of NEV manufacturers with mass-produced NEV models adopting our automotive-grade SiC power modules[(2)]	2	6	7

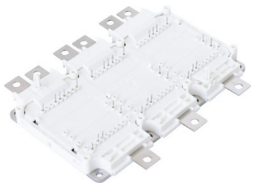
Note:

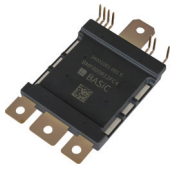
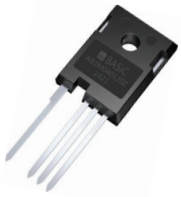
(1) Due to the lengthy and rigorous customer validation processes required for NEV applications, certain of our automotive-grade SiC power modules that had achieved design-wins were still undergoing testing as of December 31, 2025.

(2) NEV manufacturers typically place orders with us on a transaction basis in accordance with their production plans.

According to Frost & Sullivan, for the SiC semiconductor power device, it normally takes one to two years and between RMB7 million to RMB10 million, including basic automotive-grade testing costs and functional safety certification costs, to convert design-wins into commencement of mass production. This period primarily includes the time for downstream customers to complete the long assessment cycle of SiC semiconductor power device. Nonetheless, the duration of the verification process may vary for downstream customers based on factors such as their historical practices, the specific SiC semiconductor power device products purchased and the automotive models in which the products are used. According to the same source, downstream customers of the SiC semiconductor power device industry tend to have long-term collaboration with mid-stream suppliers. This is primarily because the rigorous verification process for new components and the need for high reliability from critical components necessitate a thorough evaluation of potential suppliers, making the process of building trust and forming partnerships between downstream customers and their suppliers complex and time-consuming. See "— Path to Profitability — Revenue Growth Acceleration — Converting Design-wins into Revenue" for detailed discussion of our design-win conversion.

The following table sets forth our key SiC products used in automotive electronics and their respective characteristics.

Application	Our SiC Products	Characteristics
Traction Inverters	Pcore^{TM}6 – Automotive HPD SiC MOSFET Module 	With adoption of pressure-assisted nano silver sintering process, high-density copper wire bonding technology, Si_3N_4 AMB ceramic substrate and a direct liquid-cooled Pin Fin structure, the Pcore^{TM}6 series is a compact power module designed for hybrid and electric vehicle efficiency enhancement, featuring lower power loss, high blocking voltage, low on-resistance, high current density, and high reliability (above the AQG-324 reference standard).

Application	Our SiC Products	Characteristics
Traction Inverters . . .	Pcore™2 – Automotive DCM SiC MOSFET Module 	This power module employs advanced pressure-assisted nano silver sintering process, high-density copper wire bonding technology, Si_3N_4 AMB ceramic substrate and a direct liquid-cooled Pin Fin structure (a heat sink design featuring an array of pin-like fins that enhance thermal performance by increasing surface area and promoting efficient heat dissipation). The module is characterized by low switching losses, low conduction loss, high blocking voltage, high current density and high reliability.
OBC	SiC discrete device 	Our SiC discrete devices exhibit high efficiency and reliability in OBCs, effectively reducing energy loss and increasing charging speed. Advanced materials and processes are used to ensure stable performance in high-temperature and high-voltage environments.

Case Study — SiC Power Modules for NEVs

We collaborate closely with multiple automotive manufacturers and their Tier-1 suppliers, engaging in the initial module design phase to address any issues encountered during development and application. This ensures the successful integration of our SiC products in automotive applications. In 2021, we developed the Pcore™6 HPD series of automotive SiC power modules for a leading global automotive manufacturer to meet the demand in the NEV sector for greater output power and higher output efficiency in traction inverters, as well as the high power density requirements of integrated electric drive systems within limited space. The following outlines the details of our product development:

Application areas: On-board motor controller products, including power generation and drive units for BEVs, hybrid EVs and extended-range EVs.

Our product: 1,200V and 750V HPD SiC three-phase full-bridge power modules.

Customer requirements and pain points: Customers in the NEV sector seek to apply more efficient and higher power output SiC solutions in traction inverters to achieve higher power levels for single motors. Conventional IGBT power modules cannot meet the power requirements of traction inverters in high power levels, and the high conduction losses of IGBTs in medium and low power ranges pose a significant challenge, limiting the driving range of NEVs.

Product features: Our certain 1,200V automotive-grade SiC power modules feature low power loss, low stray inductance (<8.5nH, enabling high-speed switching performance), low on-resistance (< 2mΩ), high current density, high blocking voltage (>1,200V), high reliability (exceeding AQG-324 standards) and continuous operating junction temperature up to 175°C. These characteristics significantly enhance the module's power density, making the products suitable for traction inverters and powertrain systems in NEVs. Furthermore, SiC exhibits significant advantages in energy efficiency as compared to IGBTs, primarily due to its (i) higher operating frequencies, which result in lower switching losses; and (ii) reduced conduction losses. When our SiC power modules are applied to our customers' NEVs in 2024, they enabled the electric control system to achieve a peak efficiency of 99.85%, improved the electric drive efficiency by approximately 2% and extended the driving range by approximately 30 kilometers, compared to IGBT-based systems.

Product iteration: Our Pcore™6 HPD automotive SiC power module products were mass-produced and delivered in September 2022. Subsequently, we have developed a series of products with new packaging, such as Pcore™2 DCM and Pcore™1 TPAK, adopting the same packaging technology, as well as other products of different specifications to meet customer needs. We continually advance the research and validation of new processes and technologies, employing advanced materials to develop various technologies and processes for expanding the application of SiC in traction inverters for NEVs, helping customers achieve better performance, greater reliability and lower costs.

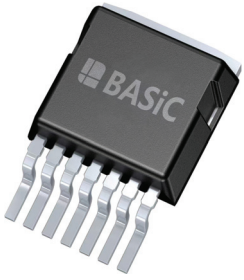
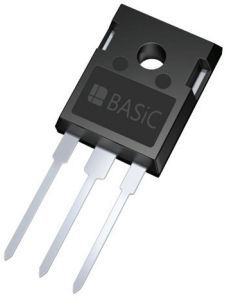
Achievements: Our flagship Pcore™6 HPD SiC three-phase full-bridge products have been applied in eight NEV models, receiving widespread acclaim and recognition within the industry, and won the 20th TOP10 POWER Technology Breakthrough Award (第二十屆TOP10 POWER技術突破獎) in 2022.

Renewable Energy and Industrial Applications

Our SiC products are applied in various renewable energy and industrial applications, including PV inverters, energy storage systems, high-end welding machines, UPS as well as data and server centers. According to Frost & Sullivan, the penetration rate of SiC in PV and energy storage sectors is expected to increase from 9.7% in 2024 to 20.4% in 2030. In the power grid sector, the penetration rate of SiC is projected to rise from 4.2% in 2024 to 14.6% in 2030.

Our SiC products offer advanced, efficient and cost-effective solutions. For example, our SiC half-bridge MOSFET modules feature low conduction loss and low switching loss, making them ideal for high-frequency applications. They offer high reliability with a junction temperature of up to 175°C. When applied in inverter welding machines, they consume less energy compared to IGBT power devices, helping customers reduce electricity costs.

The following table sets forth our key SiC products used in renewable energy and industrial applications and their respective characteristics.

Application Area	Our SiC Products	Characteristics
PV Inverter	SiC discrete device 	Our SiC products are essential components in PV inverters, which convert the DC electricity generated by solar panels into AC electricity for use in homes and businesses. By enabling higher efficiency in the power conversion process, our SiC devices maximize energy harvesting from solar panels. Their capacity to operate at higher temperatures allows for more compact and lighter PV inverters, decreasing installation costs and enhancing overall system performance.
Energy storage systems	SiC discrete device 	Our SiC products play a critical role in energy storage applications, such as battery management systems and power conversion processes. They facilitate efficient energy transfer in bidirectional converters, managing the flow of energy into and out of storage units, thereby ensuring effective charging and discharging cycles. This capability is especially beneficial for applications integrating renewable energy sources with energy storage, enhancing overall system responsiveness and reliability.

Application Area	Our SiC Products	Characteristics
High-end welding machines	SiC MOSFET module 	Our SiC products improve the performance of power converters used in high-end welding machines. With the ability to handle high current loads and provide fast switching capabilities, our SiC devices enable precise control over the welding process, resulting in enhanced weld quality, reduced energy consumption, and increased operation speed, ensuring consistent and reliable results.
Uninterrupted Power Supply (UPS) systems	SiC MOSFET module 	Our SiC products are employed in UPS systems to deliver backup power during outages and maintain power quality. The high efficiency of our SiC devices minimizes energy losses, which is crucial for extending backup power duration. Additionally, their rapid switching speeds enhance the response time of UPS systems, improving overall reliability and performance while reducing heat generation and cooling needs.
Power supplies for data and server center	SiC discrete device 	Our SiC products are utilized in data and server center power supplies to deliver high efficiency, low power loss, high-frequency performance, high-temperature resilience, and superior reliability, along with environmental benefits. These advantages not only enhance the overall performance of data and server center power systems but also provide critical support for data and server centers in achieving energy savings, emission reduction, and cost optimization.

Case Study — SiC Integrated Solutions for Commercial and Industrial Energy Storage Inverters

We developed an advanced SiC integrated solution, involving SiC MOSFET modules and gate driver ICs, specifically designed for commercial and industrial energy storage inverters for a globally leading company in the renewable energy industry. The following outlines the details of this development:

Application area: 125kW commercial and industrial energy storage inverters, which convert AC from the grid into DC to charge battery packs or convert DC generated by battery packs into AC for the grid.

Customer requirements and pain points: Our customer required a more cost-effective solution for commercial and industrial energy storage inverters. Conventional IGBT solutions have lower operating frequencies and higher power losses, resulting in lower overall power density and increased design complexity. This negatively impacts the efficiency and compactness of energy storage systems, necessitating more space and complicating integration into compact designs.

Achievement: Our SiC solutions have increased switching frequency and reduced energy losses. Compared to IGBT products, SiC MOSFETs consume less energy, enabling the use of smaller heat sinks and thereby reducing overall system costs. The adoption of two-level topology significantly simplifies the customer's R&D process. Our power semiconductor gate driver products boast an integrated and miniaturized design, delivering enhanced operational efficiency and cost-effectiveness for our customer.

Case Study — SiC Solutions for Data and Server Center Power Supplies

As AI applications grow significantly across industries, more computing power is required at large data and server centers. As a result, servers with high power consumption are placing stringent demands on system efficiency. According to Frost & Sullivan, the global market size of SiC power devices in data centers is expected to grow from USD6 million in 2024 to USD86 million in 2030, at a CAGR of 58%.

We provide SiC solutions, mainly SiC MOSFETs, to leading manufacturers of power supply products, enabling high-efficiency power supplies for data and server centers. The following outlines the details of this development:

Customer requirements and pain points: Given the significant power consumption of servers, our customers demand stringent efficiency requirements to mitigate high utility expenses while maintaining high reliability standards.

R&D focus: Leveraging the high-frequency and long-term reliability of SiC MOSFETs, we collaborated with our customer in the development and optimization of SiC MOSFETs for bridgeless power factor correction (PFC, techniques and devices used to improve the power factor of electrical systems) topologies, applying them in server power supplies to achieve significant efficiency improvements over conventional silicon-based power products. We considered the customer's requirements for electromagnetic interference, power loss and protection level during product development, ensuring our products meet their objectives.

Achievement: Our products, with superior high-frequency characteristics compared to conventional silicon-based products, enable higher switching frequencies in customers' systems, significantly reducing system size and weight, and greatly enhancing power density. The major efficiency metrics for customers are substantially improved, reducing electricity costs and delivering considerable benefits.

KEY OPERATIONAL DATA

The table below sets forth our sales volume and ASP by product line:

	Year ended December 31,					
	2023		2024		2025	
	Sales volume	ASP	Sales volume	ASP	Sales volume	ASP
	(unit)	*(RMB)*	*(unit)*	*(RMB)*	*(unit)*	*(RMB)*
SiC power modules	30,106	2,558.7	61,755	2,357.2	180,768	677.0
SiC discrete devices	14,900,596	3.5	9,043,934	5.7	8,566,373	6.8
Power semiconductor gate drivers	404,261	165.3	1,670,153	48.0	1,224,516	83.8
Power semiconductor gate driver board	370,063	180.3	411,815	182.2	712,145	142.3
Power semiconductor gate driver IC	34,198	2.8	1,258,338	4.0	512,371	2.4

Note:

(1) The ASP is a mathematical average calculated by dividing relevant revenue by sales volume. The sales price of individual products under the same category may vary significantly based on specifications and functionalities.

Commentary on Sales Volume and ASP

SiC Power Module

Fluctuations in the Operating Data

The sales volume of our SiC power modules increased throughout the Track Record Period, primarily due to the commencement of mass delivery for automotive-grade SiC power modules in 2023 and for industrial-grade SiC power modules in 2025, as well as the rapidly growing demand for industrial-grade SiC power modules. In 2023, 2024, and 2025, SiC power module ASPs were RMB2,558.7, RMB2,357.2 and RMB677.0 per unit, respectively, reflecting a downward trajectory. The reduction of ASP in 2024 compared to 2023 was primarily driven by our forward-looking pricing strategy for automotive-grade SiC power modules, aligned with rapidly declining cost structures. See "— Customers — Pricing." The reduction of ASP in 2025 compared to 2024 was primarily driven by our increased offering of industrial-grade SiC power modules. Industrial-grade SiC power modules typically have a relatively lower sales price compared to automotive-grade SiC power modules due to fewer chips and less packaging materials required, thereby altering our revenue mix and driving the material decline in overall ASP in 2025.

Competing Strategy for Automotive-grade SiC Power Module

During the Track Record Period, automotive-grade SiC power modules underwent a rapid transition from being deployed in premium vehicle models only to being adopted in mid- and entry-level vehicle models too. Their superior performance in NEVs has gained widespread recognition among automakers, positioning them as critical components for enhancing driving dynamics and accelerating the substitution of silicon-based power modules. However, automotive components are subject to rigorous quality standards, and automotive-grade modules, as core vehicular systems, necessitate extensive validation periods and substantial associated costs. Manufacturers that have successfully completed validation first are thus positioned to secure long-term, recurring orders from automakers, enabling rapid market share expansion. Currently, both we and our peers prioritize capturing design-wins of the existing vehicle models or updated vehicle models of existing customers and the systematic conversion of these design-wins into mass-production revenue to capitalize on rapid growth and realize further cost-optimization benefits. In summary, at the present market stage, both we and our peers prioritize order acquisition while maintaining clear visibility into subsequent revenue acceleration and cost efficiencies. As a result, competitive intensity remains elevated, exerting material influence on pricing dynamics.

Rationale and Effectiveness of Pricing Strategies

After fully evaluating future profitability potential, we adopted a forward-looking pricing strategy for automotive-grade SiC power modules. We established product price ranges by comprehensively considering our advantages in product performance and cost control, as well as the sales performance of application vehicle models, thereby creating highly competitive offerings to rapidly secure and expand customer relationships and accelerate penetration into the traditional silicon-based market. This approach has established dual barriers of market adoption and technology; however, because the current pricing incorporated projections of future cost optimization, it resulted in short-term gross margin losses.

During the Track Record Period, our pricing strategy garnered broad market recognition. According to Frost & Sullivan, our market share in China increased rapidly from 0.2% in 2022 to 2.9% in 2024. From the beginning of 2023 to 2025, our design-wins increased from 13 to 30 models, mass-production models increased from two to nine, and we emerged as the seventh-ranked domestic SiC module supplier, underscoring the applicability of our modules. Additionally, we have forged strategic collaborations with leading automotive OEMs and Tier-1 suppliers and are advancing SiC power module product validations with them. These partnerships are expected to transition into phased mass production commencing in 2026, further affirming the efficacy of our pricing strategy in driving market expansion.

Our forward-looking assessment is also evidenced by the sharp decline in the prices of SiC substrate and epitaxial wafer, a trend expected to persist. See "— Path to Profitability — Gross Margin Improvement — Gross Margin Improvement for Major Products."

Competitive Strengths for Automotive-grade SiC Power Modules

Beyond using a forward-looking pricing approach to rapidly scale our business, we have established competitive advantages which differentiate us from other automotive-grade SiC power module suppliers.

R&D investment. We maintain a high standard of long-term R&D investment and have a comprehensive technology reserve, testified by our intellectual property. This capability has driven continuous breakthroughs in core performance metrics and mass-production yields, materially reducing material costs for automotive-grade SiC power modules and delivering a significant product competitiveness advantage.

Quality management. Our automotive-grade SiC power modules are manufactured on our in-house packaging lines and are subject to strict quality control to ensure they meet the high standards required by automakers. Through consistently stable product quality, we have gradually established a reputation for excellence in the market, accelerating customer adoption and creating a clear brand advantage.

Global footprint. Leveraging a flexible IDM layout, we have built a global supply-chain system and established overseas R&D centers and regional sales and technical-support centers. This enables us to establish commercial partnerships and/or co-development arrangements with globally recognized automakers and Tier-1 suppliers in the electric-drive sector, facilitating efficient conversion from technical collaboration to commercial deployment and creating a global market advantage.

Large-scale mass production. During the Track Record Period, we achieved mass production for nine vehicle models and have 18 models undergoing production validation. Large-scale mass production not only reduces our per-unit R&D and fixed production costs but also strengthens our bargaining power with suppliers, further lowering unit costs and delivering a pronounced cost advantage.

Change in Product Mix

As SiC material costs continue to decline, the cost effectiveness of SiC in industrial applications has improved markedly, while surging demand for high-power devices in new energy systems and data centers has rapidly expanded the addressable market for SiC power modules.

Leveraging our market insights and forward-looking strategies, we have developed industrial-grade SiC power modules for high-power industrial power supplies, energy-storage inverters, centralized charging stations, data-center power supplies, PV inverters and other related sectors. As of the Latest Practicable Date, our industrial-grade SiC power modules are primarily applied to the industrial power and energy-storage sectors, establishing first-mover advantages and meaningful industry barriers. As a result of such first-mover advantages and meaningful industry barriers, our principal models have shown strong profitability. Our relatively strong bargaining power with our customers given the extensive application scenarios and the relatively dispersed customer base also contributed to the strong profitability. As of the date of this document, we hold orders for industrial-grade SiC power modules exceeding 120,000 units, expected to generate substantial revenue and gross profit in 2026. Going forward, we will capitalize on this early-mover position to drive rapid revenue growth through successive iterations in the industrial segment, significantly enhancing overall profitability.

Future Price Trends

With accelerating demand and a moderate pace of raw material price declines, the rate of price erosion for automotive-grade SiC power modules is expected to ease. According to Frost & Sullivan, the unit prices of automotive-grade SiC power modules drastically decreased in 2025, and from 2025 to 2027, the unit prices of SiC automotive-grade power modules will be between RMB1,500 and RMB2,800. As of December 31, 2025, our major types of automotive-grade SiC power modules were priced at approximately RMB1,700, close to the lower bound of this range, leaving limited room for further near-term reductions. Although price and cost volatility may delay the profitability for our automotive-grade SiC power module business, we are well-positioned to achieve gross profit in the near future. Successive product iterations, packaging process improvements, accelerating scale effects and declining raw material costs will enable us to capture the opportunities from large-scale SiC adoption while continuously optimizing production costs to offset pricing pressure. According to Frost & Sullivan, price declines for industrial-grade SiC power modules are expected to be narrower compared to the historical trends. Accordingly, we do not expect future price declines to materially impact our long-term profitability.

SiC Discrete Device

Change in Product Mix

We began the sales of SiC Schottky diodes in 2018, the application scenarios of which cover industrial fields such as wind power, energy storage and industrial control. Although sales of SiC Schottky diode products have been loss-making during the Track Record Period and this trend is expected to continue, they play a strategic role in maintaining a comprehensive product portfolio within the SiC power device industry. This enables us to reach a broader range of customers and generate business opportunities for subsequent sales of SiC MOSFETs and SiC power modules.

Owing to the extensive applicability of SiC Schottky diodes, these products emerged as the preferred entry point for mass production among a majority of manufacturers, including established silicon-based manufacturers. This influx precipitated a pronounced oversupply in the market. To expedite the displacement of legacy silicon-based products and absorb excess SiC diode capacity, aggressive pricing strategies were adopted industry-wide, resulting in a structural misalignment between prevailing market prices and underlying production costs. Consequently, the ASP for our SiC Schottky diode products experienced a sharp decline in 2023 compared to the ASP prior to the Track Record Period, leading to sustained negative gross margins for this product line.

In response, we proactively optimized our product portfolio by selectively reducing sales of certain SiC Schottky diode variants and reallocating resources toward SiC MOSFET products, which have higher technical barriers. This strategic reorientation yielded expected results in 2024 as we saw a significant increase in SiC MOSFET sales volume.

In addition to optimizing product mix, we have continued to drive iterative upgrades across our existing portfolio. Commencing in 2024, we have proactively supplied next-generation SiC discrete device product samples, including our third-generation SiC Schottky diodes and MOSFETs, to customers and supported comprehensive reliability validation programs, thereby accelerating the commercialization and market penetration of these advanced products. Relative to the previous-generation SiC discrete device product, the new-generation devices maintain equivalent performance and quality standards while incorporating enhanced chip architecture and refined manufacturing processes. These improvements are expected to increase production yields and lower unit manufacturing costs, further strengthening the long-term competitiveness of our SiC discrete device offering.

Fluctuations in the ASP

Despite persistent competitive pressures in the SiC device market and concurrent reductions in upstream supply chain costs, the ASP of SiC discrete devices increased from RMB3.5 in 2023 to RMB5.5 in 2024, and further increased to RMB6.8 for 2025. The ASP of SiC discrete devices increase observed in 2024 and 2025 was primarily attributable to the product mix optimization initiatives previously discussed, rather than any fundamental shift in our pricing strategy. These ASP dynamics also influenced the revenue contribution from SiC discrete devices. Looking ahead, we intend to further refine our production structure, exercise disciplined control over SiC Schottky diode sales volumes, and systematically transition existing customers to our higher-value SiC MOSFET product series.

Future Plans

We anticipate that the competitive environment in the SiC discrete device sector will remain challenging in the near to medium term, with products featuring lower pricing strategy continuing to encounter profitability pressures. In addition, SiC MOSFETs products feature (i) a broad application scope and substantial market potential; (ii) sales volumes, a large quantity of epitaxial procurement and, therefore, an enhanced bargaining power with suppliers; and (iii) enable efficient customer acquisition, seamless transition to industrial-grade SiC power module products and, therefore, significant revenue growth. Accordingly, we will prioritize the expansion of SiC MOSFET sales, which demonstrate superior gross margin profiles compared to SiC Schottky diodes, while sustaining a controlled volume of SiC Schottky diode sales to meet the requirements of existing customers and to present a comprehensive product suite to potential customers. With our ongoing iterations of SiC discrete devices, continuous cost reduction and expanding applications in new fields, the profitability of our SiC discrete devices is expected to improve rapidly. SiC discrete devices are expected to remain an important product line and continue to deliver revenue contributions.

Power Semiconductor Gate Drivers

Fluctuations in the Operating Data

The sales volume of our power semiconductor gate drivers significantly increased from 2023 to 2024 primarily because we increased the offering and sales of products adopted in the renewable energy industry. The ASP of our power semiconductor gate drivers significantly decreased from RMB165.3 in 2023 to RMB48.0 in 2024, primarily because we significantly increased the offering and sales of gate driver IC products in 2024 in line with the increased market demands for such products and our inventory clearance of low-integration general-purpose products. Excluding gate driver IC products, the ASP of our power semiconductor gate drivers remained relatively stable with minimal fluctuations from 2023 to 2024. The sales volume of our power semiconductor gate drivers decreased from 2024 to 2025. The ASP of our power semiconductor gate drivers increased from RMB48.0 in 2024 to RMB83.8 in 2025. These changes were primarily because of the change in product mix, where we significantly decreased the offering and sales of gate driver IC products and increased the sales of gate driver board products. The ASP of our gate driver board products decreased from RMB182.2 in 2024 to RMB142.3 in 2025, mainly due to (i) intensified market competition; (ii) changes in our product mix, including the accelerated sales of previous generation products at lower prices; and (iii) the overall downward trend in the market price of SiC products.

Product Mix of Gate Driver Board and Gate Driver IC

During the Track Record Period, our gate driver IC products, principally general-purpose driver chips and associated power supply chips, were utilized in low- to medium-power applications, including mobile power banks and server power supplies. These products primarily served the consumer electronics and small-scale power system sectors, which are characterized by comparatively limited value addition. By contrast, our gate driver boards were designed for high-power applications, such as photovoltaic and energy storage systems, and incorporated high-power driver chips featuring higher technical barriers and greater product value. These chips are not marketed independently and constitute the core technology of the boards. Gate driver ICs accounted for a modest proportion of revenue within our power

semiconductor gate driver business line, with gate driver boards representing the principal focus. In 2024, the ASP of our gate driver IC increased substantially, driven by orders for production-customized driver chips. Concurrently, the sales volume of our gate driver IC increased because we executed proactive inventory clearance of low-integration general-purpose products, which accounted for more than 80% of our total sales volume of gate drive ICs, resulting in sales volume fluctuations that were anomalous and unrelated to underlying customer demand. Except for 2024, the revenue of gate driver IC products in each year contributed to less than 2% of the total revenue of our power semiconductor gate driver products in the respective period. In 2024, the revenue contribution of gate driver IC products contributed to approximately 6% of the total revenue of our SiC semiconductor gate driver products in 2024 due to the above reasons.

Looking ahead, we will sustain our strategic emphasis on the development and commercialization of gate driver boards and related modular solutions, while maintaining ongoing research and development and iterative enhancements for gate driver ICs. We intend to gradually penetrate additional low- to medium-power application scenarios and dynamically calibrate business scale in accordance with prevailing market conditions, thereby improving revenue and gross margin performance across the entire portfolio.

The price range of our products during the Track Record Period was relatively large due to the variation of prices among different sub-categories, as well as the market competition which reduced the ASP of certain products as discussed above. During the Track Record Period, for SiC discrete devices, including both SiC Schottky diodes and SiC MOSFETs, the price range was between RMB1.2 and RMB34.8. The price range for SiC power modules, including both automotive-grade and industrial-grade SiC power modules, was between RMB102.2 and RMB4,923.7. The price range for power semiconductor gate drivers, including gate driver boards, which accounted for the majority of our revenue from power semiconductor gate driver products during the Track Record Period, was between RMB68.2 and RMB3,174.4. The customer acquisition cost, defined as the selling and distribution expenses, deducting the share-based payments expenses, and then divided by the number of new customers (not including distributors) for each year, amounted to RMB103.3 thousand, RMB119.7 thousand and RMB129.0 thousand in 2023, 2024 and 2025, respectively. The increasing trend from 2023 to 2025 was primarily because of (i) our strategy of leveraging high technical barriers to entry to acquire high-end, international customers, whose validation processes are more complex; (ii) our increased sales of products with relatively high technological barriers that lead to greater investment in marketing, demonstrations and after-sales support; and (iii) our strategic reduction in the promotion of products with low technological barriers which led to a decrease in the number of new customers acquired, resulting in an increase in customer acquisition cost.

The table below sets forth our additional key operational data:

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

Notes:

(1) Number of new customers in a given period refers to customers who contributed to our revenue in that period and did not do so in the previous period.

(2) The average customer value for a given period is calculated by dividing the revenue from the application area in that period by the number of customers operating in that application area during the same period.

(3) Average transaction value for a given period is calculated by dividing revenue from the application area in that period by the number of corresponding transactions during the period.

(4) Customer retention rate is calculated by dividing the number of customers that contributed to our revenue in both the current and previous periods by the number of customers in the previous period, and then multiplying by 100%.

(5) Net revenue retention rate is calculated by dividing the revenue generated from the customers in the current year by the revenue generated from the same customers in the immediately preceding year.

(6) Our calculation is based on mass-delivery customers and their transactions, excluding the impact of sampling transactions that had insignificant value or other incidental transactions.

During the Track Record Period, the majority of our revenue was derived from sales to the renewable energy and industrial application scenarios. The revenue derived from sales to the automotive electronics application scenarios in each year during the Track Record Period as a proportion to our total revenue generally ranged from approximately 28% to approximately 50%. The revenue derived from sales to the renewable energy and industrial application scenarios in each year as a proportion to our total revenue generally ranged from approximately 50% to 72%. The gross margin of our sales to the renewable energy and industrial application scenarios was generally better than that of our sales to the automotive electronics application scenario, which is in line with the industry norm, according to Frost & Sullivan. During the Track Record Period, the revenue generated outside the PRC increased, while remaining immaterial as a proportion to our total revenue in each year. We expect such revenue to become an important component of our future revenue.

COMMERCIALIZATION

The following chart illustrates the commercialization timeline of our major products, reflecting our continuous application of advanced technologies:

Product category	Product iteration	Launch (sample product produced)	Mass production
SiC power modules	G1-Potting packaging	2019	2022
	G2-Molding packaging	2022	2023
	G3 Chip Embedded PCB Packaging	2025	2027 mass production expected
SiC discrete devices	G1-Planer MOSFET	2017	2018
	G2-High current density MOSFET	2021	2022
	G3-Mini-pitch MOSFETs	2024	2025
	G4-Micro-pitch MOSFETs	2025	2025
Gate driver ICs	G1-Digital isolated gate driver ICs	2021	2023
Gate driver boards[(1)] . . .	G3-Driver board based on our 2nd-gen proprietary IC	2019	2021

Note:

(1) As part of our development strategy, we integrated gate driver business from Bronze Group in 2020. Our G1-discrete-component based driver board and G2-driver board based on our proprietary IC products, launched in 2011 and 2013 and commenced revenue generation in 2012 and 2014, respectively, were integrated from Bronze Group.

SPECIALIST TECHNOLOGY INDUSTRIES

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

OUR TECHNOLOGIES

In developing SiC power devices, we leverage our own wafer fabrication, device packaging facilities and process know-how to enable rapid validation of design. This deep coordination between design and process enables rapid optimization and technological iteration. Our in-house production lines allow quick adjustments to process parameters, enhancing device performance and reliability. This bidirectional iteration between product design and production process shortens R&D cycles and accelerates cost reduction. The following are the technologies related to our products and manufacturing processes:

SiC Chip Design Technologies

Key Parameter Design for SiC MOSFET Device Cells. We focus on the design optimization of SiC MOSFET devices to achieve high performance, reliability and quality consistency while maintaining cost control. The key performance parameter of SiC MOSFET devices is on-resistance per unit area, also known as specific on-resistance. Through design improvements, we optimize and regulate key dimensional parameters and doping levels of chip cells, achieving a superior balance between chip blocking, conduction and switching characteristics. We also strictly control the production process of 6-inch SiC wafers, successfully reducing their specific on-resistance and switching losses by optimizing core process parameters and effectively controlling process variance. Our efforts have led to more compact chip design and a significant increase in the number of chips produced per wafer, thereby substantially lowering production costs. To further solidify our advantage in cost control, we have developed our proprietary self-aligned source-gate contact technology, which increased the number of third-generation SiC MOSFET chips produced per wafer by over 40% compared to the previous generation.

Terminal Structure Design for SiC MOSFET Devices. Our redesigned terminal structure optimizes electric field distribution to address the challenge of high-temperature on-resistance in conventional silicon-based power devices. This innovation, while maintaining identical breakdown voltage, allows for optimized epitaxial layer doping concentration, minimizing resistance from the epitaxial layer. The reduction in high-temperature conduction losses enhances thermal reliability, operational stability and energy conversion efficiency at elevated temperatures.

Fabrication Process Technologies

High Temperature Ion Implantation, Annealing and Carbon Film Removal Process Technologies. We have developed a comprehensive short-process integration solution for SiC wafer fabrication, utilizing high-temperature ion implantation, carbon film protection, high-temperature annealing and carbon film removal. High-temperature ion implantation enhances dopant activation and reduces lattice defects, thereby improving device performance and reliability. High-temperature annealing and carbon film removal are critical post-implantation steps. Our annealing technology balances lattice repair and dopant activation, reducing interface state density and improving carrier mobility. Precise control during carbon film removal prevents over-etching and residue, ensuring surface quality and reliability.

Self-alignment Process Technologies. The self-alignment process reduces lithography alignment operations, minimizes errors from multiple alignments and enhances device precision. This technology streamlines the process flow, shortens the production cycle and lowers defect rates, cutting production costs. Additionally, its precise control of the implantation region reduces impurity diffusion, optimizes the internal electric field distribution, increases breakdown voltage and enhances reliability in high-voltage applications.

Low Interface State, High Reliability Gate Oxide Process Technologies. By analyzing atomic properties at the interface, we gain a deep understanding of MOS (metal oxide semiconductor) interface defects and validate process impacts through experiments. Our optimized high-temperature oxidation process, which considers atmosphere, temperature and time, passivates interface defects and reduces interface state density, enhancing electrical characteristics and reliability. We evaluate the optimized process through testing and integrate these technologies into the SiC MOSFET process flow. Compared to conventional methods, our technology improves oxide layer quality, interface state control and high-temperature annealing effects, supporting large-scale production of reliable SiC MOSFET devices.

Packaging Process Technologies

We use advanced technologies like pressureless nano silver sintering, thermal design, and sealing and protection technology to enhance device performance, reliability, and stability. These technologies offer high junction temperature, low thermal resistance, and low parasitic inductance. Our packaging process technology leverages the high breakdown electric field strength and thermal conductivity of SiC materials to ensure stable performance in high-voltage and high-temperature environments, preventing insulation failure and performance degradation. By minimizing parasitic inductance and capacitance, we reduce drive signal transmission delay and switching losses, improving switching speed and efficiency.

Nano silver sintering technology. Nano silver sintering technology uses nanoscale silver particles to create connections at relatively low temperatures (below 200°C) and under certain pressure. This process forms a continuous silver bonding layer with excellent electrical and thermal conductivity, enhancing device performance and stability by reducing thermal resistance and preventing overheating. The small size of the nano-silver particles allows for precise control of connection areas and layer thickness, essential for the miniaturization and integration of modern electronic devices.

Copper-Copper Ultrasonic Interconnection Technology. Copper-copper ultrasonic interconnection technology uses ultrasonic energy to bond copper to copper. This technology creates high-strength connections capable of withstanding significant mechanical loads, ensuring reliability in complex stress environments like aerospace electronics. The copper-copper bonds maintain excellent electrical and thermal conductivity, facilitating efficient signal transmission and heat dissipation.

Gate Driver-Related Technologies

Gate Drive Technology and Isolation Technology. Our high-voltage gate control technology, based on our independently developed ASIC chipset, enables efficient switching of power devices and dynamic adjustment of gate voltage. This can be achieved with minimal peripheral circuitry, reducing parasitic effects during high-speed switching. In addition, our capability to utilize different isolation technologies, namely, pulse transformer isolation and digital isolation, helps us achieve up to 10KV insulation withstand voltage while ensuring reliability.

Gate Driver Device Protection Technology. We have integrated various protection functions into our independently developed ASIC chipset. This chipset includes short-circuit protection, overvoltage and undervoltage protection, active clamping, soft shutdown, temperature monitoring and fault feedback. To better meet customer requirements, we can also combine CPLD/FPGA programmable devices to implement additional functions, such as fault identification and power voltage monitoring, making the system more intelligent.

RESEARCH AND DEVELOPMENT

Our ability to develop new technologies, design new products and solutions, and enhance existing products and solutions is critical for maintaining our market position.

R&D Team

Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products and solutions which help maintain our technological advantages and market competitiveness. Each of our core R&D team members has more than 16 years of experience in the power device industry. Each of our core R&D team members has their specialized area and the following table sets out their profile:

Core R&D team member	Profile
Dr. WANG Zhihan	Our founder and chairman of the Board; executive Director since May 2025. B.Eng. in electrical engineering (Tsinghua, 2003), M.Phil. and Ph.D. in power electronics (Cambridge, 2005 and 2009). Over 17 years of industry experience. Leads R&D of chip design and fabrication techniques. See "Directors and Senior Management — Board of Directors — Executive Directors."
Dr. HE Weiwei	Our chief executive officer; executive Director since May 2025. B.Eng. in electrical engineering (Tsinghua, 2007), Ph.D. in power electronics (Cambridge, 2014). Holds positions in several industry associations and research centers. Leads R&D of power module technologies. See "Directors and Senior Management — Board of Directors — Executive Directors."
Mr. FU Junyin	Director since August 2020; executive Director since May 2025. B.Eng. in electrical engineering (Tsinghua, 2003). Extensive hardware engineering experience. Leads R&D of power gate driver technologies. See "Directors and Senior Management — Board of Directors — Executive Directors."

As of December 31, 2025, our R&D team consisted of 155 members, approximately 79.4% of whom held a bachelor's degree or above, and represented 29.5% of total employees as of the same date. We have established an R&D center incorporated in Nagoya, Japan to access Japan's talent pool and maintain proximity to customers. We incurred R&D expenses of RMB75.8 million in 2023, RMB91.1 million in 2024, and RMB109.7 million in 2025.

We retain key management and technical staff with competitive remuneration packages and welfare benefits. To mitigate the risks associated with key staff departure, we have implemented preemptive, active and post-departure measures, including supervisor assessments to identify early signs of dissatisfaction, targeted retention efforts upon resignation, and team stabilization and continuity measures post-departure. Additionally, we safeguard intellectual property through the IP guard encryption system, contractual non-compete obligations and reserved rights to enforce restrictive covenants. We also invest in continuing education and training programs to upskill our key management and technical staff. In the event of termination of employment requested by a key staff, we closely communicate with the staff for the reason of departure and collect feedbacks on us.

The key terms of agreements with management and key technical staff include: (i) ownership of intellectual property created during employment; (ii) prohibition on other paid employment without our consent; (iii) non-competition obligations of up to two years post-termination; and (iv) confidentiality obligations during and after employment. We have established incentive programs for R&D employees, with special rewards granted for projects that bring breakthrough results.

Key Research Projects

Building on our comprehensive capabilities in chip design, manufacturing and testing, we are developing and iteratively upgrading our SiC solutions. We offer one-stop services ranging from technical support to customized solutions. Our key research projects include:

SiC Power Modules

Copper sintering: We are currently developing a more advanced module packaging process using copper sintering technology for NEV and industrial applications, aiming to replace costly silver sintering while improving thermal performance and reliability. We focus on optimizing the process for enhanced heat dissipation, mechanical strength and durability, reducing costs and increasing power density for lighter, more compact inverter systems. This offers higher efficiency, lower expenses and improved thermal management, positioning us competitively in the NEV and industrial power electronics markets. Our development is currently in the preliminary reliability testing phase, where we are evaluating the copper sintering process under various conditions, including thermal cycling, power cycling, humidity resistance and mechanical stress. These tests simulate real-world environments to ensure our technology meets stringent NEV and industrial requirements. According to our production timeline, we have completed reliability verification by the end of 2025, followed by product finalization in the first quarter of 2026. This schedule allows sufficient time for thorough testing, process optimization and qualification procedures to ensure our copper sintering technology meets industry standards and customer expectations.

Embedded PCB: Our development is currently in the preliminary design and prototyping phase, where we are fabricating initial samples to validate our PCB embedding concept and lamination process. These prototypes are undergoing comprehensive reliability testing, including thermal cycling, power cycling, vibration resistance and long-term aging tests to ensure bonding integrity, thermal interface performance and electrical characteristics under stress. Following our development roadmap, we plan to complete reliability verification by the second quarter of 2026, allowing us to finalize the product design and manufacturing processes by the end of 2026. Mass production is scheduled to commence in early 2027, providing sufficient time for process scaling, supply chain establishment and customer qualification procedures. This innovative PCB-embedded approach significantly advances SiC power module packaging, offering superior electrical and thermal performance compared to traditional packaging methods. The integration of temperature sensing capabilities and optimized thermal management enables higher power density applications while maintaining excellent reliability, positioning our solution as a next-generation technology for high-performance power electronics applications.

SiC Discrete Devices

Mini-pitch SiC MOSFETs: Since April 2024, we have been developing our mini-pitch process platform, which primarily targets products used in traction inverters for NEVs, switching power supplies, power inverters, PV inverters, motor drivers and NEV charging stations. We plan to develop 650V, 750V and 1,200V MOSFET products based on the mini-pitch process platform, effectively reducing cell size and chip area while improving wafer utilization, offering stable performance and reliability advantages.

Micro-pitch SiC MOSFETs: Since August 2024, we have been developing our micro-pitch process platform, which primarily targets products used in microinverters, computing power supplies, energy storage, communication power supplies and servo motors for data and server center power supplies. Beyond fundamental performance enhancements, application-friendly features are being developed for innovative package solutions, such as miniaturized power modules and embedded PCB integration. For example, as of the Latest Practicable Date, we were capable of producing 650V SiC MOSFETs for high-voltage direct current AI data center server power supplies using our micro-pitch process platform. Our AI data center server power supply products began mass production in the first quarter of 2026. We were capable of producing 2000V SiC MOSFETs as core components for solid-state transformers using our micro-pitch process platform. This product is anticipated to begin mass production in the second quarter of 2026.

Trench MOSFETs: We have been focusing on the R&D of trench MOSFETs and have obtained relevant invention patents. These MOSFET products can further enhance device conduction performance and achieve better cost-effectiveness. We have developed and integrated the necessary manufacturing processes of our own for future product launches.

SiC JFETs: We plan to develop SiC JFET devices in 2026, with mass production expected to begin in early 2027. Compared to MOSFETs, JFETs have lower on-resistance, which offers significant advantages in terms of reduced power consumption in applications such as solid-state circuit breakers.

Power Semiconductor Gate Drivers

Gate driver ICs: We have been developing and launching gate driver chips based on high-voltage capacitive isolation since 2021. This series of chips features high isolation voltage, high common-mode transient immunity (>150V/ns) and strong driver capability. We offer multiple products, including single-channel, dual-channel and intelligent models with short-circuit protection, designed to drive IGBTs, SiCMOSFETs and silicon MOSFETs. These products have broad application prospects in the medium and low power application scenarios. For our dual-channel digital HVIC, we have completed circuit design and simulation as of the Latest Practicable Date, with layout design currently in progress. Mass production is expected by June 2026. For our single-channel isolated smart gate driver IC, we have finalized circuit design and simulation as of the Latest Practicable Date, and are currently progressing with layout design.

Gate driver boards: In 2022, we launched our second-generation driver chipset, enhancing product performance and quality. Based on this chipset, we introduced dual-channel driver core products and the plug-and-play driver series 2QP0225. This series can be applied in PV systems, energy storage, industrial controls and rail transportation sectors. In 2023, we launched high-performance multi-level and multi-parallel driver products based on our proprietary chips, suitable for high-power wind energy, PV applications and energy storage. These products feature over-temperature protection, intelligent logic and fault management with active neutral point clamped (ANPC, a topology used in power converters that features multiple active switches and diodes) topology, soft shutdown and multi-level shutdown functions. For our AC 1800V System ANPC gate driver solution, the schematic design phase is completed as of the Latest Practicable Date. Additionally, our Current Source Gate Driver has completed feasibility analysis as of the Latest Practicable Date, with mass production planned for June 2026. Furthermore, we are advancing our SiC Module Driver Platform, targeting high-frequency/high-power drivers for 62mm and ED3 SiC modules, with conceptual design finalized and sample product already produced by January 2026. Mass production is scheduled for the second quarter of 2026.

R&D Process

Conducted in accordance with our advanced product quality planning management procedures, our R&D process is rigorously structured to comply with ISO 9001 and IATF 16949 standards, ensuring the highest levels of quality and reliability in our products. The process encompasses several critical phases:

- ***Product concept and feasibility analysis.*** We conduct in-depth research on the selection, analysis and validation of potential products. A preliminary feasibility analysis is carried out considering current technology levels, cost estimates, potential and target customers and potential risks. If the project is deemed feasible, our R&D team proceeds to formulate a development plan;
- ***Technology development and prototype design.*** During this phase, we rigorously analyze and formulate development plans for device structure, process and packaging technologies. We ensure compatibility from design to production and packaging, aiming to develop the most stable and reliable product development plan;

- ***Product validation and trial production.*** We conduct product validation, including performance and reliability testing, after prototype design to examine functionality and the production process. Through trial production, we comprehensively evaluate product performance, verify the accuracy and rationality of the process flow diagram, and carry out failure analysis. During this phase, we closely monitor production issues and product performance to validate the producibility of the design.
- ***Mass production.*** We monitor production data and product testing data to ensure stable output of product performance and reliability. We also regularly conduct screening tests on different batches to promptly identify and address any unexpected product anomalies.

At each stage, a thorough company-level review is conducted to ensure alignment with our quality objectives. The estimated timeline for platform products from project initiation to finalization is approximately one year, while the development cycle for derivative models typically ranges from three to six months, reflecting the necessary duration for trial production and customer usage evaluation to deliver superior products that meet market demands.

INTELLECTUAL PROPERTY RIGHTS

Intellectual property rights are important to our business. Our future commercial success depends, in part, on our ability to obtain and maintain patents and other intellectual property and proprietary protections for commercially important technologies, inventions and know-how related to our business, defend and enforce our patents, preserve the confidentiality of our trade secrets, and operate without infringing, misappropriating or otherwise violating the valid, enforceable intellectual property rights of third parties.

As of December 31, 2025, we held 170 registered patents, including 72 invention patents, 81 utility patents and 17 design patents, and had filed 132 patent applications. As of the same date, we also had 48 layout-designs of ICs, three software copyrights, four domain names and 39 registered trademarks. We had 16 registered trademarks and eight trademark applications overseas as of December 31, 2025. In addition, we have been using five trademarks of Bronze Group registered in the PRC on a royalty-free basis in the business of our Group since our establishment, and we intend to continue to use these trademarks in such connection after the [**REDACTED**]. See "Continuing Connected Transaction — Fully-Exempt Continuing Connected Transactions — Trademark Licensing Agreement."

We acquire key patented technologies which pertain to our Specialist Technology Products through self-development. We use patents to protect our core fundamental technologies that are used in various types of products across different application scenarios. As of December 31, 2025, we co-owned three patents with our Controlling Shareholder and had no co-ownership or co-sharing arrangements of our patents and patent applications with other third parties. According to the agreement reached between us and our Controlling Shareholder and the relevant PRC laws and regulations, the rights and commercial interests of the co-owned patents are equally shared between us and our Controlling Shareholder.

The table below lists the portfolio of material patents, patent applications and software copyrights for our core technologies of which we are the registered owner as of the Latest Practicable Date:

Specialist Technology Products	Core Technology	Patent	Functions	Grant date	Expiry date	Material payment obligations (if any)	In-licensed, self-owned or co-owned with the Controlling Shareholders
SiC power module . .	Power module, packaging structure and electronic equipment	CN202311435343.6	Module packaging process	2024-04-16	2043-11-01	NA	self-owned
	Power module electrode welding fixture and welding method	CN201911040161.2	Module packaging process	2022-01-18	2039-10-29	NA	self-owned
	A press-fit type SiC power module packaging structure	CN201911285299.9	Module packaging process	2021-07-30	2039-12-13	NA	self-owned
	A welding method	CN202210993797.4	Module packaging process	2024-07-19	2042-08-18	NA	self-owned
	A double-sided heat dissipation hermetic packaging device, component and its packaging method	CN202310876472.2	Module packaging process	2024-03-12	2043-07-18	NA	self-owned
SiC discrete device. . .	A trench-type SiC MOSFET device structure and its fabrication method	CN202311524270.8	Device design	2024-04-16	2043-11-16	NA	self-owned
	A high-power trench gate T-MOSFET structure design	CN201710179874.1	Device design	2024-05-10	2037-03-23	NA	self-owned
	Power device with integrated Schottky diode and its manufacturing method	CN202011027352.8	Device manufacturing process	2022-03-29	2040-09-25	NA	self-owned
	Power device and manufacturing method	CN202011025267.8	Device manufacturing process	2022-03-29	2040-09-25	NA	self-owned
	A method for suppressing channel effects through ion implantation	CN202311678319.5	Device manufacturing process	2024-04-30	2043-12-08	NA	self-owned
Power semiconductor gate drivers	A control method and circuit for insulated gate devices	CN200910258615.3	Driver design	2012-01-04	2029-12-04	NA	self-owned
	A narrow pulse suppression circuit and its method	CN202311764589.8	Enhancing narrow pulse suppression in signal transmission through circuit design optimization	2024-05-17	2043-12-21	NA	self-owned
	A gate current controllable IGBT driver circuit	CN202110761920.5	Driver design	2024-07-05	2041-07-06	NA	self-owned
	A scalable shutdown IGBT driver circuit and its method	CN202111269907.4	Implementing scalable shutdown of IGBT or SiC MOSFET in multi-level applications to enhance shutdown speed and reduce shutdown losses	2024-11-29	2041-10-29	NA	self-owned
	An IGBT overvoltage protection circuit and its method	CN201410828613.4	Preventing IGBT or SiC MOSFET collector overvoltage failure by collecting the IGBT collector voltage to form a control loop	2018-02-16	2034-12-25	NA	self-owned

We confirm that all of the above listed patents are significant for carrying out the key functions of our Specialist Technology Products. During the Track Record Period and up to the Latest Practicable Date, we were not involved in any material legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights.

As advised by our internal control consultant, the system we established for the management and protection of intellectual property has covered the material aspects of each of our major Specialist Technology Products during the Track Record Period and up to the Latest Practicable Date.

The term of an individual patent may vary based on the countries/regions in which it is granted. In China where we file the vast majority of patent applications, the term of an issued invention patent is generally 20 years from the filing date. The actual protection afforded by a patent varies on a claim-by-claim and country-by-country basis and depends upon many factors, including the type of patent, the scope of its coverage, the availability of any patent term extension or adjustment, the availability of legal remedies in a particular country/region and the validity and enforceability of the patent. We cannot provide any assurance that patents will be issued with respect to any of our owned or licensed pending patent applications or any such patent applications that may be filed in the future, nor can we provide any assurance that any of our owned or licensed issued patents or any such patents that may be issued in the future will be commercially useful in protecting our product candidates and related design methods.

We may rely, in some circumstances, on trade secrets and/or confidential information to protect aspects of our technology. We seek to protect our proprietary technology and processes, in part, by entering into confidentiality agreements with consultants, advisers and contractors. We have entered into confidentiality agreements and non-competition agreements with our management and certain key members of our R&D team and other employees who have access to trade secrets or confidential information about our business. Our standard employment contract contains an assignment clause, under which we own all the rights to all inventions, technology, know-how and trade secrets derived during the course of such employee's work.

As of the Latest Practicable Date, we were not involved in any legal, arbitral or administrative proceedings or claims of infringement of any intellectual property rights, in which we may be a claimant or a respondent and may have a material adverse effect on our business, financial condition or results of operations. Our Directors confirm that they are not aware of any legal, arbitral or administrative proceedings of infringement of any third parties' intellectual property rights by us as of the Latest Practicable Date. For details, see "Appendix V — Statutory and General Information — B. Further Information about Our Business — 2. Intellectual Property Rights of Our Group." For risks related to intellectual property rights, see "Risk Factors — Risks Relating to Our Intellectual Property Rights."

MANUFACTURING

We have internally developed manufacturing and testing processes to produce our SiC products on a commercial scale. Our manufacturing processes and know-how set high barriers to entry, and these are key differentiators for us. As we highly value the quality of our products, the safety of our employees and environmental protection in the course of the manufacturing process, we have actively acquired a series of certifications, including ISO 45001 and ISO 14001.

Our Production Process

Our production process primarily consists of wafer fabrication and packaging processes. The following chart illustrates our wafer fabrication process and device packaging process:

Wafer Fabrication

- *Deposition, lithography and implantation*: We begin with SiC epitaxial wafer cleaning, and then perform zero-layer lithography and etching on the wafer to ensure precise alignment for subsequent lithography steps. We then apply thin-film processes for mask deposition, lithography, etching and implantation to transfer the layer design structure.

- *Protection and anneal*: Following the lithography and implantation, we coat the wafer with a carbon film for protection. This is followed by high-temperature annealing, a diffusion module process.
- *Thermal oxidation and active area formation*: After annealing, we perform surface thermal oxidation using diffusion processes to grow a sacrificial oxide layer. We then remove the sacrificial oxide via wet etching and generate field oxide layers using diffusion and thin-film processes. The field oxide layer is patterned through lithography and etching to form the active region base structure.
- *Gate structure*: With the active region base structure in place, we grow gate oxide via diffusion and deposit a polycrystalline silicon (Poly) layer, which is critical for MOSFET fabrication. We define the gate structure by lithography and etching of the Poly layer.
- *ILD formation*: Subsequently, we deposit an interlayer dielectric (ILD) using thin-film processes to serve as an isolation layer.
- *Top metal connection*: We then form ohmic contacts by depositing a nickel metal layer via thin-film PVD. Front-side metal layers are deposited via PVD, followed by lithography and etching to create front-side electrode structures.
- *Passivation protection*: To protect the front-side structure, we deposit a passivation layer via chemical vapor deposition (CVD, a process in which gaseous precursors undergo chemical reactions on the substrate surface, resulting in the creation of solid thin film materials) and pattern it through lithography and etching. We apply a polyimide protective layer over the passivation layer using lithography.
- *Backside grinding*: Next, we perform backside thinning of the SiC wafer to reduce chip thickness and enhance electrical performance.
- *Backside ohm contact and metal deposition*: We implement backside metal sputtering and ohmic annealing to achieve optimal contact between the SiC substrate and backside metal, and finalize the backside metal structure by depositing backside metal layers.

Device Packaging Process

- *AMB assembly*: We begin the device packaging process with AMB assembly, which includes wire bonding, silver sintering and die attach. These steps ensure the secure attachment of components to the AMB substrate.
- *AMB test*: Following assembly, we conduct AMB testing to verify the integrity and functionality of the assembled components.
- *Module assembly*: Next, we proceed to module assembly, which involves potting, ultrasonic welding, frame assembly and vacuum reflow. These steps are crucial for creating a robust and reliable module structure.
- *Module test*: After module assembly, we perform module testing to ensure the module meets all required specifications and standards.
- *Module burn-in*: We conduct module burn-in to stress-test the module and ensure its long-term reliability and performance.

Production Bases in Operation

As of the Latest Practicable Date, we operated three production bases, namely, the Guangming production base, Wuxi production base and Pingshan testing base. The table below sets forth details of our production bases as of December 31, 2025:

Production Bases	Location	Gross Floor Area	Key Products and Functions
Guangming production base	Guangming District, Shenzhen, Guangdong Province	12,427 sq.m.	SiC wafer fabrication

Production Bases	Location	Gross Floor Area	Key Products and Functions
Wuxi production base	Xinwu District, Wuxi, Jiangsu Province	12,106.06 sq.m.	SiC power module manufacturing
Pingshan testing base	Pingshan District, Shenzhen, Guangdong Province	5,855.68 sq.m.	Power semiconductor gate driver testing

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

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

Notes:

(1) The production capacity for each year is calculated based on the hourly capacity and working hours of the respective production base.

(2) The production volume refers to actual production of the products for the relevant period.

(3) The utilization rate during the year is calculated by dividing production volume by the production capacity for the same period.

(4) Our Guangming production base commenced operation in April 2024.

(5) Our Wuxi production base commenced operation in July 2022. The production capacity of our Wuxi production base increased during the Track Record Period, primarily because we strategically expanded our in-house production capacity in response to growing customer demand. The utilization rate of our Wuxi production base increased from 49.2% in 2023 to 52.6% in 2024 and decreased to 40.0% in 2025, primarily due to changes in customer demand, particularly for automotive-grade SiC power modules, which resulted in lower production volume.

(6) The production capacity and production volume of our Wuxi production base are measured in terms of three-phase full-bridge modules.

Planned Production Base

We plan to establish two new production bases in China and continue to expand our production capacity. The following table sets out certain information regarding our planned new production bases as of December 31, 2025:

Production Bases	Location	Estimated commencement time of production	Status	Investment Amount	Land Area	Key Products and Functions
				(RMB in millions)		
Pingshan production base.	Pingshan District, Shenzhen, Guangdong Province	Late 2027	Initial construction stage	400	8,447.6 sq.m.	SiC power module manufacturing
Zhongshan production base	Zhongshan, Guangdong Province	Late 2026	Initial land acquisition stage	220	14,666.6 sq.m.	SiC power module manufacturing

Production Equipment and Machinery

We possess advanced production equipment and machinery, which are crucial for ensuring the quality, cost advantages and production efficiency of our products. We primarily purchased our production equipment from renowned semiconductor equipment suppliers in China, Germany and Japan. We have established close and stable relationships with core suppliers to ensure the stability and reliability of our equipment supply.

During the Track Record Period, we strategically outsourced discrete device packaging and gate driver product manufacturing to optimize our production costs and production capacity, considering the vast number of qualified service providers, relatively low technical barriers and competitive pricing of manufacturing outsourcing services. See "— Procurement and Supply Chain Management — Suppliers — Manufacturing Outsourcing." During the same period, we utilized, and plan to utilize, a combination of in-house packaging and outsourced packaging for industrial-grade SiC power modules depending on the utilization rate of our production bases, the cost of manufacturing outsourcing services and the requirements of customers, if any.

As for wafer fabrication, we will increase the proportion of in-house production over time, aiming for a production model that prioritizes in-house production while still utilizing manufacturing outsourcing as a supplement in the long term. Since wafers are essential raw materials for various products, we believe that concentrating on in-house production can boost our long-term competitiveness. However, due to the substantial capital investment needed for wafer fabrication lines, we will adopt a flexible mix of manufacturing outsourcing and in-house production in the short term, gradually shifting toward more in-house production as our financial resources allow.

SALES AND MARKETING

Catering to different products and their application scenarios, we have adopted a hybrid model of direct sales and distribution to broaden our sales and marketing channels. As of December 31, 2025, our sales and marketing team consisted of 78 employees with extensive industry experience and in-depth expertise of our products and solutions. We have a sales team in Germany responsible for business development efforts across the European market, ensuring close proximity to our customers and responsiveness to regional market needs.

Sales Channel

We have an experienced and highly trained sales and marketing team that proactively identifies market opportunities and designs sales strategies. Our products are sold through both direct sales and distributorship. The table below sets out a breakdown of our revenue by sales channel in absolute amount and as a percentage of our total revenue for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	(RMB in thousands, except percentage)					
Direct Sales	151,942	68.9	223,250	74.7	198,996	64.0
Distributorship	68,644	31.1	75,765	25.3	112,169	36.0
Total	**220,586**	**100.0**	**299,015**	**100.0**	**311,165**	**100.0**

Direct Sales

In 2023, 2024 and 2025, revenue from direct sales amounted to RMB151.9 million, RMB223.3 million, and RMB199.0 million, representing 68.9%, 74.7% and 64.0% of the total revenue for the same periods, respectively. We adopt direct sales mainly for our automotive-grade SiC power modules and most of our power semiconductor gate drivers (which are customized). During the Track Record Period, we had over 700 direct sales customers. To our knowledge, during the Track Record Period, substantially all of the Group's products sold through direct sales are used by end customers based in the PRC.

The salient terms of our direct sales agreements during the Track Record Period are set out below:

- *Product specifications*. Our customers typically set forth specific product specification requirements for products ordered, such as name, model, configuration and features.
- *Pricing policy*. We sell our products to direct sales customers at agreed price levels stipulated in the agreements.
- *Payment and credit term*. Customers shall make payment pursuant to the agreements. We generally grant a credit period to our direct sales customers of approximately 30-180 days after monthly clearing date.
- *Logistics*. We are responsible for delivering our products to locations designated by our direct sales customers.
- *Transfer of risks*. The risks typically transfer to direct sales customers upon product delivery.
- *Quality guarantee and warranty*. We provide our customers with products that meet the agreed specifications and performance standards. We usually set out warranty periods, typically between one and two years for SiC discrete device and one year for power semiconductor gate drivers, in the sales agreement. During the warranty period, our customers may request that we replace or repair defective parts and components and products free of charge.
- *Termination*. Both parties are entitled to terminate the agreement in the event of specific circumstances stipulated in the agreement.

Distributorship

We generally adopt a distribution model to sell our more standardized products, such as industrial-grade SiC power modules, SiC discrete devices and power semiconductor gate drivers (which are standardized). This facilitates rapid establishment of regional sales networks, thereby enhancing our market penetration. In 2023, 2024 and 2025, revenue from our distributors amounted to RMB68.6 million, RMB75.8 million and RMB112.2 million, representing 31.1%, 25.3% and 36.0% of the total revenue for the same periods, respectively. According to Frost & Sullivan, sales through distributors are in line with industry norm. During the Track Record Period, our distributors were primarily based in the PRC. During the Track Record Period and up to the Latest Practicable Date, we did not have any material unresolved disputes or lawsuits with our distributors.

We select the distributors for the sales of our SiC discrete devices and power semiconductor gate drivers, and regularly evaluate our distributors, based on a number of criteria, including, among others, business scale, regional product distribution, warehousing capabilities, good creditworthiness and commercial reputation, comprehensive market management, sound marketing plans, as well as a certain level of technical support capability. We manage these distributors and determine whether to continue our contractual relationships with them based on their performance. We maintain a standard buyer-seller relationship with distributors where we typically enter into sale and purchase agreements (rather than distribution agreements) with our distributors in the same way as our direct customers. They directly purchase products from us and are our customers, on-selling our products to companies operating in renewable energy and industrial application sectors. As a result, we do not require our distributors to maintain a minimum inventory level and generally do not possess knowledge of the amounts of unsold inventories held by distributors. We do not offer rebates to our distributors. We do not impose minimum purchase requirements or sales targets for our distributors. We carefully manage our distribution channels and mitigate the risks of channel stuffing through partnering with carefully selected distributors following comprehensive assessments and periodic reviews. We also maintain regular communication with distributors to ensure distribution strategies adapt to new product line developments, preventing market cannibalization and optimizing customer services. We believe the risk of channel stuffing within our distribution network is low, considering that (i) we maintained a contractual

buyer-seller relationship with distributors and there is no material difference in the core commercial terms, such as pricing, payment and product return arrangements, between contracts entered into under direct sales and distributorship; (ii) we typically do not allow distributors to return products to us unless there are product quality issues caused by us; (iii) we also generally do not buy back our products except in limited circumstances such as defective products or product packaging, allocation for urgent customer needs, bankruptcies or liquidations of the distributors' business, and termination of distribution agreements with the distributors; and (iv) our distributors are not subject to mandatory sales targets and, therefore, we believe that our distributors do not have any incentives to purchase more than they expect to sell. During the Track Record Period, the amount of buy back from our distributors was immaterial. We also believe that the risk of cannibalization within our distribution network is low, considering that the product types and geographical coverages vary among our distributors, who generally place orders on an as-needed basis.

The salient terms of our standard agreements with distributors during the Track Record Period are set forth below:

- *Duration.* The duration of the agreements is typically one year.
- *Credit limits and terms.* We determine credit terms and limits based on the creditworthiness of the distributors. We generally provide a credit term of 30 days.
- *Minimum pricing.* We negotiate and determine the sales price in consultation with the distributors, considering the overall market conditions.
- *Sub-distribution.* Distributors are not allowed to sub-distribute without our prior written consent.
- *Warranty.* We specify the warranty period for our products in the agreement based on the type of product delivered. During the warranty period, if the product fails to meet the functional specifications due to material or workmanship defects, we will promptly and free of charge repair or replace the defective product. We do not assume any responsibility for repair, replacement, refund or any other liability for issues unrelated to product quality.
- *Prohibition on goods-fleeing.* Distributors are authorized to sell our products within a designated scope.
- *Termination.* We are entitled to terminate the agreement if the distributor is found to be in violation of our distributor management policy and its contract obligations.

The below table sets forth the movement of our distributors during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
Number of distributors at the beginning of the period	169	163	141
Number of new distributors for the period	78	63	24
Number of terminated distributors for the period[(1)]	84	85	71
Net increase (or decrease) in number of distributors for the period	(6)	(22)	(47)
Number of distributors at the end of the period	163	141	94

Note:

(1) Including distributors who did not transact with us in the indicated period.

During the Track Record Period, we continued to expand our sales network through the distributorship model while strengthening the management of our existing new distributors. In 2023, 2024 and 2025, we engaged 78, 63 and 24 new distributors, respectively. In 2023, 2024 and 2025, 84, 85 and 71 distributors ceased transactions with us, respectively. These are primarily small distributors with insignificant and irregular dealings with us. The number of new distributors was lower in 2025 primarily because of the increased offering and sales of products with relatively high technological barriers, which are primarily sold through the direct sales channel.

To the best of our knowledge, all of our distributors are Independent Third Parties. The distributors are not connected to any of the Company, its subsidiaries, their shareholders, directors, senior management or any of their respective associates. To our best knowledge, besides the ordinary course distribution arrangement with us, there is no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates. Our distributors place orders with us when and to the extent they deem appropriate. In general, our relationships with distributors have remained stable.

Marketing

We recognize that our marketing approach must vary across different business segments, reflecting the unique characteristics of each industry. In the automotive sector, we focus on direct sales because high market concentration and the prevalence of single models lead to substantial sales volumes. For industrial applications, we adopt a dual approach: we offer standard SiC discrete devices, such as 1200V MOSFETs, through a distribution model while maintaining a direct sales strategy for gate driver products that are often tailored to meet specific customer requirements.

CUSTOMERS

We serve companies operating in various industries, including automotive electronics and renewable energy and industrial applications. Our customers in the automotive industry are primarily leading automotive manufacturers and their Tier-1 suppliers. Our customers in the renewable energy and industrial applications are primarily reputable companies operating in the wind power, solar power, energy storage and rail transportation sectors.

Our design-wins with such customers are a huge part of our success. We intend to further strengthen existing customer relationships and pursue new relationships to expand our customer base as we continue to explore the potential of SiC products across novel application areas.

Major Customers

Revenue generated from our largest customer in each year during the Track Record Period accounted for 29.7%, 45.5% and 20.6% of our total sales in the respective years. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 46.4%, 63.1% and 40.4% of our total sales in the respective years.

The tables below set forth information about our five largest customers in each year during the Track Record Period:

Year ended December 31, 2023

Customer	Product sold	Background	Revenue	% of total sales	Year of commencing business relationship	Typical credit term
			(RMB'000)			
Customer A	SiC power modules	Founded in 2006 and registered in Zhejiang, Customer A primarily engages in the production and sales of automotive motors as well as vehicle parts and components.	65,477	29.7	2023	30 days after monthly clearing
Customer B	SiC Schottky diodes/SiC MOSFETs	Founded in 2012 and registered in Shenzhen, Customer B primarily engages in the R&D and sales of electronic components, computer software and hardware as well as superconducting material technologies.	12,665	5.7	2019	30 days after monthly clearing
Customer C	SiC Schottky diodes	Founded in 1999, registered in Jiangsu and listed on ChiNext, Customer C primarily engages in the integration and value-added services of electronic component supply chains.	9,232	4.2	2018	30 days after monthly clearing
Customer D	Gate driver boards	Founded in 2000 and registered in South Korea, Customer D primarily engages in the development and manufacturing of power converters and solutions for key components of power conversion devices.	7,671	3.5	2020	30 days after monthly clearing
Customer E	Testing equipment	Founded in 2016 and registered in Jiangsu, Customer E primarily engages in the R&D, production and sales of power distribution and control equipment.	7,243	3.3	2019	30% prepayment, 60% within 30 days after product acceptance and 10% after the expiry of the one-year warranty period

Year ended December 31, 2024

Customer	Product sold	Background	Revenue	% of total sales	Year of commencing business relationship	Typical credit term
			(RMB'000)			
Customer F	SiC power modules	Founded in 2022 and registered in Guangdong, Customer F primarily engages in the R&D, production and sales of electric drive systems, automotive components and transmission parts.	136,040	45.5	2023	45 days after monthly clearing
Customer G	Gate driver boards and SiC Schottky diodes/SiC MOSFETs	Founded in 2006 and registered in Jiangsu, Customer G primarily engages in the development, sales and technological service of electronic products, as well as the sales of electronic components and chips.	22,495	7.5	2021	Prepayment/ 30 days after monthly clearing
Customer B	SiC Schottky diodes/SiC MOSFETs	Please see above.	14,496	4.8	2019	30 days after monthly clearing
Customer H	Gate driver boards	Founded in 2021 and registered in Henan, Customer H primarily engages in the manufacturing and sales of power electronic components, photovoltaic equipment and components, as well as the R&D of power systems and related technologies.	8,190	2.7	2020	60 days after invoice date
Customer I	Gate driver boards	Founded in 2005, registered in Hunan and listed on the Hong Kong Stock Exchange and the SSE STAR market, Customer I primarily engages in the R&D, manufacturing, sales and services of traction converter systems for rail transit.	7,637	2.6	2020	90% within 30 days after monthly clearing and 10% three months after the expiry of the two-year warranty period

Year ended December 31, 2025

Customer	Product sold	Background	Revenue	% of total sales	Year of commencing business relationship	Typical credit term
			(RMB'000)			
Customer F	SiC power modules	Please see above.	63,994	20.6	2023	45 days after monthly clearing
Customer B	SiC Schottky diodes/SiC MOSFETs/SiC power module	Please see above.	23,997	7.7	2019	30 days after monthly clearing
Customer G	Gate driver boards and SiC Schottky diodes/SiC MOSFETs/SiC power module	Please see above.	13,155	4.2	2021	Prepayment/30 days after monthly clearing
Customer J	Gate driver boards	Founded in 1998 and registered in Xinjiang, Customer J primarily engages in the R&D, manufacturing and sales of wind turbine systems and is listed on both the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.	12,690	4.1	2020	95% within 90 days after invoice booking following product delivery, and 5% within 730 days after invoice booking as retention
Customer H	Gate driver boards	Please see above.	11,983	3.9	2020	60 days after invoice date

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers in each year during the Track Record Period.

Pricing

We employ a dynamic, market-driven pricing strategy that balances competitiveness with sustainable profitability. Our marketing team first defines the optimal price range based on market prices, our market positioning, competitive advantages and customer value. The sales team and management then negotiate with the customers and evaluate pricing by factoring in key operational metrics to ensure alignment with both market demands and long-term business goals. According to Frost & Sullivan, our pricing strategy is in line with the industry norm pricing strategy for SiC power devices.

Specifically, for our automotive-grade SiC power module products, our pricing strategy is forward-looking. See "— Key Operational Data — Commentary on Sales Volume and ASP — SiC Power Module — Fluctuations in the ASP."

For our industrial-grade SiC power module products, we apply market-based pricing, taking into consideration our first-mover advantages and meaningful industry barriers, and dynamically adjusting the prices based on different order volume and customer requirements.

For our power semiconductor gate driver products, we primarily adopt a cost-plus pricing model and dynamically adjust expected product gross margins within a certain range based on our customers' industry standing, expected order quantities and the technical complexity of the product. This pricing approach can flexibly accommodate different customer requirements and helps maintain long-term cooperation.

For our SiC discrete device products, because the market for discrete devices is relatively competitive, we apply market-based pricing after comprehensively considering each model's technical performance and production cost, and we enhance competitiveness through rapid product iteration and continuous cost optimization.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Raw Material and Procurement

We procure a variety of materials essential for the manufacturing of our SiC products, primarily including epitaxial wafers, SiC wafers and packaging materials. During the Track Record Period, we sourced the majority of our raw materials from suppliers located within China, while certain SiC wafers were imported from overseas suppliers.

We maintain a comprehensive list of qualified suppliers to facilitate the selection of the most suitable raw materials for our projects, in line with our procurement plans. These plans are developed based on production schedules, inventory levels, supplier lead times, and product lifecycles. Once approved, our supply chain management department conducts price inquiries and evaluates potential suppliers based on key criteria, including price, quality, and delivery timelines. We typically negotiate pricing with our suppliers on an annual basis or through a competitive bidding process, formalizing terms in framework agreements. To mitigate the potential impact of price increases from major suppliers, we also perform evaluations of secondary sourcing options to manage our raw material costs effectively.

Suppliers

During the Track Record Period, we engaged suppliers and service providers for raw materials necessary for the production of our SiC products as well as testing processes.

Supplier Management

We have established comprehensive selection criteria that account for the specific requirements of various materials and equipment while adhering to consistent overall principles. The evaluation process is anchored in two primary dimensions: (i) quality, technology, and performance, which assess the capability of the suppliers to meet our rigorous standards, and (ii) pricing, payment terms, and delivery schedules, which ensures that we obtain optimal financial conditions and timely supply.

To ensure competitive sourcing, we generally maintain a policy of having at least two suppliers for each raw material. The standard procurement term we establish with our suppliers is typically three years, providing stability and predictability for both parties.

We enter into supply agreements with our suppliers, the salient terms of which are set out below:

- *Product specifications.* We specify the product name, specification, price, quantity, delivery timeline and other detailed items in each purchase order we send to our suppliers.
- *Payment and delivery.* We are responsible for timely payment to suppliers, who are typically responsible for delivery of products to our designated location specified in each purchase order.
- *Transfer of risk.* The risk transfers to us upon product delivery.
- *Quality guarantee*. If the products provided by the supplier fail our inspection or are found to have quality issues within the warranty period, the supplier shall resolve the issue or replace the products free of charge within two days of receiving our notification.
- *Subcontracting.* Subcontracting is not allowed without our prior written consent.
- *Product return.* We have the right to reject, replace or return products for a variety of reasons, including non-conformity with product quality, product specifications or quantity with the order placed.
- *Termination.* We are entitled to terminate the agreement with 15 days' prior written notice.

Manufacturing Outsourcing

During the Track Record Period, we engaged certain contractors to carry out production of our SiC products and gate driver ICs. We collaborate with third-party foundries in order to complement our production capacity at the early stage of development. In 2023, 2024 and 2025, our outsourcing services costs amounted to RMB31.6 million, RMB24.3 million and RMB40.9 million, respectively, which accounted for 9.0%, 7.4% and 11.8% of our cost of sales during the same periods. See "Risk Factors — Risks Relating to Our Industry and Business — We depend on third parties to manufacture certain products. Such arrangements may reduce our control over product quality, quantity, development, enhancement and product delivery schedule and could harm our business." According to Frost & Sullivan, it is an industry norm in the semiconductor power device sector for companies to engage contractors for production.

We carefully select contractors from a pool of reputable candidates. We evaluate the potential contractors in terms of, among other aspects, qualifications, technical skills, product quality, workplace safety and delivery commitments. We require our contractors to comply with our internal policies and closely monitor their performance. In the event of any failure by contractors to meet our internal policies, we may cease to work with them or claim damages. We apply testing to ensure that the sourced products meet our product specifications, quality standards and customers' expectations. We have generally maintained long-term relationships with our contractors, and all of our contractors are independent third parties.

The salient terms of the agreements with our contractors are set forth below:

- *Duration and Termination* . The duration of the agreements typically spans a period of either one or three years. Both parties have the right to terminate the agreement if circumstances arise that prevent the performance of the agreement.
- *Principal rights and obligations of parties involved.* We provide technical specifications and/or other relevant raw materials to contractors who perform semiconductor manufacturing processing according to our requirements.
- *Payment and delivery*. We are responsible for timely payment to our contractors. Contractors are responsible for delivering qualifying products to our designated warehouses.

- *Subcontracting*. Subcontracting is not allowed without our prior written authorization.
- *Quality guarantee*. Products are accepted in accordance with our specifications, as well as national, local and industry standards. Should any quality issues arise during the warranty period, our contractors are responsible for replacement.
- *Pricing*. Prices are determined by mutual agreement, subject to periodic review and adjustment for market fluctuations, with payment terms typically requiring advance payment or post-delivery settlement with VAT invoices.
- *Exclusivity*. The agreements typically do not have exclusivity clauses, but have certain priority access rights to suppliers' capacity.
- *Confidentiality*. All contracts mandate strict confidentiality of proprietary information through NDAs, restricting disclosure to third parties and requiring return/destruction of confidential materials upon termination of agreements.
- *Raw Material Procurement*. Suppliers bear responsibility for sourcing compliant materials, primarily ancillary raw materials, at their own cost, with quality guarantees and penalties for defects, while we may provide forecasts to facilitate planning.

The table below sets forth the percentage of revenue generated from sale of our products manufactured by third-party contract manufacturers for the years indicated:

	Year ended December 31,		
	2023	2024	2025
Revenue generated from sale of products manufactured by third-party contract manufacturers (%)	58.0	43.2	56.4

Prior to achieving in-house production capacity, we collaborated with qualified third-party manufacturers to ensure business continuity and maintain our market position in the competitive SiC semiconductor industry. This strategy enabled us to secure early market share while building our brand reputation. Furthermore, certain long-standing customers required manufacturing process consistency under strict 5M1E (Man, Machine, Material, Method, Measurement, Environment) requirements as part of their product qualification protocols. Transferring such products from contract manufacturers to our own facilities would have necessitated complete requalification, which represents a time-intensive validation process. We have since transitioned new product models to our Guangming production base as it became operational.

For discrete device packaging, the packaging process for SiC discrete devices represents a relatively small portion of the overall product value. As the technical requirements are substantially similar to silicon-based device packaging, and given the abundance of qualified packaging service providers in the market, outsourcing this segment represented the most commercially optimal solution. This approach allows us to allocate our internal resources more efficiently while maintaining cost competitiveness.

For gate driver product manufacturing, we utilize a competitively positioned domestic manufacturing structure with effective cost control, which benefits from China's mature and reliable supply chain ecosystem. With multiple established manufacturers capable of producing these components competitively, outsourcing their production aligns with industry best practices and enables optimal operational expenditure.

This selective outsourcing strategy has allowed us to balance capacity utilization effectively while maintaining supply chain flexibility. It has enabled us to focus our internal resources on core technological advancements and higher value-added processes while ensuring uninterrupted product availability to our customers. We continuously evaluate the optimal mix of in-house and outsourced manufacturing based on technological requirements, cost efficiency, and customer needs.

To ensure our contract manufacturers comply with all relevant regulations and protect our intellectual property, we have established a robust control framework. See "— Quality Control."

Major Supplier

Our major suppliers are suppliers of SiC wafers, SiC epitaxial wafers, as well as production equipment and machinery. Starting from 2024, we began procuring raw materials for outsourced manufacturing services, enabling better control over material quality and supply, as well as improved cost efficiency. Purchases from our largest supplier in each year during the Track Record Period accounted for 20.2%, 26.5% and 21.0%, respectively, of our total purchase amount during those periods. Purchases from our five largest suppliers in each year during the Track Record Period accounted for 52.4%, 43.9% and 38.2% of our total purchases in the respective years.

The tables below set forth information about our five largest suppliers in each year during the Track Record Period:

Year ended December 31, 2023

Supplier	Product provided to us	Background	Purchase amount	% of total purchase amount	Year of commencing business relationship	Typical credit term
			(RMB'000)			
Supplier A	Wafers/chips	Founded in 1974 and registered in Hong Kong, Supplier A primarily engages in the sales and services of semiconductor products.	106,166	20.2	2021	30 days after monthly clearing
Supplier B	Wafers	Founded in 1985 and registered in Taiwan, Supplier B primarily specializes in providing foundry services for SiC and GaN products. Shanghai Hanlei Electronic Trading Co., Ltd. is a wholly-owned subsidiary of Episil Technology Inc.	88,786	16.9	2017	50% prepayment and 50% according to production progress
Supplier C[(i)]	Production equipment and machinery	Founded in 2014 and registered in Jiangsu, Supplier C is a group engaged in semiconductor device manufacturing and processing, as well as development and services relating to electronic components, mechanical parts and integrated semiconductor solutions.	57,626	11.0	2022	30%, prepayments, 60% upon shipment and 10% after product acceptance. Alternatively, 40% prepayments, 55% a week before shipment and 5% as warranty deposit paid one year from acceptance

Supplier	Product provided to us	Background	Purchase amount	% of total purchase amount	Year of commencing business relationship	Typical credit term
			(RMB'000)			
Supplier D	Production equipment and machinery	Founded in 2009 and registered in Shanghai, Supplier D primarily engages in providing high-end computer-aided engineering (CAE) software and high-tech instruments, along with consulting services for design, analysis, testing and manufacturing solutions.	12,691	2.4	2021	30% prepayment, 60% upon shipment and 10% after product acceptance
Supplier E	Production equipment and machinery	Founded in 1994 and registered in Shenzhen, Supplier E primarily engages in integrated circuit and electronic product manufacturing.	10,096	1.9	2021	30 days after monthly settlement

Note:

(i) In May 2023, Supplier F acquired another one of our major suppliers. The purchase amount are therefore aggregated and other details are presented side-by-side.

Year ended December 31, 2024

Supplier	Product provided to us	Background	Purchase amount	% of total purchase amount	Year of commencing business relationship	Typical credit term
			(RMB'000)			
Supplier A	Wafers/chips	Please see above.	104,556	26.5	2021	30 days after monthly clearing
Supplier B	Wafers	Please see above.	25,262	6.4	2017	50% prepayment and 50% according to production progress
Supplier F	SiC epitaxial wafers	Founded in 2019 and registered in Jiangsu, Supplier F primarily engages in the manufacturing and sales of wide bandgap semiconductor materials.	16,556	4.2	2021	30 days after monthly clearing
Supplier G	SiC epitaxial wafers	Founded in 2000 and registered in Hebei, Supplier G primarily engages in the R&D, production and sales of integrated circuit epitaxial materials, electronic product materials and related components.	15,592	3.9	2018	30 days and 60 days after monthly clearing
Supplier H	AMB substrates	Founded in 2018 and registered in Jiangsu, Supplier H primarily engages in the R&D, manufacturing and sales of power semiconductor copper-clad ceramic substrates and related materials for substrate production.	11,551	2.9	2021	30 days after monthly clearing

Year ended December 31, 2025

Supplier	Product provided to us	Background	Purchase amount	% of total purchase amount	Year of commencing business relationship	Typical credit term
			(RMB'000)			
Supplier A	Wafers/chips	Please see above.	74,456	21.0	2021	30 days after monthly clearing
Supplier I	Wafers	Founded in 2017 and registered in Shanghai, Supplier I primarily engages in the R&D of specialty process technologies for integrated circuit chips and the production of integrated circuit chips.	21,515	6.1	2022	full prepayment or payment in the following month after monthly clearing
Supplier B	Wafers	Please see above.	17,962	5.1	2017	50% prepayment and 50% according to production progress
Supplier J	Manufacturing services	Founded in 2021 and registered in Shenzhen, Supplier J primarily engages in the assembly and production of PCBA and fully assembled electronic products, offering integrated electronics manufacturing services.	11,274	3.2	2021	30 days after monthly clearing
Supplier K	SiC power modules, manufacturing services and development services	Founded in 2018 and registered in Anhui, Supplier K primarily specializes in the R&D, manufacturing, sales and services of power modules.	10,166	2.9	2024	full prepayment or payment in the following month after monthly clearing

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers in each year during the Track Record Period.

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Customer F was one of our top five customers in 2024 and 2025, and was also one of our suppliers in 2025. Established in 2022, Customer F is primarily engaged in the R&D, production and sales of electric drive systems, automotive components and transmission parts. As our customer, Customer F mainly purchased SiC power modules from us. As our supplier, Customer F primarily provided us with product testing services, with a transaction amount of RMB5.0 million in 2025.

According to Frost & Sullivan, it is an industry norm in the semiconductor power device sector for companies to engage in the sale of products and procurement of testing services with the same customer-supplier, primarily because the customers, typically companies engaged in the R&D and production of automotive components, often possess greater expertise in system integration and application environments advanced testing environment, and are occasionally entrusted by their suppliers to conduct specific product tests.

The table below sets forth the revenue and purchase amounts, as well as their respective percentages to total revenue and total purchases, for transactions between our Group and Customer F during the Track Record Period:

Year	Revenue	Percentage to total revenue	Purchases	Percentage to total purchase
	(RMB'000)		*(RMB'000)*	
2023	6,643	3.0	–	–
2024	136,040	45.5	–	–
2025	63,994	20.6	5,000	1.4

Our sales and purchase transactions with the above customer-supplier were not inter-conditional and involved different types of products. All transactions were conducted in the ordinary course of business, on normal commercial terms and on an arm's length basis, and the terms were comparable to those with other customers and suppliers. During the Track Record Period, there was no set-off of trade receivables and payables with these customer-suppliers.

Save as disclosed above, to the best of our knowledge, none of our other top five customers during each year of the Track Record Period was our supplier, and none of our other top five suppliers was our customer.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We utilize qualified third-party logistics providers to deliver all finished goods from our production bases to the locations designated by our customers. We establish stringent transportation standards that these logistics providers must adhere to, and we periodically assess their compliance and performance to ensure the prompt and efficient delivery of products. To the best of our knowledge, all of these logistics providers operate as independent third parties.

Inventory Management

We implement a refined inventory management strategy through our highly integrated IT systems, including financial ERP and electronic materials warehousing systems, to ensure operational efficiency and business continuity. Our inventory management policy features a multi-tiered inventory counting system designed to maintain the accuracy and transparency of inventory data. Each month, the warehouse management department collaborates with the production line department to conduct inventory counts, promptly identifying and addressing any inventory issues. Every six months, the finance department is deeply involved in the inventory counting process to ensure strict alignment between financial records and physical inventory, providing a solid foundation for our financial reporting. Additionally, an annual

inventory count is conducted through a comprehensive static review, offering a complete overview of inventory management throughout the fiscal year. For the years ended December 31, 2023, 2024 and 2025, our inventory turnover days were 100.2, 88.9 days and 85.6 days, respectively. See "Financial Information — Discussion of Key Items of Consolidated Statements of Financial Position — Inventories."

QUALITY CONTROL

We have established a systematic framework of quality control policies for each product line, encompassing incoming inspection specifications, process control documents and outgoing inspection criteria. Specifically, industrial application SiC products are governed by ISO 9001 standards, while automotive application SiC products must comply with the more stringent IATF 16949 standards. We have obtained both ISO 9001 and IATF 16949 certifications, as well as UL (Underwriters Laboratories) certification for product safety. Additionally, we are also in the process of obtaining the national laboratory accreditation of CNAS (China National Accreditation Service for Conformity Assessment).

Our quality control measures encompass a range of activities, including (i) R&D projects, (ii) management of suppliers and contractors, (iii) production processes, (iv) reliability management, (v) pre-shipment inspections and (vi) customer services.

Quality management in R&D: Based on the principles of integrated product development, we have established a robust R&D management process that includes comprehensive project tracking, real-time alerts and stringent quality control measures. We strive to align projects with our strategic objectives at the R&D stage and ensure that customer requirements are met with high quality.

Quality management of suppliers and contractors: Critical raw materials are sourced exclusively from approved suppliers on our qualified vendor list, with new key suppliers undergoing a rigorous evaluation process before onboarding. These measures are designed to closely monitor the quality of materials, prevent the use of substandard raw materials in our production lines, and drive continual quality enhancement among our suppliers and contractors. All incoming materials undergo batch-by-batch inspection in accordance with GB/T2828.1/MIL-STD-105E, covering key criteria such as appearance, dimensional accuracy and critical performance parameters. While certain items rely on supplier-provided certifications, we conduct periodic verification to ensure compliance. Depending on historical quality performance, tightened inspections may be triggered when necessary. All inspection results are systematically recorded in our manufacturing execution system ("MES") to ensure full traceability.

Quality management in the production process: We closely monitor our production processes through a multi-layered quality control system, including the establishment of quality checkpoints at critical process stages. Our quality control department has established in-process quality engineering procedures that monitor any activities that could impact product quality, including machinery, processes and environmental factors. Our operators strictly adhere to standardized work instructions, implementing first-article inspection, periodic process checks and self-/mutual-inspection protocols. Additionally, we maintain stringent control over production equipment through scheduled maintenance and calibration, while ensuring that environmental conditions (such as temperature, humidity and electrostatic protection) remain within specified requirements. In the event of quality issues, our exception handling process enables us to conduct risk assessments and manage the disposition of suspect or non-conforming products efficiently. We ensure timely, closed-loop management for the causes of anomalies and the corresponding improvement actions.

Quality management regarding reliability: We set stringent reliability certification standards. Through a comprehensive reliability certification process, together with ongoing reliability monitoring during mass production, we strive to guarantee high quality and stable performance of our products.

Quality management in the pre-shipment stage: Prior to product delivery, we conduct thorough inspections that include final testing of all finished products, with sampling frequencies typically determined by GB/T2828.1/MIL-STD-105E or specific customer

requirements. All inspection and test records are maintained in our MES system to ensure full traceability, and only products that pass all required tests and inspections are approved for shipment. Moreover, findings from inspections are used to drive ongoing enhancements in the production process.

Quality management for customer services: We have instituted a standard customer complaint resolution process to address any quality issues reported, supported by our comprehensive quality management system that includes annual internal audits and management reviews to monitor key quality indicators. All customer feedback and complaints are thoroughly investigated and closed in accordance with our established customer complaint handling procedure, ensuring continuous improvement in our quality systems.

During the Track Record Period and up to the Latest Practicable Date, except as otherwise disclosed in this document, we have not experienced any material product returns, material customer complaints, claims or recalls of our products, and no expenditure has been incurred to settle our warranty obligations for the products we offered. See "— Legal Proceedings and Compliance — Legal Proceedings — Recent Litigation with a Customer."

INFORMATION TECHNOLOGY SYSTEMS

Information technology is crucial to maintaining our competitive advantage and operational efficiency. We implement and sustain IT systems that grow alongside our business, ensuring they fulfill our diverse operational needs. Our primary IT systems include the following: the product lifecycle management (PLM) system, the manufacturing execution system (MES), the customer relationship management (CRM) system, the ERP system, and an enterprise endpoint security management system which integrates various functions, encompassing data encryption, network management and network monitoring.

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any material IT system failure or downtime that had a material adverse effect on our business operations.

IMPACTS OF U.S. TRADE AND INVESTMENT-RELATED LAWS AND REGULATIONS

Impact of the U.S. Export Control

Our Directors are of the view, after consultations with our legal advisor as to international sanctions ("International Sanctions Advisor") and taking into account its view, that the impact of the current U.S. export control laws on our business is generally limited and manageable for the following reasons:

(1) During the Track Record Period, we procured certain U.S.-origin parts and components (including diodes, resistors, controllers, etc.) used by the Group that were subject to the Export Administration Regulations ("EAR"); however, such items were classified as EAR99 and were not otherwise controlled under the EAR. In other words, these U.S.-origin parts and components are of low sensitivity and restriction, and are generally considered to present a lower level of risk under U.S. export controls. Specifically, all U.S.-origin parts and components we procured were classified as EAR99, and we did not transfer any items subject to the EAR to any third parties. We did not procure any U.S.-origin controlled items (including technologies) that fall under 'advanced' categories under the EAR, especially those subject to the enhanced controls introduced under the recent U.S. semiconductor-related rules (such as items classified under the advanced-computing, advanced semiconductor manufacturing equipment, etc.)

Furthermore, the raw materials used in our products were not directly imported from the U.S. Upon our further evaluation, the U.S.-origin parts or components that are eventually incorporated into our products are not controlled items (i.e. EAR99 items) under the EAR with the PRC as the destination. Accordingly, our International Sanctions Advisor is of the view that, based on the data and confirmation we provided, no U.S. export control license from the

BIS is required for items subject to the EAR that we procure from the United States. During the Track Record Period, our procurement of such U.S.-origin parts and components from suppliers did not trigger any export restrictions under U.S. export control laws.

(2) Given that our products are manufactured in the PRC and do not incorporate controlled U.S.-origin commodities or are not bundled with controlled U.S.-origin software, generally speaking, our SiC products are not subject to the EAR unless they would be transferred to a final destination or end-user that is subject to restrictions under a specific FDP rule. During the Track Record Period, we purchased certain U.S.-origin software that is subject to the EAR and may be classified under Export Control Classification Numbers ("ECCNs") 3D991 and EAR99. Based on our confirmation, none of such software was used in the production of products supplied to customers that would trigger the application of any Entity List–Related Foreign Direct Product ("FDP") rules. Accordingly, our International Sanctions Advisor is of the view that these transactions are not subject to the EAR, and that our Group's SiC products are likewise not subject to the EAR unless transferred to a destination or end-user restricted under a specific FDP rule in the future. In addition, we have not obtained any items which are subject to EAR restriction for import into China for civilian end uses. Our International Sanctions Advisor has confirmed that items classified as 3D991 and EAR99 are freely exportable from the United States to China for civilian use without any U.S. export license. As such, our Directors are of the view that such transactions do not have any material adverse impact on our business operations, financial position or future prospects.

Impact of the U.S. Outbound Investment Rules

Our Directors are of the view, after consultations with our International Sanctions Advisor and taking into account its view, that the impact of the U.S. Outbound Investment Rules ("Final Rule") is generally limited and manageable because: (1) as one of the practitioners in the semiconductor field, our business (IC design) has not reached the level of falling within the scope of activities referred to in the definition of prohibited transaction but is categorized as activities within notifiable transaction under the Final Rule. Specifically, we do not design IC that meets or exceeds the performance parameters referred to in the definition of "prohibited transaction" under 31 CFR 850.224; (2) [**REDACTED**] by persons other than U.S. persons as defined under the Final Rule are not subject to the Final Rule; (3) nonetheless, the Final Rule may increase the compliance burden on U.S. [**REDACTED**] if any U.S. [**REDACTED**] intend to purchase shares before the [**REDACTED**] or if future U.S. [**REDACTED**] intend to make other types of "covered transactions." Notably, concerning our [**REDACTED**] application, the Treasury emphasizes that a U.S. person's acquisition of equity that is not yet publicly traded for purposes of facilitating an [**REDACTED**], including as part of an [**REDACTED**] arrangement, would not fall under the publicly traded securities exception under 31 CFR 850.501 and could be a covered transaction, and such U.S. initial purchasers shall bear the obligation to notify the Treasury. However, once shares are issued and become publicly traded, then subsequent purchasers (including U.S. persons) are exempted under the publicly traded securities exception regardless of whether we engage in covered activities. Whether [**REDACTED**] or [**REDACTED**] in this [**REDACTED**] decide to make such a notification will be based on their own assessment of the implication of the Final Rule. Our Directors, having considered the advice of our International Sanctions Advisor for matters relating to the Final Rule, are of the view that the Final Rule is not likely to have any material adverse impact on the Company's business operations and financial performance, its shareholders, the [**REDACTED**] or the [**REDACTED**]. Having reviewed the basis of the Directors' view and the independent due diligence work conducted by the Joint Sponsors, the Joint Sponsors are of the view that the Final Rule is not likely to have any material adverse impact on the Company's business operations and financial performance, its shareholders, the [**REDACTED**] or the [**REDACTED**].

DATA SECURITY AND PRIVACY

We attach the greatest importance to data security and protection. We have adopted our standard protective measures including confidentiality categorization, access control, data encryption and desensitization to prevent unauthorized access, leakage, improper use or modification of, damage to or loss of data. We have built up a comprehensive data management system and formulated a series of technical standards and specifications to ensure data security throughout its life cycle.

We do not engage in collecting private information through public channels such as operational websites or apps, and the data we collect is limited. In the course of our business operations, the only privacy data we collect mainly pertains to employee information, customer and supplier contact information, and other data necessary for operation and management. We will make sure to obtain adequate authorization and consent from our employees, customers, suppliers and job applicants for collecting and processing their private information. Our operation data primarily consists of internal R&D, operations, financial, and management records. To enhance our data security and protection measures, we have established comprehensive internal policies that support effective data management through classification. These policies outline clear protocols for identifying, storing, accessing, transporting, copying, reproducing, distributing, transmitting, recycling, and disposing of data based on varying levels of sensitivity.

In addition, we have implemented a robust information backup management system that provides guiding principles, detailed procedures, and mechanisms for data recovery. We also developed a corporate trade secret protection system and a document control system, which includes procedures governing the entire lifecycle of data, from initial storage to final destruction. Together, these systems create a solid framework that protects our data and maintains our high standards for information security.

On December 28, 2021, the Cyberspace Administration of China (中國國家互聯網信息辦公室) (the "CAC") and several other administrations jointly promulgated the revised Cybersecurity Review Measures, which became effective on February 15, 2022. Pursuant to the Cybersecurity Review Measures, critical information infrastructure operators that intend to purchase network products and services, which affect or may affect national security, must apply to the Cybersecurity Review Office established by CAC for cybersecurity review. In addition, an online platform operator that possesses the personal data of more than one million users must apply for cybersecurity review if it seeks listing abroad. The Cybersecurity Review Office of CAC may voluntarily conduct cybersecurity review if any network products and services or activities of data processing affect or may affect national security.

Our PRC Legal Adviser conducted consultation via the hotline published by the CAC, on behalf of us on May 14, 2025, with an officer of the China Cybersecurity Review Technology and Certification Center (中國網絡安全審查技術與認證中心) (the "CCRC", now renamed as China Cybersecurity Review, Certification and Market Regulation Big Data Center (中國網絡安全審查認證和市場監管大數據中心)). The CCRC is a competent authority on this consultation, because it is entrusted by the Cybersecurity Review Office under the CAC with authority to accept and review of application materials and to set up a hotline for consultation regarding the cybersecurity review, according to the official announcement by the CAC. Based on such consultation, although the Cybersecurity Review Measures stipulate that an online platform operator that possesses the personal data of more than one million users must apply for cybersecurity review if it seeks a listing abroad, Hong Kong is part of the PRC and not considered "abroad" as contemplated in the Cybersecurity Review Measures, and therefore we do not need to proactively file for the cybersecurity review for our proposed [**REDACTED**] in Hong Kong.

Based on the oral consultation response from the staff of the CCRC, and in accordance with Article 2, Article 8 and Article 10 of the Regulations on Protection of Critical Information Infrastructure, the competent authorities and supervision and administration departments of the important industries and sectors (hereinafter referred to as the "Protection Departments") are responsible for the security protection of critical information infrastructure; the Protection Departments are responsible for organizing the identification of critical information infrastructure within its industry or field according to the identification rules, notifying the operators of the identification results in a timely manner, and reporting to the Ministry of Public Security. As of the Latest Practicable Date, we have not received any notification from the relevant competent or supervisory authorities to require our PRC domestic companies to undergo a cybersecurity review, nor have we been informed that the PRC domestic companies have been identified as operators of critical information infrastructure.

Article 16 of the Cybersecurity Review Measures provides that the Cybersecurity Review Office of CAC may voluntarily conduct cybersecurity review if any network products and services or activities of data processing affect or may affect national security. According to the

oral consultation response from the staff of the CCRC to the telephone consultation, the cybersecurity review stipulated in Article 16 of the Cybersecurity Review Measures does not require proactive application. If competent authorities initiate a cybersecurity review based on Article 16 of the Cybersecurity Review Measures, the relevant departments will notify the entities involved in the cybersecurity review. As of the Latest Practicable Date, we had neither been involved in any investigations of cybersecurity review conducted by the CAC nor received any notice, warning or penalties in this regard.

The relevant authorities have discretions in the interpretation and enforcement of cybersecurity related regulations, and it is unclear whether and how such regulations will further evolve into supervisory measures in the future, and we will closely monitor and assess any development in the rule-making process. If we become subject to enhanced cybersecurity review or investigations launched by PRC regulators in the future, any failure or delay in the completion of the cybersecurity review procedures or any other non-compliance with the related laws and regulations may result in fines or other penalties, as well as reputational damage or legal proceedings or actions against us, which may have a material adverse effect on our business, financial condition or results of operations.

On September 24, 2024, the State Council promulgated the Regulations on the Administration of Cyber Data Security (《網絡數據安全管理條例》) (the "Data Security Regulations"), which are applicable to network data processing activities and the security supervision and administration thereof conducted within the territory of the PRC and took effect on January 1, 2025. The Data Security Regulations stipulate that data processors engaging in data processing activities that affect or may affect national security shall be subject to national security review in accordance with relevant laws and regulations. We believe that we do not commit any act that threatens or endangers the national security of the PRC, and to our knowledge, we have not received or been subject to any investigation, notice, warning or sanction from any PRC authority with respect to national security issues arising from our business operations. Furthermore, the Data Security Regulations do not include the article of "if a data processor's proposed [**REDACTED**] in Hong Kong affects or may affect national security, the data processor shall apply for the cybersecurity review according to relevant laws and regulations" as presented in the Draft Regulations.

We neither provide products or services to our customers through a network platform, nor collect any personal information from individual users. Besides personal information of our employees, we hold contact information of around 10,000 individuals from our customers and suppliers. We store all the business data and personal information in mainland China. The current information protection organizational structure is led by the Board Secretary's Office (董事會秘書辦公室), assisted by the IT department, with each department having its designated Information Security Manager. Cybersecurity is primarily the responsibility of the IT department. We have adopted internal measures regarding cybersecurity and data protection to ensure compliance with relevant cybersecurity and data protection laws and regulations.

Our Directors and our legal advisor as to the PRC cybersecurity and data protection laws are of the view that we would be able to comply with the relevant cybersecurity and data protection laws and regulations in all material aspects, and the Cybersecurity Review Measures will not have any material adverse effect on our business operations or the [**REDACTED**]. As of the Latest Practicable Date, we were not engaged in any cybersecurity review or subject to any warnings or fines or punishment regarding cybersecurity and data protection by any competent authority.

COMPETITION

The global SiC power device industry witnessed remarkable growth from 2020 to 2024. The market size increased from RMB4.5 billion in 2020 to RMB22.7 billion in 2024, with a CAGR of 49.8%. It is expected to further increase at a CAGR of 40.5% from 2025 to 2029, reaching RMB110.6 billion by 2029. The penetration rate of SiC in the global power device market has also increased significantly, rising from 1.4% in 2020 to 7.6% in 2025, and is expected to reach 20.1% by 2029.

As the market trends towards third-generation semiconductor materials, SiC stands out as an ideal choice for high-power, high-temperature and high-frequency applications with its wide bandgap, high thermal conductivity and excellent radiation resistance. We are a major player in the SiC semiconductor industry, with a track record of innovation that positions us at the forefront of the industry's evolution. We primarily compete with providers offering SiC products and providers of semiconductor products based on alternative semiconductor materials. See "Industry Overview."

We believe we are strategically positioned in capturing industry growth, leveraging our full-spectrum integrated R&D capabilities as well as the IDM model with domestic and overseas supply chain capabilities. However, the SiC power device industry is highly competitive, and we have a limited track record in developing, commercializing and marketing our products. Failure to compete effectively could adversely affect our business, results of operation and future prospects. See "Risk Factors — Risks Relating to Our Industry and Business — The SiC power device industry is highly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed."

EMPLOYEES

As of December 31, 2025, we had 526 full-time employees. The following table sets forth the number of our employees by function:

Employee Function	Number of employees	% of Total
Research and Development	155	29.5
Manufacturing	146	27.8
Management and Administration	147	27.9
Sales and Marketing	78	14.8
Total	**526**	**100.0**

Our success depends on our ability to attract, retain and motivate qualified personnel, and we believe that our high quality talent pool is one of our core strengths. We adopt high standards and strict procedures in our recruitment to ensure the quality of new hires and use various methods for our recruitment to satisfy our demands for different types of talents. We invest in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge.

We enter into employment contracts and agreements regarding confidentiality, intellectual property, and non-competition with our management and employees. In addition, we usually enter into proprietary information and inventions agreement with our key employees, under which we have all right, title and interest relating to any and all inventions by such employee during the term of his/her employment with us. Further, when employees are hired, we give them an employee handbook, which informs them of our policies and their rights in all material respects, from recruitment, compliance, salary, benefits, performance assessment to training and development.

We have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

According to laws and regulations in China, we are required to participate in various employee social security plans for our employees that are administered by local governments, including housing, pension, medical insurance, maternity insurance, employment injury insurance, unemployment insurance and housing provident funds through a PRC government-mandated benefit contribution plan.

We are required under PRC law to make contributions to employee social insurance plans at specified percentages of the salaries, bonuses and certain allowances of our staff. See "Regulatory Overview — Regulations on Labor, Social Insurance and Housing Provident

Fund." The aggregate shortfall of social insurance payments and housing provident fund contributions in 2023, 2024 and 2025 amounted to approximately RMB9.7 million, RMB11.7 million and RMB15.5 million, respectively. These shortfalls primarily resulted from (i) employees being unwilling to make contributions to employee social insurance and housing provident plans based on the actual level of salary. Compulsory contribution by full amount could potentially lead to the loss of employees, harming our competitiveness; and (ii) non-local employees declining to make contributions to employee social insurance plans and housing provident plans in the host cities where they are employed.

Our Directors believe that the incidents above would not have a material adverse effect on our business, financial condition and results of operations, considering that during the Track Record Period and up to the Latest Practicable Date, (i) we did not receive any notification from the relevant authorities requiring us to pay for the shortfalls with respect to social insurance and housing provident funds, nor did we receive any employee complaint concerning their payment of social insurance and housing provident funds; (ii) we will make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities and (iii) (a) based on confirmations from relevant authorities, during the Track Record Period, we were not subject to any administrative penalties imposed by the social insurance authorities or the housing provident fund authorities due to insufficient payment of social insurance or housing provident funds, and (b) we learned from the interviews with relevant authorities where the majority of our employees are located that, in practice, these authorities typically do not proactively require enterprises within their responsible districts to make supplementary payments for shortfalls of social insurance or housing provident funds, and they generally do not proactively impose administrative penalties on enterprises for such insufficient payments, unless employee complaints have been filed. In addition, pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, administrative enforcement authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance arrears. Based on the foregoing, our PRC Legal Adviser is of the view that the risk we would be required to pay all the historical shortfalls, or be subject to material administrative penalties by the competent authorities regarding our contribution to the social insurance and housing provident funds during the Track Record Period is remote, provided that there are no material adverse changes in the current regulatory policies and environment and no substantial employee complaints occur.

We have reviewed our practice and adopted or plan to adopt remedial. (i) We have established an internal control department to monitor our ongoing compliance with the social insurance and housing provident fund contribution regulations and oversee the implementation of any necessary measures. (ii) We will continuously review and monitor the reporting and contributions relating to the social insurance and housing provident funds and we will consult our PRC Legal Adviser for advice on relevant laws and regulations in China to keep us abreast of relevant regulatory developments. (iii) We will offer more educational sessions on social insurance and housing provident funds to our workforce, especially the non-cooperating employees, to heighten their compliance awareness and secure their cooperation in making timely joint contributions in this regard. (iv) We will enhance our human resources management policies with respect to social insurance plans and housing provident funds. (v) We will assign designated teams, including, but not limited to, the members of our legal and compliance department, to monitor our ongoing compliance with the social insurance and housing provident fund contribution regulations. This team will also be responsible for implementing any necessary corrective measures. (vi) We will engage in regular communication with the relevant PRC authorities to ascertain that our methods for calculating and remitting contributions are in full compliance with all pertinent regulations.

We have enhanced the social insurance and housing provident fund contribution base for part of our employees who have consented to such increase. However, due to (i) the practicable time window for adjusting the social insurance and housing provident fund contribution for 2025 for certain of our subsidiaries having already passed, and (ii) a certain number of our

employees still being unwilling to adjust the social insurance and housing provident fund contribution base despite our proactive communication, as mandatory increases in the contribution base would reduce employees' income and thereby adversely affect our employment stability, we are unable to complete the compliance rectification of the social insurance and housing provident fund contribution bases for all employees prior to the [**REDACTED**]. In order to rectify the non-compliance of contribution bases, we will continue to proactively communicate with our employees to guide and encourage them to agree to the adjustment of contribution base. We plan to progressively adjust the contribution bases following our [**REDACTED**].

Going forward, we will continue to implement the above measures to ensure that we comply with the social insurance and housing provident fund contributions requirements under the relevant laws and regulations and undertake to make timely payments for the outstanding amount and overdue charges under our own accounts as soon as requested by relevant authorities.

INSURANCE

In line with general market practice, we do not maintain any business interruption insurance or product liability insurance, which is not mandatory under PRC laws. We do not maintain any keyman insurance. During the Track Record Period, we did not make any material insurance claims in relation to our business. See "Risk Factors — Risks Relating to Our General Operations — We may not have sufficient insurance coverage to cover our business risks, including all losses or potential claims by our customers, which would affect our business, financial condition and results of operations."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

ESG Governance

We have established a three-tier environmental, social and governance (ESG) governance structure, comprising the Board, an ESG working group and an implementation level. The Board holds ultimate responsibility for the ESG strategy and reporting. It oversees and approves our ESG and climate-related management policies, strategies, targets and annual work, ensuring effective assessment, prioritization, and management of material ESG risks and opportunities. The Board also regularly reviews and monitors performance and progress towards our ESG targets. The Directors will regularly attend ESG training to enhance their knowledge of ESG governance.

Our ESG working group, consisting of our general manager and members of the Board office, will report directly to the Board on ESG matters. The ESG working group is responsible for establishing ESG and climate-related management policies, strategies, targets, and annual work plans for the Board' s approval, as well as driving their implementation. It also identifies, assesses, and manages actual and potential ESG-related risks and opportunities, while tracking and reviewing our ESG performance and progress toward key targets. In addition, the working group gathers, evaluates, and responds to stakeholders' views on significant ESG matters through appropriate channels. It prepares ESG reports, updates the Board on ESG performance and the effectiveness of related policies, and provides recommendations to support the Board's decision-making on ESG matters.

Materiality Assessment

A materiality assessment has been conducted to better understand the needs and expectations of our stakeholders. We have engaged an independent ESG consultant to assist in conducting a materiality assessment in accordance with Appendix C2 of the Main Board Listing Rules of the Stock Exchange. This involves a questionnaire to collect stakeholders' concerns and expectations, for the subsequent determination of material issues by the Group. The materiality assessment process begins with identifying potential ESG issues that may affect the Group's business or related parties, based on the Group's development. Stakeholders, including directors, senior management, employees, suppliers, and customers, are then invited

to complete a questionnaire to share their views and concerns regarding each potential material issue. The results of the questionnaire are analysed to prioritise the issues based on their significance. Finally, management reviews and confirms the list of material issues to determine the necessary actions and disclosures.

Based on the results of the materiality assessment, a total of six ESG issues were identified as highly material, including: anti-corruption, customer service, product quality and safety, supplier management, equal and compliant employment, and waste and greenhouse gas emissions.

Anti-corruption: See "— Anti-bribery and Anti-corruption."

Customer Service: We are committed to providing customers with high-quality products and services based on their actual needs. Our marketing center receives customer complaints through e-mail, complaint forms, telephone, and other forms, and transfers them to the quality department for classification and processing. We will respond to customers with solutions as soon as possible until the customer is satisfied.

Product Quality and Safety: We attach great importance to product quality and safety, and have established a comprehensive quality management system, including defining the scope of the quality management system, responding to quality risks and opportunities, quality goals and realization, laboratory requirements, and other aspects, covering the entire process of product development, production, release, sales, traceability, etc., to ensure the high quality and safety of our products and services.

Supplier Management: See "— Supply Chain Management."

Equal and Compliant Employment: See "— Compliant Recruitment", "— Performance and Development" and "— Remuneration and Benefits."

Exhaust and Greenhouse Gas (GHG) Emissions: See "— Energy and Emission Management."

Energy and Emission Management

We aim to control energy consumption and reduce carbon emissions in our operations, and prioritise using energy efficient equipment in the office area. We have formulated and implemented the *Energy Saving and Consumption Reduction and Office Environment 5S Management Regulations* (《節能降耗及辦公環境5S管理規定》) to save energy and cost, as well as cultivate environmental protection habits among employees. Our approach focuses on promoting efficient energy use by maximising natural daylight during working hours and ensuring that lights, air conditioning and other electrical equipment are switched off promptly after work or during prolonged absences to avoid unnecessary energy consumption. In summer, air conditioning should only be used when temperatures exceed 26°C, and the air conditioning temperature should be controlled above 24°C-26°C. For research, development or production equipment that must run continuously, appropriate handover arrangements are required. Additionally, all company computers must be set to automatic lock-screen mode, and office equipment should operate in power-saving mode when not in use.

Water Management

To promote the efficient use of water resources and enhance our environmental performance, we require employees to follow the measures set out in the Energy Saving and Consumption Reduction and Office 5S Management Regulations (《節能降耗及辦公環境5S管理規定》). These include controlling water flow and minimizing usage time when using tap water to prevent unnecessary waste, as well as replacing the Reverse Osmosis (RO) membrane with a higher-output version to improve purified water production efficiency by approximately 5% to 10%.

Waste and Wastewater Management

We strictly abide by the laws and regulations of the place where the business is operated and have passed the relevant inspections of the local Environmental Protection Department. As stated in our *Process Environmental Management Program* (《過程環境管理程序》), the Plant Affairs Department is responsible for the treatment of wastewater and sewage throughout the Company. Operators involved in generating wastewater must strictly follow operating procedures, control process indicators, and minimise wastewater discharge. Industrial wastewater will first be discharged to the wastewater station for preliminary treatment. After the industrial wastewater meets the standards at the wastewater station, it will be discharged to the designated water treatment plant. Meanwhile, we always carefully manage the solid waste generated during the production process and find third parties to handle it in a timely manner to reduce waste pollution. The hazardous and non-hazardous waste are entrusted to the qualified third party for treatment. For hazardous waste, we collect and classify hazardous waste, such as used batteries, waste organic solvents, waste lubricants, etc., and transfer them to the temporary storage of hazardous waste, and arrange qualified third parties to handle them. In order to reduce the generation of hazardous waste, we have formulated a hazardous waste management plan and implemented measures to reduce the amount of hazardous waste and reduce the harm. These measures include improving product design, adopting advanced process technology and equipment, using clean energy and raw materials, improving management, integrated utilization of hazardous waste and improving pollution prevention and control levels.

Metrics

The following outlines the environmental key performance indicators for our Group's offices and production bases. Our GHG inventories are conducted following the "How to Prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" published by the Stock Exchange.

Direct GHG emissions that occur from sources controlled or owned by the Group, including fossil fuel combustion from both stationary and mobile sources, and refrigerant gas leaks, are categorized as Scope 1 emissions. Scope 2 emissions are indirect, stemming primarily from the consumption of purchased electricity. Our calculated Scope 3 other indirect emissions include the emissions arising from paper waste disposed of at landfills, electricity used for processing fresh water and sewage by government departments and business air travel by employees.

	For the year ended December 31,		
	2023	2024	2025
GHG Emissions			
Scope 1 (Direct emissions) (tCO_2e)	47.17	48.20	48.37
Scope 2 (Indirect emissions) (tCO_2e)	7,265.93	7,706.73	8,747.17
Total GHG emissions (Scopes 1 and 2) (tCO_2e)	7,313.10	7,754.93	8,795.54
Total GHG emissions intensity (Scope 1 and 2) (tCO_2e/million RMB revenue)	33.15	25.93	28.27
Scope 3 (Indirect emissions) (tCO_2e)	1,125.35	1,194.77	850.43
Total GHG emissions (Scopes 1, 2 and 3) (tCO_2e)	8,438.44	8,949.70	9,645.97
Total GHG emissions intensity (Scope 1, 2 and 3) (tCO_2e/million RMB revenue)	38.25	29.93	31.00
Resources Consumption			
Electricity consumption (MWh)	13,543.05	14,366.21	16,306.74
Electricity intensity (MWh/million RMB revenue)	61.40	48.05	52.41
Water consumption (m^3)	34,526.00	52,150.00	101,303.00

	For the year ended December 31,		
	2023	2024	2025
Water consumption intensity (m^3/million RMB revenue)	156.52	174.41	325.56
Gasoline (L)	2,991.50	3,417.40	3,488.88
Waste Generation			
Non-hazardous waste generation (kg)	28,943.24	23,739.40	29,437.00
Non-hazardous waste generation intensity (kg/million RMB revenue)	131.21	79.39	94.60
Hazardous waste generation (kg)	8,016.00	37,071.00[(1)]	25,370.00
Hazardous waste generation intensity (kg per million RMB revenue)	36.34	123.98	81.53

Note:

(1) The main reasons for the increase in the total amount and intensity of hazardous waste in 2024 are (a) the Shenzhen factory was not put into production in 2023 and was in the trial production stage in 2024. It has not yet reached the optimal production efficiency, which has increased the amount and intensity of hazardous waste; and (b) the Wuxi factory increased its production in 2024. At the same time, the activated carbon used in the production process was replaced on a periodic basis. It did not need to be replaced in 2023, but the generation of this type of waste in 2024 increased the amount and intensity of hazardous waste.

In the comparison of 2024 ESG performance and metrics with industry peers, our total GHG emissions intensity stands at 25.93 tCO_2e per million RMB of revenue, which is lower than the peer average of 59.11 tCO_2e per million RMB of revenue. The Group's intensity of electricity consumption and water consumption are 48.05 MWh per million RMB of revenue and 174.41 m^3 per million RMB of revenue respectively, both of which are below the peer averages of 90.80 MWh per million RMB of revenue and 856.60 m^3 per million RMB of revenue. The non-hazardous waste generation intensity of the Group is 79.39 kg per million RMB of revenue, which is lower than the peer average of 508.45 kg per million RMB of revenue.

Targets

We have established environmental targets aimed at reducing GHG emissions, electricity consumption, water consumption, and non-hazardous waste production. Our ESG targets focus on improving environmental performance across several key areas, beginning with a commitment to reduce total GHG emissions intensity by 2% in 2026, using 2024 as the base year. We also aim to enhance energy efficiency by lowering total electricity consumption intensity by 2% within the same timeframe and baseline. In terms of water efficiency, we plan to decrease total water consumption intensity by 2% in 2026, again referencing 2024 as the base year. For waste management, our targets include reducing non-hazardous waste generation intensity by 4% by 2026 compared with 2024 levels, and lowering hazardous waste generation intensity by 1.8% by 2028, with 2025 as the baseline.

Climate Change

The Board assumes full responsibility for overseeing climate-related management. Our risk management approach is closely tied to this climate-related assessment. Please refer to the "ESG Governance" section for details on our climate change management framework. We prioritise climate change management as we recognise that physical risks, such as those arising from shifting climate patterns and extreme weather events, and transition risks linked to policy changes and global shift to the green economy may impact our future operations. To address these challenges, we have systematically identified and evaluated climate-related risks across short-term (within 5 years), medium-term (5 to 15 years), and long-term (over 15 years) horizons. Based on the climate change assessment, we have developed targeted mitigation strategies.

Physical risks and response measures

We have identified several acute physical risks, particularly floods and cyclones, which are expected to occur in the short term and are assessed as low risk. Semiconductor manufacturing depends heavily on a stable electricity supply, and severe weather events may result in power outages that disrupt production operations. To address this, we plan to deploy on-site energy storage systems. Increasingly frequent extreme weather events are also anticipated to raise maintenance costs and elevate property damage risks at operational facilities. In response, contingency plans, such as the Emergency Plan Management Procedure, and tiered safety protocols will be implemented to maintain operational stability under varying levels of weather severity. Additionally, severe weather can impede logistics, potentially causing operational delays. To mitigate, we diversify the supplier base to reduce reliance on single sources.

For chronic physical risks, we have identified extreme temperature as a long-term issue with a low risk level. Higher temperatures may lead to higher energy consumption in cooling systems. To address this, we plan to adopt energy-efficient cooling systems. Extreme heat could also elevate the likelihood of power anomalies, fire hazards, and damage to fixed assets, potentially leading to property losses. In response, production facilities and worksites will be retrofitted to enhance resilience to high temperatures, while also improving the efficiency of temperature-control equipment to reduce energy consumption under equivalent operating conditions.

Transition risks and response measures

Among transition risks, policy and regulatory pressures are expected to materialize in the medium to long term and are assessed as low risk. The Stock Exchange is set to require climate-related disclosures aligned with the Task Force on Climate-related Financial Disclosures (TCFD) framework. This may lead to increased sustainability reporting obligations and higher compliance costs. As a response, we plan to closely monitor changes in external regulations, ranging from regional policies to stock exchange rules, to strengthen our climate-related disclosure practices and ensure full compliance with local legal requirements.

Technological transition risks are also considered medium to long-term with a low risk level. The introduction of low-carbon and energy-efficient technologies in the market could weaken our competitive advantage if technological innovation does not keep pace. To mitigate this, we intend to accelerate the development of more efficient products and technologies through continuous research and development efforts.

Reputational and market risks

We face reputational risks in the medium to long term, also assessed as low. As stakeholders increasingly focus on carbon-emission performance, failing to meet their expectations could harm the brand image, potentially impacting revenue. To counter this, we will regularly disclose our GHG reduction initiatives and enhance climate-related transparency. We also intend to reinforce internal culture by promoting the Energy Saving and Consumption Reduction and Office Environment 5S Management Regulations among employees, while monitoring electricity and water use in common areas.

Market risks, particularly those arising from shifting customer preferences, are likewise projected over the medium to long term and considered low. As clients become more attentive to climate-related risks and opportunities, their changing preferences may negatively impact revenue. To respond, we plan to integrate green and low-carbon development into our long-term growth strategy.

Compliant Recruitment

The Group strictly complies with labor-related laws and regulations such as the Labor Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) to ensure that no child labor or forced labor will be employed.

We carry out recruitment through formal channels, emphasizing the comprehensive abilities of the applicants. After passing all interviews and approvals by relevant leaders, we will review the candidates' identity information, academic certificates, and other important information. When the new employee is on board, we will sign the *Labor Contract* (《勞動合同》) and *Confidentiality Agreement* (《保密協議》) with him/her in accordance with the laws and regulations.

As of December 31, 2025, we had a total of 526 employees, comprising 357 males and 169 females. In terms of age distribution, 224 employees were under 30 years old, 296 were between 30 and 50, and 6 were above 50. Geographically, the majority of our workforce, 516 employees were based in Mainland China, while 1 employee was located in Hong Kong, Macau or Taiwan, and 9 employees were stationed in overseas regions.

Performance and Development

We actively carry out training activities in our daily work to empower our employees. We organize training courses according to annual and monthly training schedules, including but not limited to induction training, transfer training, external enhancement training and hiring internal and external training instructors.

The Group has established a *Performance Management System* (《績效管理制度》) to continuously improve the competitiveness of the organization and employees. We regularly review and evaluate the achievement results of the assessed organizations and individuals during the assessment cycle. The results of performance assessment are applied to matters such as performance bonuses, year-end bonuses, salary adjustments and job promotions, etc.

Remuneration and Benefits

We have built up a comprehensive salary system by taking into account the employee's position, job duties and the company's operation. In terms of holidays, in addition to statutory holidays, we also provide our employees with welfare holidays such as marriage leave, bereavement leave, maternity leave and birth leave to fully protect their right to rest.

Occupational Health and Safety

The Group is concerned about the health and safety of its employees and requires that product manufacturing activities be carried out in strict accordance with safety control procedures, while the Supply Chain Department and the Quality Department are required to ensure the safety of all processes. We strictly implement the *Environmental, Health and Safety Management Regulations* (《環境健康安全管理規定》), build an environmental, occupational health and safety management system and set relevant targets in accordance with ISO 140001:2015 and ISO 45001:2018 standards. We identify environmental risks and hazardous factors in a timely manner, make clear provisions for employees in different positions, control of operating procedures, and respond to emergency events. We carry out safety drills from time to time to comprehensively safeguard the health and safety of our employees.

Supply Chain Management

We have implemented internal policies, including the *Procurement Management Procedure* (《採購管理程序》), *External Supplier Management Procedure* (《外部供方管理程序》), *Guidelines for Material and Outsourced Testing Procurement* (《物料及委外測試採購作業指導書》) and *Supplier Audit Work Guidance* (《供應商審核作業指引》). These policies encompass supplier selection, classification, and management.

The Company's procurement criteria focus on production capacity, quality assurance, on-time delivery, and reliable after-sales service. For automotive material suppliers, we require suppliers to obtain third-party ISO 9001 or IATF 16949 certifications.

The qualified suppliers are required to sign the *Supplier Commitment Letter* (《供應商承諾書》). Suppliers must commit to not provide false products or engage in unfair practices, and any confidential information must be protected and not disclosed to third parties. They are also required to adhere to export control laws and anti-bribery regulations, with penalties applicable for any breaches.

Potential suppliers must provide samples for evaluation. Once approved, we issue a *Supplier Written Documentation Review Form* (《供方書面資料審核表》), allowing them to join the *Qualified Supplier List* (《合格供應商名錄》).

We verify whether suppliers meet supply and quality system requirements through on-site audits or document reviews. Each January, the Quality Department creates an *Annual Supplier Audit Plan* (《供應商審核年度計劃表》) for key suppliers. After the audit, we summarize the issues with the supplier, and the audit leader will send a non-conformance report via email within a week. The supplier must respond with an improvement plan within two weeks of receiving the report. For suppliers that fail the audit, we will suspend deliveries.

Anti-bribery and Anti-corruption

We have established the *Integrity and Self-Discipline Management System* (《廉潔自律管理制度》), prohibiting illegal and unethical behavior. It applies to all employees and activities within the Company and its subsidiaries, requiring them to follow ethical standards, protect company assets for legitimate purposes, and avoid commercial bribery.

Employees receive integrity training when they join, helping them understand the harm caused by kickbacks, embezzlement, and bribery, and they sign the *Commercial Secrets and Integrity Guidelines* (《商業秘密與廉潔自律應知應會》). Employees must adhere to the code of conduct and professional ethics in business activities, prohibiting all forms of commercial bribery, misuse of authority to misappropriate company assets, and actions that exchange Company interests for personal gain.

At the same time, employees are encouraged to report any misconduct via Company hotline or e-mail. We maintain the confidentiality of whistleblowers' personal information, classifying it as commercial secret protected by the Company. Should we receive any report, we will verify the reports we receive and issue an investigation report. For incidents that constitute conditions for punishment, we will report them to the Chairman for review and approval and then announce and implement.

We conduct an annual self-assessment in accordance with the *Integrity and Self-Discipline Management System* (《廉潔自律管理制度》). If any violations or anomalies in supervision are discovered during the self-assessment, the report must be promptly submitted to the Office of the Board of Directors for record-keeping, and the Office of the Board of Directors will carry out investigations and handling. During the Track Record Period and up to the Latest Practicable Date, we did not identify any violations of integrity regulations or any supervisory anomalies arising from integrity issues.

PATH TO PROFITABILITY

Since our inception in 2016, we have placed great emphasis on long-term sustainable growth driven by technological advancements and commercialization progress. We have made substantial strategic investments in the R&D of proprietary technologies, recruitment of industry experts, commercialization of products and solutions and systematic upgrade of production facilities, persistently exploring the most viable business model aligned with long-term value creation. Leveraging our strategic investments, we have built a comprehensive product portfolio for various sectors, such as NEVs, renewable energy systems, energy storage systems, industrial control, data and server centers and rail transportations.

As of January 1, 2022, our accumulated losses were primarily due to our products remaining in the R&D and market expansion stages, without achieving mass production or cost optimization. During the Track Record Period, we incurred gross losses mainly due to our market-centric pricing strategies, high raw material costs and significant initial depreciation from new production lines. See "Financial Information — Year-to-year Comparison of Results of Operations." Similarly, our net current liabilities primarily resulted from strategic investments to capture market opportunities and production line construction, funded through well-thought debt arrangements, and the net outflow of operating cash reflected our ongoing high investment in R&D, branding and production capacity to capture market opportunities.

We believe our robust R&D pipeline, scalable production capabilities, comprehensive product portfolio as well as commercialization capabilities have laid a solid foundation for our business sustainability and long-term development. In particular, we expect that our profitability will be enhanced in the next few years, primarily attributable to (i) revenue growth acceleration; (ii) gross margin improvement; and (iii) operational efficiency enhancement. By aligning our capacity with the growth trajectory of the SiC power device industry to deliver competitive products and solutions with high performance and reliability, we are well-positioned to transform early-stage investments into sustainable profitability, capturing value as the market matures.

Revenue Growth Acceleration

Our revenue grew significantly from RMB220.6 million in 2023 to RMB299.0 million in 2024 and further to RMB311.2 million in 2025. We anticipate improvement in our profitability as we further increase our revenue with the growth of the global SiC power device industry, expand our global reach, convert design-wins into revenue as well as diversify our customer base and expand the applications of our products.

Rapid Growth with the Global SiC Power Device Industry

Driven by various sectors' recognition of SiC materials' significant advantages compared to conventional silicon materials and the continuous reduction in the costs of SiC materials, the SiC power devices are expected to capture a larger share of the power device market both globally and within China. In particular, domestic substitution has become a major trend for China's semiconductor market. According to Frost & Sullivan, the overall domestic penetration rate of China's semiconductor market increased from approximately 16% in 2020 to approximately 24% in 2024, and is expected to further increase to approximately 34% in 2029. The trend of domestic substitution is also expected to occur in China's SiC power device market due to the rise of domestic SiC power device suppliers.

We leverage our extensive repository of successful R&D experiences to engage in collaborative initiatives with our customers, optimizing our R&D investments while expediting the development process. Based on existing sales orders and drawing on our previous collaborative experiences, we are positioned to identify potential new demands for products from our existing customers and secure additional orders for new products from our current customer base. On the other hand, our established market reputation and diverse range of product offerings have led to an increase in requests for R&D collaboration and sample orders from new customers in emerging industries. We are committed to responding promptly and proactively to these emerging needs, as demonstrated by our recent secured orders or delivery of sample products, including power modules for solid-state relays designed for power batteries, robot motion control power modules for a technology company in the robotics industry, and electric drive modules for low-altitude aircraft for a company specializing in low-altitude smart transportation. These additional orders from both existing and new customers enable us to remain attuned to the latest market demands and foster a positive feedback loop that contributes to an increase in our market share.

In terms of product manufacturing, we employ a flexible IDM model that allows for dynamic utilization between in-house production and manufacturing outsourcing. We strike a balance between in-house production and overseas OEM partnerships, ensuring a reliable and cost-efficient supply chain and timely delivery. See "— Manufacturing" and "— Procurement and Supply Chain Management — Suppliers — Manufacturing — Manufacturing Outsourcing."

In terms of product quality, we adhere to rigorous quality control systems that minimize waste, rework and material scrapping costs. See "— Quality Control." Our standardized quality control procedures enhance operational efficiency, fostering customer trust while strengthening our brand image and expanding our market share.

Expanding Our Global Reach

We are actively pursuing international business opportunities to broaden our global presence. As part of this initiative, we (i) collaborate with global leading research institutes on various R&D projects; (ii) frequently visit global industry leaders, such as well-known overseas automotive manufacturers, and have secured orders from them; and (iii) regularly participate in renowned international exhibitions and conferences. Through these international expansion efforts, we are positioning ourselves as a significant player in the global SiC power device industry, ready to meet the growing demand for our products across various international markets.

During the Track Record Period, we utilized the above measures and established business relationship with certain high-quality customers both domestically and globally. For example, as of December 31, 2025, our automotive-grade SiC power module products had been mass produced and delivered for seven premium automobile manufacturer customers both in the domestic market and overseas market. In addition to the mass-delivered orders, we cumulatively supplied our automotive-grade SiC power module products to a total of 18 vehicle models for validation process as of December 31, 2025. Through these initiatives, our automotive-grade SiC power module products have achieved significant brand recognition and market acceptance, driving rapid business growth.

Converting Design-wins into Revenue

As of December 31, 2025, we successfully secured design-wins for 30 vehicle models. Among these, nine models had been successfully converted into mass production, marking a significant milestone in our automotive market penetration. This achievement positions us for substantial growth as these models will transition into mass production in the coming years. Moving forward, our focus is on optimizing the conversion rate from design-wins to mass production and actual sales through multidimensional enhancements in brand promotion, product competitiveness, comprehensive technical services and supply chain security. Specific initiatives include:

(i) having secured partnerships with Tier-1 suppliers, including joint development through jointly established laboratories and collaborative technical task forces that proactively address customer design needs, as illustrated by our ongoing collaboration on SiC module packaging R&D, while approaching design-wins with premium European OEMs. For example, a Europe-based Tier-1 supplier has collaborated closely with us on R&D. Between 2024 and 2025, we completed over 20 rounds of testing and enhancements. A China-based Tier-1 supplier has maintained a close strategic partnership with us since the second half of 2025. We have completed multiple phases of testing, including double-pulse testing, bench testing, whole vehicle testing and announcement vehicle testing. As of the Latest Practicable Date, we successfully delivered small batch products for these customers;

(ii) implementing a flexible supply chain and a digital production system to ensure reliable delivery and meet regional production and compliance requirements, including establishing new strategic domestic production facilities and utilizing a make to order plus safety stock model;

(iii) continually strengthening our technical team by establishing specialized service teams for specific projects. We assign dedicated personnel to collaborate closely with customers throughout the development, testing and quality inspection phases, ensuring that we respond to customer needs in real time and facilitate effective communication;

(iv) enhancing the speed of our product development to align with customers' optimization requirements. During the optimization phase, we provide timely updates on testing data, product use cases and relevant documentation. This helps our customers understand the progress of product optimization;

(v) improving our internal quality control measures to ensure high product standards. This includes strengthening quality control during manufacturing by establishing checkpoints at critical operations and adhering to standardized procedures. See "— Quality Control;"

(vi) closely monitoring the latest developments and technological innovation in raw materials within the market to address customers' optimization demand, while maintaining product reliability. We conduct periodic reviews of supplier qualifications and promptly adjust the bill of materials for our customers' products to ensure that suppliers meet our quality and delivery requirements. Moreover, we are actively advancing the domestic substitution of raw materials to optimize both product performance and pricing for our customers;

(vii) enhancing our level of automated production and improve the automation of inter-device communication within our production process. In 2025, we integrated automated optical inspection equipment into our automated control processes. This equipment utilizes optical imaging and machine vision for template comparison, enabling us to identify defective products during production. This capability prevents flawed items from progressing to subsequent processes, ultimately saving costs and improving yield rates. Additionally, we monitor production line status in real time, allowing our engineers to quickly identify and resolve process issues, thus meeting our customers' requirements for production stability.

According to Frost & Sullivan, for the SiC semiconductor power device, it normally takes one to two years and between RMB7 million to RMB10 million to convert design-wins into commencement of mass production. See "— Our Products and Solutions — Primary Application Areas — NEVs." Through the above measures, as of May 31, 2026, we had converted nine (out of 30 design-wins in total as of December 31, 2025 and 34 design-wins in total as of May 31, 2026) design-wins. These nine successfully converted design-wins hold an indicative order value of RMB97.6 million (the value of products we expect to deliver in 2026) and have already contributed to the cumulative sale of over 145,000 automotive-grade SiC power module products. Furthermore, our design-win projects that had begun the validation process in 2022 and 2023 achieved conversion rates of 100% and 60% as of December 31, 2025, respectively, while design-win projects that had begun the validation process in 2024 were still at the validation stage as of December 31, 2025, in line with the industry's validation cycle. As of December 31, 2023, 2024 and 2025, the backlog of our automotive-grade SiC power modules was 2,530, 6,715 and 732 pieces.

In addition to these successfully converted design-wins, we are continuously enhancing the overall conversion rates utilizing our competitive products and comprehensive technical services. Leveraging high-quality products and a diversified global supply chain, we expect to gradually convert these design-wins into mass production that generates a stable revenue stream in the coming years, driving rapid business growth.

Market Diversification and Application Expansion

To ensure long-term, sustainable growth, we are committed to diversifying our customer base. Our business development efforts will focus on attracting new automotive and industrial customers who have not yet adopted SiC-based technologies. In addition, we endeavor to expand sales of our industrial-grade SiC power modules by acquiring new industrial customers and by expanding purchases from existing industrial customers that previously procured our SiC discrete device products. As the prices of SiC products continue to decline, their cost-effectiveness in industrial applications has improved significantly, enabling rapid penetration across various sectors of industrial applications. The industrial application is expected to become one of the major application areas for SiC power modules.

At the same time, we are prioritizing the development of innovative products for emerging sectors such as low altitude transportation, AI computing and robotics, which are high growth blue ocean fields for proactive market expansion. This strategy keeps our product offerings aligned with future market trends and leverages the competitive edge of our SiC power devices, including superior performance, improved thermal properties, optimized voltage and current ratings and advanced integration capabilities, to meet the evolving needs of these segments and drive wider adoption across industries.

During the Track Record Period and as of the date of this document, we have made achievements in market diversification and application expansion. Specifically, we expanded into diversified industrial applications, uncovering demand across more than 10 scenarios and successfully completing validation for multiple premium industrial customers with products of superior quality. In 2025, we delivered over 130,000 SiC power module products for industrial

applications, marking our first mass production of industrial-grade SiC power modules. As of the date of this document, we have cumulatively secured sales orders for more than 120,000 units of industrial-grade SiC power module products for industrial applications, applied in scenarios such as welding machines, induction heating and electroplating. These orders give us a strong first-mover advantage in the expanding global power module market targeting industrial applications.

Furthermore, in 2025, we also delivered over 13,000 units of intelligent power stacks, achieving mass production. This product integrates our gate driver products with power modules in a stack, making the overall solution more compact, stable and easy for further integrated development compared to standalone packaging, offering clear application advantages. We have established strategic partnerships with multiple customers in the power supply and energy storage sectors. Based on such established customer relationships and mass delivery orders, we anticipate rapid market adoption, which further improves our revenue stream as well as profitability.

Gross Margin Improvement

As our business and revenue grew during the Track Record Period, we benefited from economies of scale and experienced a significant improvement in the gross loss margins of our SiC products. For instance, the gross loss margin of our SiC power modules (before write-down of inventories) narrowed from 66.0% in 2023 to 23.9% in 2025.

Concurrently, we implemented strategic product portfolio optimization measures to further enhance gross margin, including the reduced offering of products with low technical barriers to entry. See "— Key Operational Data — Commentary on Sales Volume and ASP." With our technological advancements, reduced procurement prices, production cost reduction and supply chain management combined with these structural adjustments, we anticipate further improvement in our gross margin that will underpin our long term sustainable profitability.

Technological Advancements

We are committed to enhancing our profitability through continuous technological advancements. In 2023, 2024 and 2025, our R&D expenses amounted to RMB75.8 million, RMB91.1 million and RMB109.7 million, respectively, representing 34.4%, 30.5% and 35.3% of our total revenue, respectively. Through such investments in R&D, we had been granted 170 patents and had filed 132 patent applications as of December 31, 2025, achieving strong product competitiveness. During the Track Record Period, we significantly reduced our material and production costs through technological innovation. See "— Our Technologies." Moreover, our improvements in packaging technologies have enabled us to achieve additional reductions in material and production costs of SiC power modules. These technological advancements not only strengthen our competitive edge in the power device market but also contribute to effective production cost control.

Production Costs Reduction

As we continue to expand our operations, we remain vigilant in our approach to cost management. Our strategy involves continuously monitoring, evaluating and controlling our production costs. We anticipate that as we scale up our production, we will benefit from greater economies of scale. This expansion is expected to lead to a further decrease in our production costs, contributing significantly to our overall profitability. For example, with the rapid increase in the output of our automotive-grade SiC power module products, the unit depreciation and amortization cost of SiC power module products in 2025 decreased by 52.5% compared to 2023 achieving a significant reduction in depreciation and amortization costs. As orders for automotive-grade and industrial-grade products continue to grow and as our in-house production lines ramp up, we expect production line utilization to further improve, driving additional reductions in depreciation and expanding product profitability.

We have implemented a systematic approach to identify and eliminate production bottlenecks, significantly decreasing production cycle and enhancing equipment efficiency. This initiative involves deploying lean manufacturing principles alongside advanced

automation and real-time monitoring systems. By streamlining workflows and minimizing non-value-added activities, we expect to achieve substantial cost savings while maintaining product quality. During the Track Record Period, we improved our production yield through technological upgrades, continually optimized the overall production process and invested in upgraded equipment to address capacity bottlenecks, thereby reducing labor hours per unit and further increasing output.

Supply Chain Management

The global SiC raw material manufacturers are gradually increasing production capacity. Combined with intensifying market competition, this has driven a continued downward trend in the material costs of our SiC products. For example, according to Frost & Sullivan, the average unit price of key raw materials — 6-inch and 8-inch SiC epitaxial wafers — is expected to decline by approximately 30% from 2025 to 2027, creating further room for cost reduction in our products.

By diversifying our supplier base across raw materials and contract manufacturers, we have fostered price competition while maintaining product quality. At the same time, as our sales scale and production output increase, our bargaining power with suppliers has increased, enabling more favorable procurement prices. As a result, for example, (i) from the start of epitaxial wafer procurement in 2023 to 2025, the purchase price of epitaxial wafers decreased by approximately 60%; (ii) during the Track Record Period, prices of key raw materials such as AMB and substrates decreased by 20% to 50%; and (iii) since collaborating with domestic wafer contract manufacturers in 2024, our partial localization of outsourced wafer production has reduced the outsourcing price of major wafer models by approximately 50%.

In addition, by partnering with core suppliers, signing long-term contracts, defining pricing mechanisms and securing supply volumes, we are able to more effectively mitigate cost fluctuations caused by supply-demand imbalances and ensure stable product supply for customers. During the Track Record Period, our procurement prices steadily declined, and we did not experience any cost fluctuations caused by supply chain disruptions for key materials or outsourced production.

As an outcome of the foregoing measures, the unit material cost of our SiC discrete device products decreased by 34.5% during the Track Record Period, while the unit material cost of our automotive SiC power module products cumulatively declined by 44.0% since the start of their mass production in 2023. We expect to continue optimizing raw material procurement costs through supply chain management, creating strong profitability potential for our products.

Moreover, we have effectively managed – and will continue to manage – the balance between outsourced and in-house production, utilizing external capacity to control capital expenditure and optimize production costs. See "— Procurement and Supply Chain Management — Suppliers — Manufacturing Outsourcing."

Gross Margin Improvement for Major Products

We set out below specific measures and steps to improve the gross margins for our major products.

New Products That Are Expected To Improve Gross Profit Margin Rapidly

We are continually developing new high-margin products, with new offerings entering mass production in the fourth quarter of 2025, including industrial-grade SiC power modules and power stacks. Based on our current orders and the latest procurement cost arrangements, we anticipate these two types of products to show strong gross profit margin performance. The successful R&D of high-margin products will contribute to the overall improvement of our gross profit margin. Our offering of industrial-grade SiC power modules has significantly increased since the fourth quarter of 2025, is expected to continue increasing throughout 2026 and has become an integral, critical part of our SiC power module products going forward.

Automotive-Grade SiC Power Module, Which Accounts for an Important Share of Our Revenue Since 2023

Regarding sales, we will continue to expand our customer base and develop new projects, building upon existing customer relationships. Most of our new design-win projects were kicked off in 2024 and 2025, with an expected conversion into mass production and significant increase in sales volume in 2026. Additionally, since 2025, we have received sample demand orders for fully domestically sourced products from new overseas customers in Japan, Brazil and other regions.

Regarding costs, in 2025, supported by our technological advancements, we are focused on achieving gradual domestic substitution of raw materials. Successful implementation of this strategy has reduced costs by approximately 30%. As of the date of this document, we are able to achieve 100% domestic production for our automotive-grade SiC power module products. Currently, we have notified our customers about our plans for domestic substitution of raw materials, and we anticipate reaching full domestic production for mass-produced automotive-grade SiC power module products between the second half of 2026 and the first half of 2027. This transition is expected to result in a significant reduction in costs.

Furthermore, as discussed above, as orders for automotive-grade and industrial-grade products continue to grow and as our in-house production lines ramp up, we expect production line utilization to further improve, driving additional reductions in depreciation and expanding product profitability.

SiC Discrete Device

We are implementing technological iterations to enhance the gross profit margin of our SiC MOSFET products. See "— Gross Margin Improvement — Technological Advancements."

As our product range diversifies and our customer base becomes larger and more stable, we are strategically reducing the sales volume of products with relatively low technological barriers, specifically SiC Schottky diodes, which are currently generating a gross loss due to intense market competition. In 2025, sales of these products fell by approximately 51.3% compared to 2024, and we anticipate that total sales for 2026 will be lower than in 2025. This strategic optimization of product mix is a key factor in improving our overall gross profit margin.

Operational Efficiency Enhancement

As we continue to scale, optimize our R&D processes and leverage our resources effectively, we believe that we are well-positioned to drive sustainable growth and further solidify our market position. Our strategic focus on balancing investment in R&D and sales efforts with operational efficiency will enable us to respond adeptly to market demands and capitalize on emerging opportunities. We are also committed to enhancing our operational efficiency through more refined management of our expenses. Specifically, we are implementing targeted measures to optimize our R&D, selling and administrative expenses, which we believe will contribute to improving our overall profitability.

R&D Expenses Management

We remain committed to substantial investment in R&D, recognizing its crucial role in maintaining our competitive edge in the SiC power device market. In 2023, 2024 and 2025, our R&D expenses amounted to RMB75.8 million, RMB91.1 million and RMB109.7 million, respectively, accounting for 34.4%, 30.5% and 35.3% of our total revenue in 2023, 2024 and 2025, respectively. The increasing trend in our R&D expenses, which we anticipate will continue in the future, is in line with the expansion of our business and revenue, as we have been and will be making targeted R&D investments, establishing innovative R&D platforms and making additional R&D efforts to initiatives built upon these platforms. As our operations expand, we expect to benefit from the increasing economy of scale from R&D activities, and also expect our historical R&D expenses to continue to bear fruit. Moving forward, we expect our R&D expenses to predominantly consist of personnel, material and testing costs rather than significant capital investments in new research facilities or equipment. We plan to effectively

capitalize the research facilities and equipment which we have already procured and installed. This shift allows us to focus our resources on targeted research initiatives that directly contribute to product innovation and market expansion, without necessitating proportional increases in R&D expenses as our revenue grows.

To further optimize our management of R&D expenses, we are implementing a comprehensive strategy that encompasses strategic portfolio management, platform-based development, R&D collaboration with customers, process and tool optimization and resource allocation. First, by instituting rigorous prioritization protocols for R&D projects, we ensure that our R&D efforts are aligned with quantifiable market opportunities and strategic customer roadmaps. In addition, our emphasis on platform-based development and standardized SiC power device architecture enables us to accelerate the creation of derivative products while minimizing redundant engineering efforts. Historically, our R&D cycles have often exceeded one year. By continuously increasing our R&D investment in the micro-pitch process platform, we are able to respond rapidly to the immediate needs of our customers, such as in the AI server sector. This approach allows us to launch products and capitalize on market opportunities. For example, in July 2025, we initiated a project to meet the power supply requirements for AI servers, and by October 2025, we successfully produced 650V SiC MOSFETs for high-voltage DC AI data center server power supplies utilizing our micro-pitch process platform. Furthermore, we have partnered with customers to develop SiC power modules for solid-state relays in power batteries. This collaboration not only enhances our R&D efficiency but also enables us to accurately meet customer requirements, shorten R&D cycles and minimize unnecessary resource waste. Additionally, the implementation of advanced Technology Computer-Aided Design (TCAD) simulation and application emulation tools is enhancing our design predictability and reducing development cycles.

Selling and Administrative Expenses Management

Our robust sales and distribution network and administrative support allow us to expand our customer base and increase sales volumes, transforming our enhanced R&D efficiency discussed above into commercialization opportunities. Our investments in sales and marketing enhance our ability to understand customer and market demands more effectively. This relevant demand information is communicated back to the R&D team, allowing us to make our research efforts more targeted and fostering a strong synergy between sales and R&D.

To further optimize our selling and distribution expenses, we are implementing a multi-faceted approach focusing on strategic customer engagement, channel optimization, advanced sales enablement tools and collaborative partnerships. This includes tailoring strategies to high-growth automotive manufacturers and industry leaders, expanding into international markets through distributor relationships and implementing advanced CRM systems and analytical tools. These initiatives, combined with our focus on developing joint technology roadmaps with strategic customers, will drive sales growth and market penetration while maintaining a lean operation.

Concurrently, we are implementing a comprehensive strategy to optimize our administrative expenses. This strategy includes introducing stringent budgeting protocols, conducting regular financial audits, fostering a cost-conscious culture, and mandating return on investment analyses for significant initiatives. We are also leveraging advanced technology, including integrated ERP, CRM and supply chain management systems, as well as artificial intelligence technologies for predictive analytics and process optimization.

PROPERTIES

We own and lease properties in China and Japan. As of the Latest Practicable Date, all of our production bases were located in China. Our corporate headquarters is located at Shenzhen, China.

As of December 31, 2025, none of the properties leased by us had a carrying amount of 15% or more of our consolidated total assets. According to Chapter 5 of the Hong Kong Listing Rules and section 6(2) of the Companies Ordinance (Exemption of Companies and

Prospectuses from Compliance with Provisions) Notice, this document is exempt from the requirements of section 342(1)(b) of the Companies (Winding up and Miscellaneous Provisions) Ordinance to include all interests in land or buildings in a valuation report.

Owned Properties

As of the Latest Practicable Date, we owned two land parcels in China. One parcel is located in Shenzhen with a site area of approximately 8,447.59 sq.m., and the other parcel is located in Zhongshan with a site area of approximately 14,666.68 sq.m.

Our land parcel in Shenzhen (the "Land"), spanning 8,447.59 sq.m., is designated for our automotive-grade SiC power module production base. We acquired the land use rights through a judicial auction on September 23, 2022, and completed real estate registration on March 24, 2023.

The Land Use Rights Transfer Agreement executed on July 30, 2018, between the auctioneer and the Pingshan Administration Bureau of the Shenzhen Planning and Land Resource Committee (the "Pingshan Administration Bureau", 深圳市規劃和國土資源委員會坪山管理局) stipulated that construction on the Land shall commence within one year from the date of execution according to the approved construction design drawings. Failure to do so will result in the land being subject to idle land disposal regulations. On March 26, 2024, we entered a supplementary agreement with the Pingshan Administration Bureau, stipulating that construction shall be completed by January 3, 2026. As of the Latest Practicable Date, the completion of construction for the Land has been delayed; we are in negotiations with the Pingshan Administration Bureau regarding the extension of the completion deadline. There are no anticipated obstacles to the execution of the supplementary agreement for the further extension. Also, based on the interview with the relevant person in charge of the Pingshan Administration Bureau, we will not be subject to liquidated damages, fines or the reclamation of land use rights without compensation due to the Land's delayed completion of construction.

Our land parcel in Zhongshan (the "Zhongshan Land"), spanning approximately 14,666.68 sq.m., is designated for our SiC power module packaging production line construction project. We obtained the land use rights and completed real estate registration through the issuance of the Real Property Ownership Certificate on July 10, 2025. On the same day, we also received the Construction Land Planning Permit. Subsequently, on July 28, 2025, we were granted the Construction Project Planning Permit. All permits were issued by the Zhongshan Natural Resources Bureau (中山市自然資源局).

Leased Properties

As of the Latest Practicable Date, we leased (i) eight properties in the PRC, which were primarily used for our offices, production and R&D facilities; and (ii) one property in Japan, which was primarily used for our office.

Absence of Valid Ownership Certificate

As of the Latest Practicable Date, the lessor of three of our leased properties failed to provide us with the real estate ownership certificates. These properties, covering approximately 2,450.21 sq.m., are primarily used for our offices. According to the lessor's written confirmation dated December 15, 2021, it has not yet obtained the ownership certificates for the leased properties due to land planning and management. However, it has legally obtained the land use rights certificates and all necessary construction permits. The lessor is applying for the ownership certificates and expects no substantial obstacles to obtaining them.

As advised by our PRC Legal Adviser, without valid real estate ownership certificates, our use of these leased properties may not be valid. In addition, if the lessor does not have the requisite rights to lease these properties, we may be required to vacate these leased properties and relocate. During the Track Record Period and up to the Latest Practicable Date, no parties have raised questions, disputes, or conflicts regarding the leases, nor have there been any administrative penalties by any relevant authorities, or any penal or investigation notices from the relevant authorities due to the aforementioned defects. The properties in question are leased for R&D. Even if we are required to move out of the defective leased properties, finding

alternative properties would be relatively convenient. Based on the above, our PRC Legal Adviser is of the view that the possibility of our business operations being materially and adversely affected by the aforementioned defective leased property is relatively low.

Therefore, our Directors believe that the aforementioned defective leased property would not materially and adversely affect our business, financial condition or results of operations on the grounds that: (i) as advised by our PRC Legal Adviser, the possibility of our business operations being materially and adversely affected by the aforementioned defective leased property is relatively low; (ii) during the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, our leases with respect to these defective leased properties have never been challenged by any third parties; and (iii) the relevant defective leased properties accounts for a relatively small area of the total properties occupied.

Lack of Lease Agreement Registration

As of the Latest Practicable Date, the lease agreements for seven of our leased properties had not been registered with relevant authorities. Pursuant to the applicable laws and regulations in China, property lease agreements for leased properties must be registered with the relevant real estate administration bureaus in China. As advised by our PRC Legal Adviser, the lack of registration does not affect the validity and enforceability of the lease agreements, but we may be subject to fines from RMB1,000 to RMB10,000 for each such lease agreement for failure to register.

Our Directors are of the view that the lack of lease agreement registrations would not materially and adversely affect our business on the grounds that: (i) as of the Latest Practicable Date, we had not been subject to any administrative penalties by the relevant competent authorities, and (ii) the amount of potential penalties accounts for a minimal portion of our total revenue during the Track Record Period.

LICENSES, APPROVALS AND PERMITS

Our products and R&D procedures passed various industry recognized certifications and tests for safety and reliability. The table below sets out the main certifications or requirements that we were compliant with as of the Latest Practicable Date:

Certifications and requirements	Definition of the certifications and requirements	Our compliance with the certifications and requirements
Pollutant Discharge Permit (排污許可證, 證書編號: 91440300MA5HCK8H1L001V) . .	A permit issued by the local ecological environment bureau, authorizing the lawful discharge of pollutants within prescribed limits and subject to ongoing monitoring and reporting. The permit is required for certain industries under PRC environmental protection laws.	We hold a valid Pollutant Discharge Permit for our Shenzhen facility, effective from 27 April 2023 to 26 April 2028. We strictly adhere to the discharge limits and reporting requirements set out in the permit.
Radiation Safety Permit (輻射安全許可證, 證書編號: 粵環輻證[B2138]) .	A permit issued by the provincial ecological environment authority in accordance with PRC laws and regulations, authorizing the use of specified radiation devices and requiring compliance with safety and protective measures.	We hold a valid Radiation Safety Permit for our Shenzhen facility, valid from 31 July 2023 to 30 July 2028. We comply with all relevant safety regulations for the use of radiation devices.

As advised by our PRC Legal Adviser, we have obtained all material requisite licences, approvals and permits from the relevant authorities in China that are material to our operation of its existing business and remained in full effect during the Track Record Period and up to the Latest Practicable Date, and there is no foreseeable legal impediment in renewing those soon-to-expire licences, approvals or permits in 2025.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

We may from time to time be subject to various legal or administrative claims and proceedings arising from the ordinary course of business. Litigation or any other legal or administrative proceeding, regardless of the outcome, is likely to result in substantial cost and diversion of our resources, including our management's time and attention. See "Risk Factors — Risks Relating to Our General Operations — We May be Involved in Legal Proceedings and Disputes, Which Could Materially and Adversely Affect Our Reputation, Business, Financial Condition and Results of Operations."

Recent Litigation with a Customer

Background

On November 21, 2025, a customer of ours (the "**Plaintiff**") brought a contractual claim against Bronze Tech, one of our subsidiaries (the "**Defendant**"), to the Court. The Plaintiff sought various remedies against the Defendant from the Court, including requests that (i) the Defendant shall perform warranty obligations by replacing certain power semiconductor gate driver products alleged to be defective ("**Subject Products**") ("**Remedy 1**"); (ii) the Defendant shall compensate the customer for losses of RMB10.5 million allegedly caused by Subject Products ("**Remedy 2**"); and (iii) the Defendant shall pay liquidated damages of RMB3.8 million for the alleged delay in performing the warranty obligations with regards to the RF05 model of the Subject Products ("**Remedy 3**"). This litigation is hereinafter referred to as "the **Litigation**."

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

PRC Litigation Counsel's View and Analysis

The PRC Litigation Counsel, based on the review of all currently available materials submitted by the Plaintiff as well as our records, is of the view that the likelihood of Remedies 1, 2 and 3 being supported by the Court is remote. Specifically:

The parties hold different views as to the causes of certain performance issues experienced during the Plaintiff's use of Subject Products. The Defendant believes that such issues arise from factors including the Plaintiff's system design, installation configuration, operating environment and parameters applied at the end product level, rather than the Defendant's product defects. Regarding Remedy 1, based on the evidence submitted by the Plaintiff, the PRC Litigation Counsel is of the view that the Plaintiff, in its request for the Defendant to replace Subject Products, failed to adduce clear evidence establishing that any Subject Product in such quantity was defective.

Regarding Remedy 2, the PRC Litigation Counsel is of the view that the Plaintiff, in its request for the Defendant to compensate for alleged direct economic losses in the amount of RMB10.5 million, adopted a manifestly flawed calculation methodology without proving the existence and extent of any causal relationship between the supplied components and the losses claimed.

Regarding Remedy 3, based on the evidence submitted by the Plaintiff, the PRC Litigation Counsel is of the view that the Plaintiff, in its request for liquidated damages in the amount of RMB3.8 million, lacked any clear legal or factual basis and was likewise unsupported by evidence, and failed to adduce clear evidence establishing Defendant's delayed warranty obligations or the calculation of its requested amount based on its business records.

With regard to the timeline, as advised by the PRC Litigation Counsel, if the Plaintiff's claims were ultimately upheld by the Court, the normal judicial process in the PRC generally requires first and second instance trials in order to reach a final judgment. According to the PRC Litigation Counsel's preliminary assessment and prevailing judicial practice, the entire litigation process, from filing through potential hearings, mediation, discovery, cross-examination, trial(s), and possible appeals (some of which may repeat), is expected to take more than 12 months to complete. The PRC Litigation Counsel believes that the Court will not issue a final and effective judgment earlier than 2027.

Director's View

Our Directors believe that:

(i) the Subject Products, namely the RF03 and RF05 models of power semiconductor gate driver board products customized for the Plaintiff, were sold only to this customer. The dispute does not affect our relationship with or sales to other customers. During the Track Record Period, only 3,762 units of the Subject Products were sold and a revenue of RMB1.6 million was generated therefrom, representing an insignificant proportion of our total sales volume of and revenue from our power semiconductor gate drivers during the same period. Based on the above, our Directors are of the view that even in the worst-case scenario discussed below, the Subject Products would not materially and adversely affect our Group's business, financial conditions or results of operations;

(ii) the Plaintiff was not a major customer during the Track Record Period and not a leading player in the wind power industry in China, as confirmed by Frost & Sullivan. The total revenue generated from sales to the Plaintiff during the Track Record Period, including the sales of the Subject Product and other products which are not subject to any quality dispute, amounted to RMB3.6 million, which was insignificant compared to our total revenue for the same period;

(iii) as of the Latest Practicable Date, our other power semiconductor gate drivers with similar functionalities and designed according to other customers' requirements have passed performance tests conducted by other customers and have started mass production. We have not received any systemic complaints or been subject to legal proceedings with other customers regarding the quality of our power semiconductor gate drivers or any other types of products. The majority of the alleged abnormalities reported by the Plaintiff were attributable to factors other than the Defendant's product defects, as discussed above. No systemic product quality issues have been identified; and

(iv) we have adopted effective internal control measures to ensure the quality of our products. We obtained the GB/T 19001-2016 and ISO 9001:2015 quality management system certifications in respect of our driver products in 2020. Our product quality control procedures include the product design stage, product aging tests and final testing prior to shipment for mass production. See "— Quality Control." As confirmed by our internal control consultant, our internal control measures for product quality management and monitoring have been fully and effectively implemented. Furthermore, the product quality management and monitoring procedures for the Subject Products were in compliance with our internal control procedures.

As of December 31, 2025, we had an aggregate of cash and cash equivalents of RMB98.7 million, and committed unutilized banking facilities of RMB179.0 million (including project-based loans of RMB57.0 million), totaling RMB277.7 million. The monetary compensation totaling RMB14.3 million sought in Plaintiff's Remedies accounts for only 5.1% of the readily-available financial resources we held as of December 31, 2025. Combined with the improvement in our gross margin performance, our overall operating capital remains sufficient. Therefore, the RMB14.3 million sought in Plaintiff's Remedies has a minimal impact on our cash flow and daily operations.

In the worst case scenario, where we lose the Litigation and are required to pay the maximum claimed damages, our operations and financial condition may be impacted to a limited extent. In addition to the claimed damages, there may be litigation-related costs, diversion of manegerial resources, damage to our reputation and negative impact on market acceptance of our other products. Save for the above, our Directors are of the view that there will be no other legal consequences or potential legal claims arising from the Litigation. In particular, an adverse judgment could lead to a decline in customer confidence in the quality of our other products, thereby resulting in reduced sales orders, and delay the development of subsequent new projects, which is not quantifiable in forecast. During the Track Record Period, the total revenue from various RF model driver boards, which were mainly customized and developed for the Plaintiff's needs and mainly sold to the Plaintiff, with only a very small portion sold to other customers, was RMB4.4 million. The Defendant had ceased the development, production and sales of the above products by the end of 2025. In addition, such judgment may also lead to heightened regulatory scrutiny that could potentially delay mass production plans for new products, and heightened competition as rivals capitalize on our exposed vulnerabilities. Such outcomes could adversely affect overall business performance and growth prospects in the short term. See "Risk Factors — Risks Relating to Our General Operations — We May be Involved in Legal Proceedings and Disputes, Which Could Materially and Adversely Affect Our Reputation, Business, Financial Condition and Results of Operations."

Financially, according to the opinion of our PRC Litigation Counsel, the Litigation is expected to continue no earlier than 2027. The ongoing litigation may incur related costs, and require payment of RMB150,000 in litigation fees in the case of a full damages award. Meanwhile, the accounting treatment of the litigation compensation of RMB14.3 million and accrued interest, if any, is expected to result in a reduction in subsequent net profit and net assets. If such damages are paid, it will further pressure our cash flow. The Litigation may also reduce investors' recognition of our business, affecting our subsequent financing ability.

Based on the above, including the view and analysis of the PRC Litigation Counsel, our Directors are of the view that the Litigation would not materially and adversely affect our Group's business, financial conditions or results of operations.

Lift of Injunction

On November 24, 2025, the Court granted the Plaintiff's request for injunction to freeze the assets of the Defendant for a value of RMB14.3 million. As of the date of this document, the injunction had been lifted, and a bank guarantee in connection with the Litigation had been provided to the Court. The bank guarantee is secured by a pledge of RMB5.7 million in cash from our Company and is subject to counter-guarantee from both our Company and Dr. Wang. The counter-guarantee from Dr. Wang will be released upon the [**REDACTED**]. Save for the pledge of cash deposit and the above counter-guarantees, the provision of the bank guarantee is not subject to any other material conditions, other than the bank's standard first right of repayment from the pledged cash deposit and the payment of handling fees on a quarterly basis. Based on the above and our readily-available financial resources, the arrangement of the bank guarantee will not have any adverse impact on our financial independence, liquidity or working capital sufficiency.

As of the date of this document, no asset of the Defendant was subject to freeze or seizure. As confirmed by the PRC Litigation Counsel, in light of the foregoing bank guarantee, the Court will not impose any further injunction order of asset preservation on Defendant's asset pursuant to the Plaintiff's request for injunction.

Except as disclosed below and elsewhere in this document, during the Track Record Period and up to the Latest Practicable Date, there were no legal proceedings pending or threatened against us or our Directors that could, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations.

Compliance

During the Track Record Period and up to the Latest Practicable Date, we had not been and were not involved in any material incidents of non-compliance.

RISK MANAGEMENT AND INTERNAL CONTROL

We have established a set of risk management measures and internal control policies and procedures that we consider to be appropriate for our business operations, and we are dedicated to continually improving these policies. Furthermore, we continually review the implementation of our risk management policies and measures to ensure that our policies and implementation are effective and sufficient.

Operational Risk Management

Our comprehensive approach to operational risk management includes a mechanism with detailed and decentralized responsibilities, as well as clear reward and punishment systems. The business operations, finance, information technology and human resources departments collectively ensure that our business operations comply with internal procedures. In the event of a major adverse incident, the issue will be escalated to senior management, and the Board of Directors may need to take appropriate measures.

Financial Reporting Risk Management

We have established a financial reporting management system. In accordance with the requirements for financial report submission, we have set the schedule and plan for report preparation, established key milestones for each step, and the finance department supervises and evaluates the progress of each department's work. We hold monthly financial analysis meetings attended by the management team, the general manager and the chairman to analyze the operational status of each company. The finance department regularly analyzes our asset-liability situation, income and cost structure and changes, and cash flow operations.

Human Resource Management

We have established internal control and risk management policies covering various aspects of human resource management such as recruitment, training, work ethics and legal compliance. In alignment with our development strategy and considering the current status and future demand of human resources, we have established clear human resource development goals and formulated comprehensive systems. We have implemented training management procedures to provide tailored training for new employees as well as those in different positions and with varying skill requirements. Regular performance assessments ensure a fair compensation system and effective incentive mechanisms.

AWARDS AND RECOGNITIONS

During the Track Record Period, we received awards and recognition in respect of our products, technology and innovation, significant ones of which are set forth below:

Award/Recognition	Award year	Awarding Institution/Authority
Key "Little Giant" Enterprise (重點"小巨人"企業)	2025	Ministry of Industry and Information Technology
2023 Guangdong Engineering Technology Research Center (2023年度廣東省工程技術研究中心)	2024	Department of Science and Technology of Guangdong Province (廣東省科學技術廳)
2023 Automotive Electronics Science and Technology Award (2023年度汽車電子科學技術獎)	2024	Shenzhen Automotive Electronics Industry Association (深圳市汽車電子行業協會)

Award/Recognition	Award year	Awarding Institution/Authority
Top Enterprise Award for SiC Modules in China's Electric Drive Industry (中國電驅動產業SiC模塊TOP企業獎)	2024	China Industry Technology Innovation Strategic Alliance for Electric Drive System of Electric Vehicle (電動汽車電驅動系統全產業鏈技術創新戰略聯盟)
Specialized and New "Little Giant" Enterprise (專精特新"小巨人"企業)	2023	Ministry of Industry and Information Technology
2023 Excellent Cooperation Award (2023年度優秀合作獎)	2023	Ruipai Power Technology Co., Ltd. (銳湃動力科技有限公司)
2023 Best Cooperation Award (2023年度最佳合作獎)	2023	Shenzhen Hopewind Electric Co., Ltd. (深圳市禾望電氣股份有限公司)
Best Supplier Award (最佳供應商獎)	2023	Fox ESS Co., Ltd. (麥田能源股份有限公司)
Most Competitive Supplier Award (最佳競爭力供應商獎)	2023	Shenzhen SOFARSOLAR Co., Ltd (深圳市首航新能源股份有限公司)