

## FINANCIAL INFORMATION

*You should read the following discussion and analysis in conjunction with our consolidated financial statements, included in the Accountants’ Report in Appendix I, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with the IFRS Accounting Standards.*

*The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties, many of which we cannot control or foresee. In evaluating our business, you should carefully consider all of the information provided in this document, including the sections headed “Risk Factors” and “Business,” and elsewhere in this document. For further details, see “Forward-Looking Statements.”*

### OVERVIEW

We are an enterprise in China’s third-generation semiconductor power device industry, specializing in the research, development, manufacturing and sales of SiC power devices. As an innovator in this sector, we are the only company in China with integrated capabilities in SiC chip design, wafer fabrication, module packaging, and gate driver design and testing, as confirmed by Frost & Sullivan. SiC, a leading third-generation semiconductor material, delivers superior performance, positioning it as a critical material for the future of the power device industry. China’s SiC power device market is highly competitive. Our solutions serve a wide range of industries, including NEVs, renewable energy systems, energy storage systems, industrial control, data and server centers and rail transportations.

### BASIS OF PRESENTATION

For ordinary shares issued to the pre-[REDACTED] investors, pursuant to the supplemental agreements entered into between our Company and the pre-[REDACTED] Investors in relation to the termination of certain of special rights granted by our Company, including redemption rights, liquidation preferences and anti-dilution rights (collectively the “Special Rights”), which have been irrecoverably terminated and shall be deemed void prior to the Track Record Period, as described in Note 30 to the Accountants’ Report of Appendix I to this document, having taken into account the legal and regulatory framework of our Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[REDACTED] Investments as equity throughout the Track Record Period. See Note 29 to the Accountants’ Report of Appendix I to this document.

Our consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of our Group for each of the years ended December 31, 2023, 2024 and 2025, and the consolidated statements of financial position of our Group and the statements of financial position of our Company as of December 31, 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”) have been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board. All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by us in the preparation of the Historical Financial Information throughout the Track Record Period. The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value at the end of each year in the Track Record Period. See Note 2 to the Accountants’ Report of Appendix I to this document.

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## FINANCIAL INFORMATION

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The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 3 to the Accountants’ Report of Appendix I to this document.

### **Issued but not yet Effective IFRS Accounting Standards**

We have not applied the following revised IFRS Accounting Standards, which have been issued but are not yet effective, in the Historical Financial Information. See Note 2.2 to the Accountants’ Report of Appendix I to this document.

### **MAJOR FACTORS AFFECTING OUR RESULTS OF OPERATIONS**

Our business, financial condition, results of operations and prospects have been, and are expected to continue to be, materially affected by a number of key factors, including the following:

#### **Our Ability to Expand and Continue to Successfully Commercialize Our Product Offerings**

Our revenue growth in the past was primarily driven by the expansion and continual successful commercialization of our product offerings. In 2023, 2024 and 2025, our revenue was RMB220.6 million, RMB299.0 million and RMB311.2 million, respectively. The power semiconductor gate drivers were launched in 2011 and mass-produced in 2012; we incorporated the gate driver business into our Group in 2020. See “Business — Commercialization.” Thereafter, we have successively launched and commercialized our SiC discrete devices and SiC power modules, all of which have generated significant revenue streams for our sustained business growth. As we expand the sales of our various products and enhance our brand recognition, we are able to develop and offer products with stronger performance and further customization for various application scenarios.

We believe that our expanding and diverse product portfolio enables us to quickly respond to evolving market conditions and customer preferences. Conversely, if we fail to commercialize our pipeline products, which may lead to wasteful initial investment, and our existing offerings cannot satisfy the evolving market demand any longer, we may face the risks of reduced or canceled orders or even loss of our customers, thereby materially and adversely affecting our results of operation and financial conditions.

#### **Our Ability to Control Costs and Improve Operational Efficiency**

While we value and encourage spending on innovation, our future profitability depends in part on our ability to control costs and improve operational efficiency. In 2023, 2024 and 2025, our cost of sales amounted to RMB352.2 million, RMB328.0 million and RMB345.0 million, respectively, representing 159.6%, 109.7% and 110.9% of our total revenue in the same years, respectively. Our cost of sales primarily consists of material costs, outsourced processing costs, employee benefits expense, depreciation and amortization and inventory write-down/(reversal). We are committed to deepening our collaborations with suppliers to further enhance the stability and affordability of our supply. We expect to explore various methods to enhance our manufacturing capabilities by partnering with contract manufacturers, which enables us to meet mass production needs while effectively managing capital expenditure. Our ability to effectively control our cost of sales as we scale up has affected and will continue to affect our results of operation and financial conditions.

In addition, as a result of our early efforts to develop and commercialize our products, we incurred substantial costs in R&D, sales activities and internal management. Our operating expenses, which consist of administrative expenses, selling and distribution expenses, and R&D costs, amounted to RMB196.9 million, RMB213.0 million and RMB282.7 million in 2023, 2024 and 2025, respectively, representing 89.3%, 71.2% and 90.9% of our total revenue in the same years, respectively. We have been constantly improving our operating efficiency in

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## FINANCIAL INFORMATION

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various aspects. For instance, we are committed to continually streamlining our R&D process to enhance R&D efficiency and shorten the time-to-market of products. Our hybrid model of distribution and direct sales allows us to bring our products to a broad customer base, which has significantly enhanced our brand reputation and market penetration and, through word-of-mouth, has improved the efficiency of our selling activities. Moreover, as our business expands, we remain vigilant in continuously evaluating and monitoring our administrative efficiency to control our administrative expenses. We believe that as we continue to ramp up the production and sales of products, we will achieve better economies of scale such that our costs and operating expenses as a percentage of our total revenue will decrease.

### **Our Ability to Manage and Expand Our Production Capacity Efficiently**

Stable and scalable production capacity is a cornerstone of our success. During the Track Record Period, our steady expansion of production capacity, coupled with our continuous refinement of production processes, has been instrumental in driving our rapid growth.

As of the Latest Practicable Date, we operated three production bases. As we progress with the commercialization of our products and anticipate increasing customer demand, we expect the utilization rate of our production facilities to rise. We plan to expand our production capacity prudently and efficiently. Establishing our own production facilities requires substantial capital investment and results in significant ongoing costs. As a result, our ability to achieve profitability depends in part on our ability to effectively manage production utilization as we expand our production activities. During the Track Record Period, as our production activities expanded and production volume increased, we saw an increasing trend in capital expenditure on property, plant and equipment as well as depreciation of property, plant and equipment. In the future, the property, plant and equipment as well as depreciation of property, plant and equipment may continue to increase as we may further expand our production capacity. See “Business — Manufacturing — Production Bases in Operation,” “Business — Manufacturing — Planned Production Base” and “Future Plans and Use of [REDACTED].”

Meanwhile, we have equipped our production bases with advanced production facilities to ensure the quality, cost advantages and production efficiency of our products. We also continually improve our production processes and the management thereof to ensure we provide high-quality products to our customers. The successful upgrade and expansion of our production capabilities significantly depend on our ability to formulate and execute our upgrade and expansion plans, expand and construct new facilities, as well as maintain and purchase production equipment in cost-effective and efficient manners.

### **Our Ability to Attract New Customers and Deepen Relationships with Existing Customers**

During the Track Record Period, we primarily relied on our in-house sales team to directly sell SiC power modules and power semiconductor gate drivers and adopted a distribution model to sell our SiC discrete devices and power semiconductor gate drivers. Revenue from direct sales amounted to RMB151.9 million, RMB223.3 million and RMB199.0 million in 2023, 2024 and 2025, respectively, representing 68.9%, 74.7% and 64.0% of our total revenue in the same years, respectively.

On the one hand, as most of our direct sales customers are renowned companies in our downstream application areas including NEV and PV power station manufacturers, maintaining direct connections with these customers allows us to accurately grasp and address their needs. Through such direct connections, we are able to better understand the evolving market demands and trends, laying the foundation to acquire new customers. On the other hand, distributors directly purchase products from us and therefore are deemed as our customers as well, on-selling our products to companies operating in renewable energy and industrial application sectors. Building on our enhanced market reputation and significant industry influence, we will deepen our relationships with existing direct sales customers and distributors while expanding our sales channels to attract new customers in targeted industries, thereby further driving our business growth.

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## FINANCIAL INFORMATION

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### Our Continual Investment in Research and Development

Our ability to develop new technologies, design new products and update existing products is critical to our business growth. It is essential for us to consistently identify and address the swiftly changing customer requirements, while developing and launching innovative products and enhancing our existing offerings and features so as to stimulate market demand for our products. To that end, we must continue to make substantial R&D investments to keep us at the forefront of the technological trends, which enhances the competitiveness of our products. Our R&D costs increased from RMB75.8 million in 2023 to RMB91.1 million in 2024 and further to RMB109.7 million in 2025, representing 34.4%, 30.5% and 35.3% of our total revenue in the same years, respectively. During the Track Record Period, our R&D initiatives have achieved substantial progress, with several major products reaching full commercialization. See “Business — Commercialization.” We are confident that these advancements and their successful market entry will greatly enhance our long-term competitive edge over our competitors, which not only highlights our dedication to innovation but also solidifies our standing as an industry leader.

Additionally, we believe that the ability to attract and retain a strong R&D team with relevant expertise and commercial acumen is fundamental to our long-term competitiveness. Our R&D team consists of dedicated talents with profound industry expertise, focusing on developing and commercializing our products 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. Our long-term success depends, to a significant extent, on our ability to continually enhance our R&D capabilities, successfully carry out our R&D initiatives and commercialize the development results in an efficient manner.

### General Factors

Our business, financial condition, results of operations and prospects are affected by general factors affecting the SiC power device industry, which include: (i) overall economic growth and conditions; (ii) development and prosperity of the global semiconductor industry, particularly the SiC power device industry; (iii) fluctuations in market demand for SiC power semiconductors; (iv) technological advancement and competitive landscape in the semiconductor industry; and (v) relevant laws and regulations, government policies and initiatives.

Unfavorable changes in any of these factors could negatively affect the demand for our products and materially and adversely affect our results of operations.

### IMPACT OF COVID-19 PANDEMIC

On January 30, 2020, the International Health Regulations Emergency Committee of the World Health Organization declared the novel coronavirus disease 2019 (the “**COVID-19**”) outbreak a public health emergency of international concern, and on March 11, 2020, the World Health Organization declared the global COVID-19 outbreak a pandemic. The COVID-19 virus continued to spread rapidly worldwide in 2022, including where we have business operations and where our customers, suppliers and business partners are located. We conducted our activities in strict compliance with national epidemic prevention measures and implemented comprehensive prevention and control protocols. For example, to contain the virus spread within our office premises and production facilities and protect the well-being of our employees, we adopted various mitigation measures, such as remote working, social distancing and mask wearing. There had been no material delay in our R&D process, production or product delivery schedule during the Track Record Period as a result of the COVID-19. Nevertheless, the implementation of and our compliance with local lock-down measures led to minimal non-lasting impact on our business operations and financial condition. In addition, the limited impact did not have any lasting or material adverse effect on our supply chain, business operations and financial conditions during the Track Record Period. As the COVID-19 has since subsided, we do not anticipate further adverse impact by the pandemic on our business and financial performance.

## FINANCIAL INFORMATION

### PRE-[REDACTED] INVESTORS

To fund our strategic development and broaden our shareholder base, we have conducted several rounds of Pre-[REDACTED] Investments since the establishment of our Company. See “Summary — Pre-[REDACTED] Investments”, “History, Development and Corporate Structure — Pre-[REDACTED] Investments” and Note 29 to the Accountants’ Report of Appendix I to this document.

### MATERIAL ACCOUNTING POLICY INFORMATION AND SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments relating to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and results of operations. Our management continually evaluates such estimates, assumptions and judgments based on historical experiences and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There has not been any material deviation between our management’s estimates or assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes in these estimates and assumptions in the foreseeable future.

For material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, see Notes 2 and 3 to the Accountants’ Report of Appendix I to this document.

### CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The following table sets forth selected consolidated statements of profit or loss in absolute amount and as a percentage of our total revenue for the years indicated. This information should be read together with our consolidated financial statements and related notes included in the Accountants’ Report of Appendix I to this document. The results of operations during the Track Record Period are not necessarily indicative of the results of operations that may be expected for any future period.

	Year ended December 31,					
	2023		2024		2025	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	<i>(RMB in thousands, except for percentage)</i>					
Revenue . . . . .	220,586	100.0	299,015	100.0	311,165	100.0
Cost of sales. . . . .	(352,150)	(159.6)	(327,996)	(109.7)	(345,025)	(110.9)
<b>Gross loss . . . . .</b>	<b>(131,564)</b>	<b>(59.6)</b>	<b>(28,981)</b>	<b>(9.7)</b>	<b>(33,860)</b>	<b>(10.9)</b>
Other income and gains . .	4,884	2.2	26,704	8.9	13,074	4.2
Selling and distribution expenses . . . . .	(38,700)	(17.5)	(35,524)	(11.9)	(43,658)	(14.0)
Administrative expenses . .	(82,365)	(37.3)	(86,352)	(28.9)	(129,333)	(41.6)
Research and development costs . . . . .	(75,827)	(34.4)	(91,087)	(30.5)	(109,734)	(35.3)
Impairment losses on financial assets, net. . . .	(3,279)	(1.5)	(2,209)	(0.7)	(6,644)	(2.1)
Other expenses . . . . .	(924)	(0.4)	(924)	(0.3)	(611)	(0.2)
Finance costs . . . . .	(14,419)	(6.5)	(18,729)	(6.3)	(23,918)	(7.7)
<b>Loss before tax . . . . .</b>	<b>(342,194)</b>	<b>(155.1)</b>	<b>(237,102)</b>	<b>(79.3)</b>	<b>(334,684)</b>	<b>(107.6)</b>
Income tax expense . . . . .	(1)	(0.0)	–	–	(533)	(0.2)
<b>Loss for the year . . . . .</b>	<b>(342,195)</b>	<b>(155.1)</b>	<b>(237,102)</b>	<b>(79.3)</b>	<b>(335,217)</b>	<b>(107.7)</b>

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-[REDACTED] investments, see Note 29 to the Accountants’ Report set out in Appendix I to this document.

## FINANCIAL INFORMATION

### NON-IFRS FINANCIAL MEASURE

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

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

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

*Notes:*

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

### DESCRIPTION OF MAJOR COMPONENTS OF OUR RESULTS OF OPERATIONS

#### Revenue

During the Track Record Period, we derived revenue primarily from the sales of SiC power modules, SiC discrete devices and power semiconductor gate drivers. During the Track Record Period, we generated substantially all of our revenue from the PRC. The table below sets forth our revenue breakdown by product type in absolute amount and as a percentage of our total revenue for the years indicated:

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

## FINANCIAL INFORMATION

*Note:*

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

During the Track Record Period, we primarily relied on our in-house sales team to directly sell SiC power modules and gate drivers to our customers and adopted a distribution model to sell SiC discrete devices and power semiconductor gate drivers which are more standardized. See “Business — Sales and Marketing — Sales Channel.”

### Cost of Sales

During the Track Record Period, our cost of sales primarily consisted of material costs, outsourced processing costs, employee benefits expense, depreciation and amortization and inventory write-down/(reversal). The following table sets forth a breakdown of our cost of sales by nature in absolute amount and as a percentage of our total cost of sales for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>					
Material costs . . . . .	288,436	81.9	280,492	85.5	229,780	66.6
Outsourced processing costs . . . . .	31,608	9.0	24,286	7.4	40,876	11.9
Employee benefits expenses . . . . .	6,988	2.0	15,143	4.6	19,971	5.8
Depreciation and amortization . . . . .	12,236	3.5	15,690	4.8	22,348	6.5
Others . . . . .	3,898	1.1	10,462	3.2	22,393	6.4
Inventory write-down/(reversal) <sup>(1)</sup> . . . . .	8,984	2.6	(18,076)	(5.5)	9,657	2.8
<b>Total</b> . . . . .	<b>352,150</b>	<b>100.0</b>	<b>327,996</b>	<b>100.0</b>	<b>345,025</b>	<b>100.0</b>

*Note:*

(1) Inventory write-down/(reversal) primarily represents the provision or reversal made for inventory write-down. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

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

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>					
SiC power modules . . . . .	127,853	36.3	186,172	56.8	151,626	44.0
SiC discrete devices . . . . .	149,499	42.5	102,142	31.1	96,589	28.0
Power semiconductor gate drivers . . . . .	36,402	10.3	42,941	13.1	67,787	19.6
Others <sup>(1)</sup> . . . . .	29,411	8.4	14,818	4.5	19,366	5.6
<b>Subtotal</b> . . . . .	<b>343,166</b>	<b>97.4</b>	<b>346,073</b>	<b>105.5</b>	<b>335,368</b>	<b>97.2</b>
Inventory write-down/(reversal) <sup>(2)</sup> . . . . .	8,984	2.6	(18,076)	(5.5)	9,657	2.8
<b>Total</b> . . . . .	<b>352,150</b>	<b>100.0</b>	<b>327,996</b>	<b>100.0</b>	<b>345,025</b>	<b>100.0</b>

## FINANCIAL INFORMATION

*Notes:*

- (1) Others primarily include sales of power stacks, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.
- (2) Inventory write-down/(reversal) primarily represents the provision or reversal made for inventory write-down. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

### Gross Profit/Loss and Gross Profit/Loss Margin

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

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

*Notes:*

- (1) Others primarily include sales of power stacks, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.
- (2) Inventory write-down/(reversal) primarily represents the provision or reversal made for inventory write-down. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

### Other Income and Gains

During the Track Record Period, our other income primarily consisted of (i) government grants, (ii) income tax handling fee and subsidy, (iii) interest income, and (iv) investment income from financial assets at fair value through profit or loss (FVTPL). Our other gains primarily consisted of (i) gains on disposal of right-of-use assets, (ii) fair value gains on financial assets at FVTPL, and (iii) foreign exchange gains. The following table sets forth a breakdown of our other income and gains in absolute amount and as a percentage of our total other income and gains for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>					
<b>Other Income</b>						
Government grants . . . . .	2,371	48.5	24,027	90.0	11,538	88.3
Individual income tax handling fee refund . . . . .	1,058	21.7	2,031	7.6	542	4.1
Interest income . . . . .	531	10.9	360	1.3	538	4.1
Investment income from financial assets at FVTPL . . . . .	159	3.3	96	0.4	118	0.9
Others . . . . .	13	0.3	8	0.0	6	0.0
<b>Total other income:</b> . . . . .	<b>4,132</b>	<b>84.6</b>	<b>26,522</b>	<b>99.3</b>	<b>12,742</b>	<b>97.5</b>

## FINANCIAL INFORMATION

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>					
<b>Other Gains</b>						
Gains on disposal						
of right-of-use assets . . .	319	6.5	149	0.6	17	0.1
Gain on disposal of items						
of property, plant and						
equipment . . . . .	–	–	–	–	5	0.0
Foreign exchange gains . . .	236	4.8	–	–	310	2.4
Others . . . . .	197	4.0	33	0.1	–	–
Total other gains . . . . .	752	15.4	182	0.7	332	2.5
<b>Total</b> . . . . .	<b><u>4,884</u></b>	<b><u>100.0</u></b>	<b><u>26,704</u></b>	<b><u>100.0</u></b>	<b><u>13,074</u></b>	<b><u>100.0</u></b>

The government grants received by our Group primarily comprise subsidies awarded to support our R&D activities on the industrialization and technological advancement of SiC semiconductor devices and their related applications such as the development of high-performance medium- and low-voltage SiC MOSFETs, and the establishment of advanced pilot bases for the packaging and testing of third-generation semiconductors, among others.

These grants are subject to specific project acceptance criteria. Such criteria typically include obtaining automotive-grade certification, achieving specified sales revenue, reaching designated production capacity, meeting product performance parameters or technical indicators, completing facility construction or commissioning, and obtaining or applying for a prescribed number of patents. During the Track Record Period, we fulfilled the relevant acceptance conditions for the majority of government grant projects, which were accepted by the competent government authorities.

Projects that had not yet been accepted as of December 31, 2025, have not yet undergone the relevant acceptance tests. Each of these projects relates to a specific focus as discussed above and each is subject to its own acceptance criteria. The relevant government grants are generally one-off in nature and are recognized as deferred income until the relevant acceptance conditions are met. Deferred income relating to accepted projects is amortized over the useful life of the associated assets. We expect these projects to be accepted and completed between 2026 and the end of 2027, at which point the relevant deferred income will be recognized as other income accordingly.

Pursuant to the terms of the relevant grant agreements, if we fail to satisfy the project acceptance tests, we are generally required to undertake remedial measures within a stipulated period, typically six months, and reapply for acceptance tests. For example, we may be required to return all or part of the government grants received for the relevant project. In addition, failure to meet the acceptance criteria may limit our ability to apply for similar government grants for a certain period. During the Track Record Period, we have not failed any acceptance tests or identified any substantive obstacles that may lead to failure of future acceptance tests or been required to repay any received government grants.

## FINANCIAL INFORMATION

### Selling and Distribution Expenses

During the Track Record Period, our selling and distribution expenses primarily consisted of (i) employee benefit expenses, (ii) office and traveling expenses, (iii) share-based payment expenses, (iv) depreciation and amortization, and (v) marketing and promotion expenses. The following table sets forth a breakdown of our selling and distribution expenses in absolute amount and as a percentage of our total selling and distribution expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>					
Employee benefit expenses . . . . .	22,504	58.1	21,059	59.3	20,378	46.7
Office and traveling expenses . . . . .	6,319	16.3	5,911	16.6	6,017	13.8
Share-based payment expenses . . . . .	5,648	14.6	5,131	14.4	14,890	34.1
Depreciation and amortization . . . . .	1,714	4.4	1,689	4.8	1,280	2.9
Marketing and promotion expenses . . . . .	1,495	4.0	922	2.6	626	1.4
Others . . . . .	1,020	2.6	812	2.3	467	1.1
	<b><u>38,700</u></b>	<b><u>100.0</u></b>	<b><u>35,524</u></b>	<b><u>100.0</u></b>	<b><u>43,658</u></b>	<b><u>100.0</u></b>

### Administrative Expenses

During the Track Record Period, our administrative expenses primarily consisted of (i) employee benefit expenses, (ii) share-based payment expenses, (iii) depreciation and amortization, (iv) office and traveling expenses, and (v) others, primarily including [REDACTED] expenses incurred in connection with the [REDACTED] and the [REDACTED]. The following table sets forth a breakdown of our administrative expenses in absolute amount and as a percentage of our total administrative expenses for the years indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>					
Employee benefit expenses . . . . .	35,024	42.5	35,229	40.8	36,705	28.4
Share-based payment expenses . . . . .	17,728	21.5	18,828	21.8	38,449	29.7
Depreciation and amortization . . . . .	15,801	19.2	13,657	15.8	14,895	11.5
Office and traveling expenses . . . . .	7,942	9.6	8,271	9.6	8,244	6.4
Others . . . . .	5,870	7.2	10,367	12.0	31,040	24.0
<b>Total</b> . . . . .	<b><u>82,365</u></b>	<b><u>100.0</u></b>	<b><u>86,352</u></b>	<b><u>100.0</u></b>	<b><u>129,333</u></b>	<b><u>100.0</u></b>

### Research and Development Costs

During the Track Record Period, our R&D costs primarily consisted of (i) employee benefit expenses, (ii) R&D material costs, (iii) depreciation and amortization, (iv) share-based payment expenses, (v) testing expenses, and (vi) outsourced development expenses, which primarily represented fees for outsourced viability analysis, failure analysis and verification tests during R&D, as well as the dicing and packaging of sample wafers used in R&D. These outsourced services were performed by independent third parties and accounted for only an

## FINANCIAL INFORMATION

immaterial portion of our overall R&D activities. During the Track Record Period, we did not capitalize R&D expenses nor allocate them by product. The following table sets forth a breakdown of our R&D costs in absolute amount and as a percentage of our total R&D costs for the periods indicated:

	Year ended December 31,					
	2023		2024		2025	
	Amount	%	Amount	%	Amount	%
	<i>(RMB in thousands, except for percentage)</i>					
Employee benefit expenses . . . . .	34,364	45.3	45,617	50.1	44,512	40.6
R&D materials costs . . . . .	18,108	23.9	18,166	19.9	20,506	18.7
Depreciation and amortization . . . . .	9,095	12.0	12,223	13.4	12,667	11.5
Share-based payment expenses . . . . .	5,321	7.0	8,041	8.8	17,779	16.2
Testing expenses . . . . .	2,179	2.9	3,631	4.0	7,555	6.9
Outsourced development expenses . . . . .	5,338	7.0	1,763	1.9	5,264	4.8
Others . . . . .	1,422	1.9	1,646	1.8	1,451	1.3
<b>Total . . . . .</b>	<b><u>75,827</u></b>	<b><u>100.0</u></b>	<b><u>91,087</u></b>	<b><u>100.0</u></b>	<b><u>109,734</u></b>	<b><u>100.0</u></b>

### Impairment Losses on Financial Assets, Net

During the Track Record Period, our net impairment losses on financial assets primarily represented the provision for or reversal of our trade receivables and other receivables under the expected credit loss model. Our net impairment losses on financial assets amounted to RMB3.3 million, RMB2.2 million and RMB6.6 million in 2023, 2024 and 2025, respectively.

### Other Expenses

During the Track Record Period, our other expenses primarily consisted of fair value losses of financial assets at FVTPL and foreign exchange losses. Our other expenses amounted to RMB0.9 thousand, RMB0.9 million and RMB0.6 million in 2023, 2024 and 2025, respectively.

### Finance Costs

During the Track Record Period, our finance costs primarily consisted of (i) interest on bank and other borrowings, (ii) interest on loans from related parties, (iii) interest on redemption liabilities to non-controlling shareholders, and (iv) interest on lease liabilities. Our finance costs amounted to RMB14.4 million, RMB18.7 million and RMB23.9 million in 2023, 2024 and 2025, respectively.

## YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

### Year ended December 31, 2025 Compared with Year ended December 31, 2024

#### Revenue

Our revenue slightly increased from RMB299.0 million in 2024 to RMB311.2 million in 2025, primarily attributable to an increase in revenue from power semiconductor gate drivers and SiC discrete devices.

*Sales of SiC Power Modules.* Our revenue from sales of SiC power modules decreased by 15.9% from RMB145.6 million in 2024 to RMB122.4 million in 2025, primarily due to a decrease in revenue from automotive-grade SiC power modules, mainly as a result of (i) lower-than-expected sales of relevant vehicle models by one of our major customers due to intense market competition; and (ii) our strategic decision to reduce sales prices of our automotive-grade products in the second half of 2025 in order to maintain a long-term

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## FINANCIAL INFORMATION

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collaborative relationship with our customers. The decrease was partially offset by an increase in revenue from industrial-grade SiC power modules, mainly due to the commencement of mass delivery in the second half of 2025. According to Frost & Sullivan, in 2025, China’s SiC power module market experienced a deceleration in revenue growth, primarily driven by a significant reduction in the unit price of SiC power modules, coupled with a moderate increase in sales volume.

*Sales of SiC Discrete Devices.* Our revenue from sales of SiC discrete devices increased by 12.3% from RMB52.0 million in 2024 to RMB58.4 million in 2025. This was primarily due to our increased sales of SiC MOSFETs. In 2025, we started to mass deliver our third-generation MOSFET products to certain customers, echoing our strategy to optimize our product portfolio by selectively reducing sales of certain SiC Schottky diode variants and reallocating resources toward SiC MOSFET products, which have higher technical barriers and ASP.

*Sales of Power Semiconductor Gate Drivers.* Our revenue from sales of power semiconductor gate drivers increased by 28.1% from RMB80.1 million in 2024 to RMB102.6 million in 2025, primarily due to the increased sales volume resulting from our (i) enhanced sales efforts to acquire new, high-quality customers; (ii) our newly developed power semiconductor gate driver products applicable for more application scenarios, which attracted new customers; and (iii) the increasing market demands for power semiconductor gate driver products.

*Others.* Our revenue from others increased by 29.9% from RMB21.4 million in 2024 to RMB27.8 million in 2025, primarily due to because our power stack products were well-accepted by the market and mass delivered to customers.

### **Cost of Sales**

Our cost of sales increased by 5.2% from RMB328.0 million in 2024 to RMB345.0 million in 2025, primarily representing the change from reversal of inventory write-down in 2024 to inventory write-down in 2025 as well as the increase in cost of sales for power semiconductor gate drivers. These increases were partially offset by a decrease in cost of sales for SiC power modules.

### **Gross Profit/Loss and Gross Profit/Loss Margin**

As a result of the foregoing, our overall gross loss increased by 16.9% from RMB29.0 million in 2024 to RMB33.9 million in 2025. Our overall gross loss margin increased from 9.7% in 2024 to 10.9% in 2025.

*Sales of SiC Power Modules.* Our gross loss for sales of SiC power modules (before write-down of inventories) decreased by 27.8% from RMB40.6 million in 2024 to RMB29.3 million in 2025. Our gross loss margin for sales of SiC power modules (before write-down of inventories) decreased from 27.9% in 2024 to 23.9% in 2025. The improvement in our gross loss and gross loss margin was primarily due to an increase in revenue from industrial-grade SiC power modules, which generally had better gross margin.

*Sales of SiC Discrete Devices.* Our gross loss for sales of SiC discrete devices (before write-down of inventories) decreased by 23.9% from RMB50.2 million in 2024 to RMB38.2 million in 2025. Our gross loss margin for sales of SiC discrete devices (before write-down of inventories) decreased from 96.5% in 2024 to 65.4% in 2025. The improvement in our gross loss and gross loss margin was primarily due to our increased sales of SiC MOSFETs. In 2025, we started to mass deliver our third-generation MOSFET products to certain customers, echoing our strategy to optimize our product portfolio by selectively reducing sales of certain SiC Schottky diode variants and reallocating resources toward SiC MOSFET products, which have higher technical barriers, ASP and better gross margin.

*Sales of Power Semiconductor Gate Drivers.* Our gross profit for sales of power semiconductor gate drivers (before write-down of inventories) remained relatively stable at RMB37.2 million in 2024 and RMB34.8 million in 2025. Our gross profit margin for sales of power semiconductor gate drivers (before write-down of inventories) decreased from 46.4% in

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## FINANCIAL INFORMATION

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2024 to 33.9% in 2025, primarily due to changes in product mix within our gate driver board products and our customer mix, with a higher proportion of sales at lower margins in order to achieve higher sales volume to certain leading customers in the renewable energy sector and enlarge our market shares.

*Others.* We recorded gross profit for others (before write-down of inventories) of RMB6.6 million and RMB8.4 million in 2024 and 2025, respectively. Our gross profit margin for others (before write-down of inventories) remained relatively stable at 30.7% in 2024 and 30.3% in 2025.

### *Other Income and gains*

Our other income and gains decreased by 50.9% from RMB26.7 million in 2024 to RMB13.1 million in 2025, primarily because (i) a greater portion of government grants was recognized as other income and gains, as more projects associated with these grants were completed in 2024 compared to 2025, allowing for the transfer of a larger amount from deferred income; and (ii) we received a smaller amount of government grants that could be directly recognized as other income and gains in 2025.

### *Selling and Distribution Expenses*

Our selling and distribution expenses increased by 23.1% from RMB35.5 million in 2024 to RMB43.7 million in 2025, primarily because we incurred more share-based payment expenses, consistent with our continued commitment to selling efforts.

### *Administrative Expenses*

Our administrative expenses increased by 49.8% from RMB86.4 million in 2024 to RMB129.3 million in 2025, primarily because (i) we incurred more share-based payment expenses to support our business expansion; and (ii) we incurred more [REDACTED] expenses.

### *R&D Costs*

Our R&D costs increased by 20.5% from RMB91.1 million in 2024 to RMB109.7 million in 2025, primarily because (i) we incurred more share-based payment expenses, consistent with our continued commitment to R&D efforts; and (ii) we incurred more testing expenses and outsourced development expense for developing new products.

### *Impairment Losses on Financial Assets, Net*

Our impairment loss, net, on financial assets significantly increased from RMB2.2 million in 2024 and RMB6.6 million in 2025, mainly because the provision for our trade receivables and other receivables under the expected credit loss model increased (i) in line with our revenue growth; and (ii) as we made provision for trade receivables for certain customers in anticipation of their financial difficulties.

### *Finance Costs*

Our finance costs increased by 27.7% from RMB18.7 million in 2024 to RMB23.9 million in 2025, primarily due to (i) an increase in interest on bank and other borrowings to support our operations and business activities. See “— Indebtedness — Interest-bearing Bank and Other Borrowings;” and (ii) an increase in interest on redemption liabilities to non-controlling shareholders.

### *Loss for the Period*

As a result of the foregoing, our loss for the period increased by 41.4% from RMB237.1 million in 2024 to RMB335.2 million in 2025.

The increase in net loss in 2025 was mainly attributable to (i) an increase in operating expenses, primarily due to an increase in [REDACTED] expenses, share-based payment expenses and R&D costs; and (ii) a decrease in other income and gains, primarily due to decreased government grants. See “— Description of Major Components of our Results of Operations — Administrative Expenses” and “— Description of Major Components of our Results of Operations — Other Income and Gains.”

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## FINANCIAL INFORMATION

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### Year Ended December 31, 2024 Compared with Year Ended December 31, 2023

#### *Revenue*

Our revenue increased by 35.6% from RMB220.6 million in 2023 to RMB299.0 million in 2024, primarily attributable to the increase in revenue from sales of SiC power modules and power semiconductor gate drivers.

*Sales of SiC Power Modules.* Our revenue from sales of SiC power modules increased by 89.0% from RMB77.0 million in 2023 to RMB145.6 million in 2024, attributable to the increased sales volume of our SiC power modules. This was primarily due to the increasing adoption of SiC power modules by a global leading NEV manufacturer in several newly launched vehicle models as well as its existing vehicle models, which gained increasing sales volume.

*Sales of SiC Discrete Devices.* Our revenue from sales of SiC discrete devices remained relatively stable at RMB52.6 million and RMB52.0 million in 2023 and 2024, respectively. This was primarily due to the optimization of our product mix as we reduced the offerings of certain products with relatively low technological barriers that have been selling at a relatively large volume and a low ASP, and increased the sales of products with relatively high technological barriers that sold at a relatively high ASP for a wide range of application scenarios such as welding machines and PV inverters. See “Business — Key Operational Data.”

*Sales of Power Semiconductor Gate Drivers.* Our revenue from sales of power semiconductor gate drivers increased by 19.8% from RMB66.8 million in 2023 to RMB80.1 million in 2024, primarily due to the increased sales volume of our power semiconductor gate drivers used in renewable energy. With our successful mass delivery of products used in renewable energy and our ability to offer high-performance and reliable solutions tailored to the specific needs of customers, we secured new orders for power semiconductor gate drivers.

*Others.* Our revenue from others decreased by 11.3% from RMB24.1 million in 2023 to RMB21.4 million in 2024, primarily because we strategically accelerated the sales of silicon discrete device inventories in 2023 to better allocate our resources towards SiC products in the future.

#### *Cost of Sales*

Our cost of sales decreased by 6.9% from RMB352.2 million in 2023 to RMB328.0 million in 2024, primarily representing the decrease in cost of sales for SiC discrete devices and others as well as the change from inventory write-down in 2023 to reversal of inventory write-down in 2024, partially offset by the increase in the cost of sales for SiC power modules. See “— Discussion of Key Items of Consolidated Statements of Financial Position — Inventories.”

#### *Gross Profit/Loss and Gross Profit/Loss Margin*

As a result of the foregoing, our overall gross loss decreased by 78.0% from RMB131.6 million in 2023 to RMB29.0 million in 2024. Our overall gross loss margin improved from 59.6% in 2023 to 9.7% in 2024.

*Sales of SiC Power Modules.* Our gross loss for sales of SiC power modules (before write-down of inventories) decreased by 20.1% from RMB50.8 million in 2023 to RMB40.6 million in 2024. Our gross loss margin for sales of SiC power modules (before write-down of inventories) decreased from 66.0% in 2023 to 27.9% in 2024. The decreases in our gross loss and gross loss margin were primarily due to (i) the significant increase in our production volume, which benefited us with advantages in supply chain management and therefore lowered material costs; (ii) a reduction in the apportioned fixed cost per product as a result of enlarged economies of scale; and (iii) improved production processes resulting in higher yields.

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## FINANCIAL INFORMATION

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*Sales of SiC Discrete Devices.* Our gross loss for sales of SiC discrete devices (before write-down of inventories) decreased by 48.2% from RMB96.9 million in 2023 to RMB50.2 million in 2024. Our gross loss margin for sales of SiC discrete devices (before write-down of inventories) decreased from 184.1% in 2023 to 96.5% in 2024. The decreases in our gross loss and gross loss margin were primarily because we improved our product design and production processes. This benefited us with higher yields and enhanced adaptability to more effectively utilize domestic equipment and materials which have relatively lower costs, while enabling us to ensure product quality.

*Sales of Power Semiconductor Gate Drivers.* Our gross profit for sales of power semiconductor gate drivers (before write-down of inventories) increased by 22.4% from RMB30.4 million in 2023 to RMB37.2 million in 2024, primarily in line with our revenue growth. Our gross profit margin for sales of power semiconductor gate drivers (before write-down of inventories) remained relatively stable at 45.5% and 46.4% in 2023 and 2024, respectively.

*Others.* We recorded gross profit for others (before write-down of inventories) of RMB6.6 million in 2024 as compared to gross loss of RMB5.3 million in 2023. We recorded gross profit margin for others (before write-down of inventories) of 30.7% in 2024 as compared to gross loss margin of 22.1% in 2023. These changes were primarily because we minimized the sales of the traditional silicon discrete device inventories with low technological barriers in 2024 compared to 2023 to better allocate our resources towards SiC products in the future.

### ***Other Income and Gains***

Our other income and gains increased by 446.8% from RMB4.9 million in 2023 to RMB26.7 million in 2024, primarily due to the significant increase in government grants because (i) a significant amount of government grants became qualified to be transferred from deferred income to other income and gains, as our projects with government grants were completed in 2024; and (ii) we received a larger amount of government grants that could be directly recognized as other income and gains in 2024.

### ***Selling and Distribution Expenses***

Our selling and distribution expenses remained relatively stable at RMB38.7 million and RMB35.5 million in 2023 and 2024, respectively.

### ***Administrative Expenses***

Our administrative expenses remained relatively stable at RMB82.4 million and RMB86.4 million in 2023 and 2024, respectively.

### ***R&D Costs***

Our R&D costs increased by 20.1% from RMB75.8 million in 2023 to RMB91.1 million in 2024, primarily due to the increase in employee benefit expenses as we expanded our R&D team, increased the average salaries of R&D personnel and incurred more share-based payment expenses, consistent with our continued commitment to R&D efforts.

### ***Impairment Losses on Financial Assets, Net***

Our net impairment losses on financial assets remained relatively stable at RMB3.3 million and RMB2.2 million in 2023 and 2024, respectively.

### ***Finance Costs***

Our finance costs increased by 29.9% from RMB14.4 million in 2023 to RMB18.7 million in 2024, primarily due to the increase in interest on bank and other borrowings in line with our increased interest-bearing bank and other borrowings. See “— Indebtedness — Interest-bearing Bank and Other Borrowings.”

## FINANCIAL INFORMATION

### *Loss for the Year*

As a result of the foregoing, our loss for the year decreased by 30.7% from RMB342.2 million in 2023 to RMB237.1 million in 2024.

More specifically, in 2024, compared with 2023, our adjusted net loss for the year (non-IFRS measure) narrowed by RMB110.6 million, of which a reduction in gross loss of RMB102.6 million was the primary driver, reflecting the initial effects of our cost optimization and product mix strategies. Specifically, gross loss from SiC discrete devices (before write-down of inventories) decreased by RMB46.7 million, mainly benefiting from our sales mix adjustment for SiC discrete device products, where the scale of low-margin SiC Schottky diode sales was controlled and the share of SiC MOSFET sales with relatively stronger gross margin increased rapidly. Scale effects of our SiC power modules began to emerge and cost optimization measures took effect, improving gross loss margin of SiC power modules (before write-down of inventories) from 66.0% to 27.9% and reducing gross loss from SiC power modules (before write-down of inventories) by RMB10.2 million while maintaining high revenue growth. At the same time, the favorable market performance of our products resulted in an inventory reversal of RMB18.1 million, which further narrowed the gross loss.

### DISCUSSION OF KEY ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

#### Non-Current Assets and Liabilities

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

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>Non-current assets</b>			
Property, plant and equipment . . . . .	401,366	418,628	436,672
Right-of-use assets . . . . .	129,722	109,385	107,275
Intangible assets . . . . .	1,845	1,390	5,602
Financial assets at FVTPL . . . . .	2,400	2,150	1,900
Prepayments, other receivables and other assets . . . . .	67,292	66,650	41,146
<b>Total non-current assets . . . . .</b>	<b><u>602,625</u></b>	<b><u>598,203</u></b>	<b><u>592,595</u></b>
<b>Non-current liabilities</b>			
Interest-bearing bank and other borrowings . . . . .	5,775	20,332	10,310
Lease liabilities . . . . .	62,367	48,487	36,362
Redemption liabilities to non- controlling shareholders . . . . .	38,466	–	168,467
Deferred income . . . . .	65,371	87,735	80,444
Provision . . . . .	4,226	4,522	4,319
<b>Total non-current liabilities . . . . .</b>	<b><u>176,205</u></b>	<b><u>161,076</u></b>	<b><u>299,902</u></b>

For details on the accounting treatment of redemption rights and liquidation preference rights of pre-[REDACTED] investments, see Note 29 to the Accountants’ Report set out in Appendix I to this document.

#### Property, Plant and Equipment

Our property, plant and equipment primarily consisted of machinery equipment, office and other equipment, motor vehicles, tools and appliances, long-term prepaid expenses, construction in progress and others. Our property, plant and equipment increased by 4.3% from RMB401.4 million as of December 31, 2023 to RMB418.6 million as of December 31, 2024,

## FINANCIAL INFORMATION

and further increased by 4.3% to RMB436.7 million as of December 31, 2025 primarily due to (i) our procurement of new machinery and equipment for production, R&D and office purposes, and (ii) the upgrade and renovation of our production facilities.

### Right-of-use Assets

Our right-of-use assets primarily consisted of our leases for buildings and equipment as well as leasehold land. Our right-of-use assets decreased by 15.7% from RMB129.7 million as of December 31, 2023 to RMB109.4 million as of December 31, 2024, primarily due to regular depreciation. Our right-of-use assets remained relatively stable at RMB109.4 million as of December 31, 2024 and RMB107.3 million as of December 31, 2025.

### Prepayments, Other Receivables and Other Assets (Non-current)

Our prepayments, other receivables and other assets (non-current) primarily included prepayment for property, plant and equipment, mainly representing prepayments made for certain plant renovation and equipment procurement, and value-added tax recoverable in relation to our procurement. Our prepayments, other receivables and other assets (non-current) remained relatively stable at RMB67.3 million as of December 31, 2023 and RMB66.7 million as of December 31, 2024. Our prepayments, other receivables and other assets (non-current) decreased by 38.4% from RMB66.7 million as of December 31, 2024 to RMB41.1 million as of December 31, 2025, primarily due to a decrease in value-added tax recoverable, mainly as we received some VAT refunds from the tax authority in 2025. Such a decrease was partially offset by an increase in prepayment for property, plant and equipment, which primarily consisted of advance payments for equipment procurement and construction projects. See Note 17 in the Accountants’ Report of Appendix I to this document.

### Deferred Income

Our deferred income represented our deferred government grants which had not been recorded as “other income — government grants” in our profit or loss in accordance with the conditions of the relevant grants as of the end dates in each year during the Track Record Period. Our deferred income increased by 34.1% from RMB65.4 million as of December 31, 2023 to RMB87.7 million as of December 31, 2024, primarily due to the increase of government grants we received related to our business operation, production and R&D activities. Our deferred income remained relatively stable at RMB87.7 million as of December 31, 2024 and RMB80.4 million as of December 31, 2025.

### Net Current Liabilities

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

	As of December 31,			As of
	2023	2024	2025	April 30,
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
<b>Current assets</b>				
Inventories . . . . .	80,851	78,942	82,957	91,862
Trade and bills receivables . . . . .	121,666	163,582	175,054	162,843
Prepayments, other receivables and other assets . . . . .	60,100	55,352	65,242	77,703
Financial assets at FVTPL . . . . .	7	7	–	–
Financial assets at fair value through other comprehensive income . . . . .	1,579	390	159	263
Pledged deposits . . . . .	–	1	–	5,742
Cash and cash equivalents . . . . .	34,790	45,371	98,676	124,462
<b>Total current assets</b> . . . . .	<b><u>298,993</u></b>	<b><u>343,645</u></b>	<b><u>422,088</u></b>	<b><u>462,875</u></b>

## FINANCIAL INFORMATION

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
<b>Current liabilities</b>				
Trade payables . . . . .	76,016	156,250	188,376	179,443
Contract liabilities . . . . .	4,344	1,433	2,297	10,492
Other payables and accruals . . . . .	112,157	181,301	134,578	139,463
Interest-bearing bank and other borrowings . . . . .	179,149	233,589	313,987	345,871
Lease liabilities . . . . .	14,666	19,022	13,395	12,337
Redemption liabilities to non-controlling shareholders . . . . .	–	41,976	45,795	46,598
Provision . . . . .	317	3,959	2,562	2,562
<b>Total current liabilities</b> . . . . .	<b><u>386,649</u></b>	<b><u>637,530</u></b>	<b><u>700,990</u></b>	<b><u>736,766</u></b>
<b>Net current liabilities</b> . . . . .	<b><u>(87,656)</u></b>	<b><u>(293,885)</u></b>	<b><u>(278,902)</u></b>	<b><u>(273,891)</u></b>

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

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

Our net current liabilities decreased by 1.8% from RMB278.9 million as of December 31, 2025 to RMB273.9 million as of April 30, 2026, primarily due to an increase of RMB25.8 million in cash and cash equivalents.

During the Track Record Period, we implemented multiple measures to improve profitability, which is the key to ultimately and continuously enhance net current liabilities. See “Business — Path to Profitability — Gross Margin Improvement.” We also implemented the following as of December 31, 2025 to improve the net current liabilities:

- (i) control capital expenditure and prioritize long-term loans to meet subsequent construction needs. During the Track Record Period, we continued construction of Guangming and Pingshan testing bases and the Wuxi production lines. These investments were primarily funded with our own cash and short-term loans, which led to a rapid increase in our net current liabilities. We have completed the main production line investments and the lines can fully satisfy our mid- to short-term capacity needs. Absent fundraising or other new investments, we will focus on going-concern operations and will continue to control new fixed asset investments. At the same time, we have been actively negotiating long term project-based loan arrangements with multiple banks for new line construction, reached agreement on cooperation plans and expect to obtain long term loans to further alleviate the reduction in liquid assets that may result from fixed asset investment;
- (ii) flexibly apply financial instruments to increase the liquidity of existing fixed assets. During the Track Record Period, we entered into cooperation with several financial firms, sold and leased back certain production equipment, thereby optimizing our asset structure. For example, we sold certain unutilized production equipment in Wuxi during the Track Record Period, which generated cash inflow and increased our current assets, and leased back such production equipment for use; and
- (iii) engage new strategic investors. We are actively engaging new strategic investors who can make strategic equity investments in our subsidiaries without affecting our control. We expect to flexibly arrange the next round of strategic investments in subsidiaries in line with our [REDACTED] progress to increase our current assets.

## FINANCIAL INFORMATION

### Inventories

Our inventories primarily consisted of raw materials, work in progress, finished goods, goods in transit and consigned processing materials. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Raw materials . . . . .	52,338	52,557	43,635
Work in progress . . . . .	15,657	12,600	16,965
Finish goods . . . . .	9,116	10,797	21,362
Goods in transit . . . . .	2,430	1,621	10
Consigned processing materials . . . . .	1,310	1,367	985
<b>Total</b> . . . . .	<b>80,851</b>	<b>78,942</b>	<b>82,957</b>

Our inventories remained relatively stable at RMB80.9 million as of December 31, 2023, RMB78.9 million as of December 31, 2024 and RMB83.0 million as of December 31, 2025.

Our inventory turnover days are calculated using the average of opening balance and closing balance of inventories for a year divided by cost of sales for the relevant year and multiplied by 365 days. Our inventory turnover days decreased from 100.2 days in 2023 to 88.9 days in 2024, primarily due to the continued improvement in our inventory management discussed above. Our inventory turnover days remained relatively stable at 88.9 days in 2024 and 85.6 days in 2025.

The following table sets forth an aging analysis of our inventories as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year . . . . .	129,000	97,722	98,740
One year to two years . . . . .	7,643	14,648	17,533
Two years to three years . . . . .	451	3,374	10,933
Over three years . . . . .	1,882	2,028	4,232
Less: Inventory write-down . . . . .	(58,125)	(38,830)	(48,481)
<b>Total</b> . . . . .	<b>80,851</b>	<b>78,942</b>	<b>82,957</b>

Our management monitors our inventories carefully and keeps the long-aged inventory at a relatively low level. The proportion of inventories with an age of more than two years was less than 9% during the Track Record Period, which generally aligns with our management’s expectations. See “Significant Accounting Judgments and Estimates — Estimation Uncertainty — Provision Against Obsolete and Slow-moving Inventories” in Note 2.3 in the Accountants’ Report of Appendix I to this document.

Based on the above considerations, in 2023, 2024 and 2025, we made inventory write-down of RMB9.0 million, a reversal of inventory write-down RMB18.1 million and an inventory write-down of RMB9.7 million, respectively. Our inventory write-down in 2023 and 2025 was primarily related to raw materials and finished goods due to the aging of inventories and the change in market demand of relevant products, primarily including our SiC discrete devices and SiC power modules. In 2024, we had net reversal of inventory write-down. This was primarily because we made improved gross margins on them as we lowered our production costs benefiting from improved product design and production techniques, decreased market prices of certain raw materials as well as greater economies of scale. Because of these sales and improved gross margins, we reversed some of the earlier write-downs to increase the value of those products, reflecting their better performance in the market. The balance of allowance for write-down of inventories as of December 31, 2023, 2024 and 2025 was RMB58.1 million, RMB38.8 million and RMB48.5 million, respectively. Our management believes that sufficient

## FINANCIAL INFORMATION

provision has been made at the end of each of the reporting periods. Going forward, to minimize the risk of building up inventory, we will continue to review our inventory levels on a regular basis. We believe that maintaining appropriate levels of inventories helps us deliver our products to meet the market demands in a timely manner without straining our liquidity.

As of April 30, 2026, RMB29.4 million, or 35.5%, of inventories as of December 31, 2025, had been used, consumed or sold. We believe there is no recoverability issue for inventories, in light of the facts that (i) we made sufficient provisions for our inventories during the Track Record Period and regularly conducted thorough assessments and made sufficient provisions; (ii) we controlled the level of aging inventories, and the proportion of inventories with an age of more than two years was less than 9% during the Track Record Period, which generally aligns with our management’s expectations; and (iii) as a result of our continuous inventory management, our inventory turnover has been improving during the Track Record Period. We will continue to actively monitor and manage our inventory level to prevent potential recoverability issues.

### Trade and Bills Receivables

Our trade and bills receivables primarily consisted of (i) trade receivables, primarily representing amounts due from our customers, and (ii) bill receivables, primarily representing bank acceptance notes, typically with a 90-day term. The following table sets forth a breakdown of our trade and bills as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Trade receivables . . . . .	113,104	168,304	166,108
Bills receivable . . . . .	15,547	4,713	24,532
Less: Impairment of trade receivables . .	(6,985)	(9,435)	(15,586)
<b>Total</b> . . . . .	<b>121,666</b>	<b>163,582</b>	<b>175,054</b>

The following table sets forth an aging analysis of our trade receivables, net of impairment, based on the revenue recognition date and net of loss allowance as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year . . . . .	101,469	154,157	143,044
One year to two years . . . . .	4,015	4,533	5,582
Two years to three years . . . . .	493	139	1,896
Three to four years . . . . .	142	40	–
<b>Total</b> . . . . .	<b>106,119</b>	<b>158,869</b>	<b>150,522</b>

We seek to maintain strict control over our outstanding receivables and have a credit control department to minimize credit risk. Overdue balances are reviewed regularly by our management. We normally provide our customers with a credit term of 30 to 90 days upon receipt of invoice or after monthly clearance subject to the creditworthiness of the relevant customers according to our customer credit management system.

Our trade and bills receivables increased by 34.5% from RMB121.7 million as of December 31, 2023 to RMB163.6 million as of December 31, 2024, primarily due to our growing sales during the Track Record Period. Our trade and bills receivables remained relatively stable at RMB163.6 million as of December 31, 2024 and RMB175.1 million as of December 31, 2025.

Our trade and bills receivables turnover days are calculated using the average of opening balance and closing balance of trade and bills receivables for a year divided by revenue for the relevant year and multiplied by 365 days. Our trade and bills receivables turnover days

## FINANCIAL INFORMATION

increased from 149.8 days in 2023 to 174.1 days in 2024, primarily due to our increased revenue in the fourth quarter of 2024, resulting in increased ending balance of trade and bills receivables in 2024. Our trade and bills receivables turnover days increased from 174.1 days in 2024 to 198.6 days in 2025, primarily because we allowed some customers to pay at a slightly longer cycle based on our long-term, stable relationship with them. The increased turnover days were also in line with the increase in our revenue.

As of April 30, 2026, RMB70.5 million, or 37.0%, of our trade and bills receivables as of December 31, 2025, had been settled. We believe that there is no recoverability issue for trade receivables, because we made a full provision for bad debts for trade receivable from customers experiencing financial difficulties where recovery is not expected. At the same time, our management regularly performs an impairment analysis on trade receivables and uses a provision matrix to measure expected credit losses. We believe that the current level of provision for trade receivables is adequate.

### Prepayments, Other Receivables and Other Assets (Current)

Our prepayments, other receivables and other assets (current) primarily included (i) prepayments we made to suppliers; (ii) value-added tax recoverable; and (iii) other receivables and deposits. Our prepayments, other receivables and other assets (current) decreased from RMB60.1 million as of December 31, 2023 to RMB55.4 million as of December 31, 2024, primarily because of a decrease in value-added tax recoverable, mainly as we received some VAT refunds from the tax authority in the first half of 2024. Our prepayments, other receivables and other assets (current) increased from RMB55.4 million as of December 31, 2024 to RMB65.2 million as of December 31, 2025, primarily because of (i) an increase in prepayments, which primarily consisted of advance payments for raw materials; and (ii) an increase in other receivables and deposits, mainly as a result of deposits we paid for certain sold and leased-back equipment, as partially offset by a decrease in value-added tax recoverable, mainly as we received some VAT refunds from the tax authority in 2025.

### Trade Payables

Our trade payables primarily represent the amounts due to our suppliers. Our trade payables increased by 105.5% from RMB76.0 million as of December 31, 2023 to RMB156.3 million as of December 31, 2024, and further increased by 20.6% to RMB188.4 million as of December 31, 2025, primarily due to a significant increase in our procurement of raw materials to support our capacity expansion and meet growing customer demand.

Our trade payables are non-interest-bearing and normally settled within three months upon monthly clearance. The following table sets forth an aging analysis of our trade payable based on the revenue recognition date as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Within one year . . . . .	72,547	148,776	139,444
Over one year . . . . .	3,469	7,474	48,932
<b>Total . . . . .</b>	<b>76,016</b>	<b>156,250</b>	<b>188,376</b>

Our trade payables turnover days are calculated using the average of opening balance and closing balance of trade payables for a year divided by cost of sales used for the relevant year and multiplied by 365 days. Our trade payables turnover days increased from 57.7 days in 2023 to 129.2 days in 2024 and further increased to 182.3 in 2025, primarily because certain suppliers allowed longer payment cycles for us due to our long-term, stable relationships with them. As of April 30, 2026, RMB48.0 million, or 25.5%, of our trade payables as of December 31, 2025 had been settled.

## FINANCIAL INFORMATION

### Other Payables and Accruals

Our other payables and accruals primarily consisted of (i) payable for purchase of property plant, and equipment, (ii) other payables and deposits, and (iii) payroll and welfare payable. The following table sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Payable for purchase of property plant, and equipment . . . . .	40,310	48,365	40,027
Output value added tax to be transferred . . . . .	969	8,828	14,861
Amounts due to the related parties . . . . .	39,269	57,527	980
[REDACTED] expenses payable . . . . .	[REDACTED]	[REDACTED]	[REDACTED]
Other payables and deposits . . . . .	10,254	30,995	31,900
Payroll and welfare payable . . . . .	20,250	31,189	25,616
Other tax payable . . . . .	1,105	1,826	1,776
<b>Total . . . . .</b>	<b>112,157</b>	<b>181,301</b>	<b>134,578</b>

Our other payables and accruals increased by 61.6% from RMB112.2 million as of December 31, 2023 to RMB181.3 million as of December 31, 2024, primarily due to (i) an increase in other payables and deposits resulting from security deposits payable to a newly acquired customer; (ii) an increase in payroll and welfare payable due to an increase in the number of employees; and (iii) an increase in amounts due to the related parties of the same background discussed above. Our other payables and accruals decreased by 25.8% from RMB181.3 million as of December 31, 2024 to RMB134.6 million as of December 31, 2025, primarily due to a decrease in amounts due to the related parties as a result of our repaying part of the amounts in 2025, as partially offset by an increase in other payables and deposits as a result of an increase in payables related to [REDACTED] expenses. As of April 30, 2026, RMB32.1 million, or 23.9%, of our other payables and accruals as of December 31, 2025 had been settled.

### LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash from operating cashflow, bank loans and capital contribution from shareholders. After the [REDACTED], we intend to finance our future capital requirements through cash generated from our business operations and the net [REDACTED] from the [REDACTED]. We do not anticipate any changes to the availability of financing to fund our operations in the future.

### Cash Flow

The following table sets forth a summary of our cash flows for the years indicated:

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

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## FINANCIAL INFORMATION

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### *Net Cash Flows Used in Operating Activities*

Net cash used in operating activities primarily comprises our loss before tax for the year adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital. We had negative cash flows from our operating activities during the Track Record Period.

In 2025, we had net cash used in operating activities of RMB111.5 million, which represents our loss before tax of RMB334.7 million, as adjusted by (i) the add-back of non-cash and non-operating items, primarily comprising (a) equity-settled share-based payments of RMB72.5 million, (b) depreciation of property, plant and equipment of RMB54.4 million, (c) finance costs of RMB23.9 million, and (d) depreciation of right-of-use assets of RMB18.4 million; and (ii) changes in working capital, primarily comprising (a) an increase in trade payables of RMB32.1 million, (b) a decrease in prepayments, other receivables and other assets of RMB33.4 million, and (c) an increase in other payables and accruals of RMB18.8 million, partially offset by (a) an increase in trade and bills receivables of RMB25.0 million, and (b) an increase in inventories of RMB13.7 million.

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

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

In 2023, 2024 and 2025, our net operating cash outflows amounted to RMB119.7 million, RMB24.1 million and RMB111.5 million, respectively. Although net operating cash outflows persisted during the Track Record Period, the total cash and cash equivalents increased during the same period. The primary reasons for the operating cash outflows during the Track Record Period are as follows: (i) to respond to the intensifying SiC market competition, we adopted a forward-looking pricing strategy, causing certain gross losses in our core business during the Track Record Period. See “Business — Key Operational Data — Commentary on Sales Volume and ASP — SiC Power Module — Underlying Reasons of the Decreasing ASP;” and (ii) to ensure smooth market development, new products R&D and production process optimization, we maintained a relatively significant level of expenses to support not only current operations but also long-term competitiveness.

During the Track Record Period, we implemented multiple measures to improve profitability, which is the key to ultimately continuously enhance operating cash flow. See “Business — Path to Profitability — Gross Margin Improvement.” We also implemented the following as of December 31, 2025 to improve our operating cash flow: (i) optimize production management systems and promptly reduce inventory to free up cash. During the Track Record Period, we shortened production cycles by establishing in-house production facilities and continuously refining outsourced manufacturing processes, facilitating a transition to a sales-driven production model. This reduced capital tied up in advance production and mitigated inventory impairment risks; and (ii) enhance management of trade receivable and trade payable and optimize collection and payment arrangements. We have implemented customer tiering management and a key-account strategy, prioritizing cooperation with industry-leading customers to ensure timely collections and minimize the risk of bad debts. Going forward, we will accelerate the turnover of trade receivables by negotiating with customers and utilizing financial instruments. At the same time, our rapid business expansion and enhanced supplier management have improved our credit profile and bargaining power. We have adopted targeted supply-chain optimization measures, including a phased, multi-tier supplier framework for raw materials and outsourced production. While maintaining quality standards, these initiatives have fostered constructive price competition, enabling us to secure favorable pricing, extended payment terms, and more flexible payment arrangements, thereby stabilizing operating cash outflows.

## FINANCIAL INFORMATION

### *Net Cash Flows Used in Investing Activities*

In 2025, our net cash flows used in investing activities was RMB110.2 million, which was primarily attributable to (i) purchase of financial asset at FVTPL of RMB194.7 million, (ii) purchase of items of property, plant and equipment of RMB93.5 million and (iii) purchase for leasehold land of 15.9 million, partially offset by proceeds from redemption of financial assets at FVTPL of RMB194.8 million.

In 2024, our net cash flows used in investing activities was RMB36.5 million, which was primarily attributable to (i) purchase of financial asset at FVTPL of RMB78.1 million, and (ii) purchase of items of property, plant and equipment of RMB36.6 million, partially offset by proceeds from redemption of financial assets at FVTPL of RMB78.2 million.

In 2023, our net cash flows used in investing activities was RMB141.2 million, which was primarily attributable to (i) purchase of items of property, plant and equipment of RMB146.0 million, and (ii) purchase of financial asset at FVTPL of RMB111.7 million, partially offset by proceeds from redemption of financial assets at FVTPL of RMB115.2 million.

### *Net Cash Flows Generated from Financing Activities*

In 2025, our net cash flows generated from financing activities were RMB275.2 million, primarily attributable to (i) new bank and other borrowings of RMB444.7 million, (ii) loans from related parties of RMB215.5 million, (iii) proceeds from issue of shares of RMB150.0 million and (iv) capital contributions from non-controlling shareholders of RMB150.0 million, partially offset by (i) repayment of bank and other borrowings of RMB377.3 million, and (ii) repayment of related party loans of RMB272.0 million.

In 2024, our net cash flows generated from financing activities were RMB71.4 million, primarily attributable to (i) new bank and other borrowings of RMB259.1 million, and (ii) loans from related parties of RMB109.0 million, partially offset by (i) repayment of bank and other borrowings of RMB191.2 million, and (ii) repayment of related party loans of RMB91.9 million.

In 2023, our net cash flows generated from financing activities were RMB191.4 million, primarily attributable to (i) new bank and other borrowings of RMB173.6 million, and (ii) proceeds from issue of shares of RMB95.8 million, partially offset by repayment of bank and other borrowings of RMB96.4 million.

## CASH OPERATING COSTS

The following table sets forth key information relating to our cash operating costs for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Workforce employment <sup>(1)</sup> . . . . .	93,911	106,109	126,848
Research and development <sup>(2)</sup> . . . . .	27,047	25,206	34,776
Direct production costs, including materials <sup>(3)</sup> . . . . .	211,802	216,820	288,195
Product marketing <sup>(4)</sup> . . . . .	8,834	7,645	7,110
Non-income taxes and other charges . . . . .	2,565	1,787	3,317
<b>Total</b> . . . . .	<b>344,159</b>	<b>357,567</b>	<b>460,246</b>

*Notes:*

- (1) Calculated by adding our employee benefits expenses under our cost of sales, selling and distribution expenses, administrative expenses, as well as R&D costs, adjusted by changes in working capital relating to payroll and welfare as of previous and current year end.
- (2) Calculated by our R&D costs less (i) employee benefits expenses under our R&D costs, and (ii) non-cash items, including depreciation and amortization as well as share-based payment expenses under R&D costs.

## FINANCIAL INFORMATION

- (3) Calculated by our cost of sales less (i) employee benefits expenses under our cost of sales, and (ii) non-cash items, including depreciation and amortization under our cost of sales and inventory write-down, adjusted by changes in working capital relating to prepayments, trade payables and inventory as of previous and current year end.
- (4) Calculated by our selling and distribution expenses less (i) employee benefits expenses under our selling and distribution expenses, and (ii) non-cash items, including depreciation and amortization as well as share-based payment expenses under selling and distribution expenses.

### INDEBTEDNESS

As of December 31, 2023, 2024, 2025 and April 30, 2026, our indebtedness included (i) interest-bearing bank and other borrowings; (ii) lease liabilities, (iii) redemption liabilities to non-controlling shareholders, and (iv) amounts due to related parties (non-trade). Except as otherwise disclosed in this document, we currently do not have material external financing plans. The following table sets forth the breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2023	2024	2025	2026
	<i>(RMB in thousands)</i>			<i>(Unaudited)</i>
<b>Current</b>				
Interest-bearing bank and other borrowings . . . . .	179,149	233,589	313,987	345,871
Lease liabilities . . . . .	14,666	19,022	13,395	12,337
Redemption liabilities to non-controlling shareholders . . . . .	–	41,976	45,795	46,598
Amounts due to related parties (non-trade) . . . . .	38,330	56,139	–	–
<b>Non-current</b>				
Interest-bearing bank and other borrowings . . . . .	5,775	20,332	10,310	15,356
Lease liabilities . . . . .	62,367	48,487	36,362	35,600
Redemption liabilities to non-controlling shareholders . . . . .	38,466	–	168,467	221,792
<b>Total</b> . . . . .	<b>338,753</b>	<b>419,545</b>	<b>588,316</b>	<b>677,554</b>

### Interest-bearing Bank and Other Borrowings

Our interest-bearing bank and other borrowings primarily represent secured and unsecured bank loans and other financing we secured to supplement our working capital. As of December 31, 2023, 2024, 2025 and April 30, 2026, our total interest-bearing bank and other borrowings (including current and non-current portions) amounted to RMB184.9 million, RMB253.9 million, RMB324.3 million and RMB361.2 million, respectively. Our borrowings are all denominated in Renminbi. The effective interest rate on our bank loans ranged from 2.67% to 8.00% during the Track Record Period.

### Lease Liabilities

As of December 31, 2023, 2024, 2025 and April 30, 2026, our total lease liabilities (including current and non-current portions) amounted to RMB77.0 million, RMB67.5 million, RMB49.8 million and RMB47.9 million, respectively. Our total lease liabilities decreased by 12.3% from RMB77.0 million as of December 31, 2023 to RMB67.5 million as of December 31, 2024, and further decreased by 26.2% to RMB49.8 million as of December 31, 2025, primarily because of the regular passage of lease terms. Our total lease liabilities remained relatively stable at RMB47.9 million as of April 30, 2026.

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## FINANCIAL INFORMATION

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### Redemption Liabilities to Non-controlling Shareholders

Our redemption liabilities to non-controlling shareholders represented the value of our repurchase obligation to the investors of our subsidiaries, Nanjing BASiC and SZ Packaging, measured at amortized cost using the effective interest rate method over the period from the closing date to the maturity date, taking into account the terms and conditions upon which the repurchase obligation was granted. As of December 31, 2023, 2024, 2025, and April 30, 2026, our total redemption liabilities to non-controlling shareholders (including current and non-current portions) amounted to RMB38.5 million, RMB42.0 million, RMB214.3 million and RMB268.4 million, respectively. The increase in the ending balance of our total redemption liabilities to non-controlling shareholders from December 31, 2023 to December 31, 2025 was due to the relevant accretion of interest recognized throughout the same period. Our Directors anticipate repurchasing all the shares from the non-controlling shareholders in Nanjing BASiC with an expected consideration of approximately RMB47.0 million by July 2026, with the relevant auditing starting from the end of 2025. The increase in non-current redemption liabilities to non-controlling shareholders from nil as of December 31, 2024 to RMB168.5 million as of December 31, 2025 was due to the investors’ right granted in the Capital Increase Agreement in respect of SZ Packaging entered on May 23, 2025. See “History, Development and Corporate Structure — Capital Increase in SZ Packaging” and Note 28 in the Accountants’ Report of Appendix I to this document. The investors’ repurchase rights in respect of SZ Packaging are not expected to be triggered upon the [REDACTED]. Consequently, the redemption liabilities in respect of SZ Packaging are not expected to be extinguished or converted into equity upon [REDACTED].

### Amounts Due to Related Parties (Non-trade)

Our amounts due to related parties (non-trade) represented amounts of loans to be repaid to our related party. Our amounts due to related parties (non-trade) amounted to RMB38.3 million as of December 31, 2023, RMB56.1 million as of December 31, 2024, nil as of December 31, 2025 and nil as of April 30, 2026. Our amounts due to related parties (non-trade) are unsecured, non-trade in nature. The majority of our amounts due to related parties (non-trade) bear an interest rate of 4.35% p.a. We had settled these amounts as of December 31, 2025. See Note 37(d) in the Accountants’ Report of Appendix I to this document.

As of April 30, 2025, we had committed unutilized banking facilities of approximately RMB366.6 million.

Our Directors confirm that there was no material covenant on any of our outstanding debt as of the Latest Practicable Date, and there was no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that we did not experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, as of April 30, 2025, we did not have any material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptances (other than normal trade bills), or acceptance credits, which were either guaranteed or unguaranteed, secured or unsecured. Our Directors confirm that there has not been any material change in our indebtedness since April 30, 2025 and up to the Latest Practicable Date.

### CONTINGENT LIABILITIES

As of December 31, 2023, 2024 and 2025, we did not have any material contingent liabilities.

## FINANCIAL INFORMATION

### KEY FINANCIAL RATIOS

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

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

*Notes:*

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

### R&D EXPENDITURE AND TOTAL OPERATING EXPENDITURE

During the Track Record Period, our R&D expenditure primarily consisted of R&D costs adjusted by adding back intangible assets acquired from third parties and capitalized in connection with R&D software and deducting amortization expense of capitalized intangible assets included in R&D expenditure. Our total R&D expenditure is wholly attributable to the R&D of specialized technologies in the Specialist Technology Industry. The table below sets forth our annual and total R&D expenditure for the periods indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>R&amp;D costs</b> . . . . .	75,827	91,087	109,734
<b>Adjustments:</b>			
Add: Intangible assets acquired from third parties and capitalized . . . . .	222	–	4,273
Less: Amortization expense of capitalized intangible assets included in R&D expenditure . . . . .	(394)	(394)	(937)
<b>R&amp;D expenditure for the years</b> . . . . .	<u>75,655</u>	<u>90,693</u>	<u>113,070</u>
<b>Total R&amp;D expenditure</b> <sup>(1)</sup> . . . . .			<u>279,418</u>

The table below sets forth our annual and total operating expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>R&amp;D costs</b> . . . . .	75,827	91,087	109,734
<b>Selling and distribution expenses</b> . . . . .	38,700	35,524	43,658
<b>Administrative expenses</b> . . . . .	82,365	86,352	129,333

## FINANCIAL INFORMATION

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
<b>Adjustments:</b>			
Add: Intangible assets acquired from third parties and capitalized . . . . .	222	–	4,273
Less: Amortization expense of capitalized intangible assets included in R&D expenditure . . . . .	(394)	(394)	(937)
<b>Total operating expenditure for the years . . . . .</b>	<b>196,720</b>	<b>212,569</b>	<b>286,061</b>
<b>Total operating expenditure<sup>(1)</sup> . . . . .</b>			<b>695,350</b>

*Note:*

(1) Representing the total indicated expenditure for the year of 2023, 2024 and 2025.

The table below sets forth our annual R&D expenditure ratio and total R&D expenditure ratio for the years indicated:

	Year ended December 31,		
	2023	2024	2025
R&D expenditure ratio for the years (%) <sup>(1)</sup> . . . . .	38.5	42.8	39.5
Total R&D expenditure ratio (%) <sup>(2)</sup> . . . . .			40.2

*Notes:*

(1) Calculated by dividing R&D expenditure for the years by total operating expenditure for the same years.  
 (2) Calculated by dividing total R&D expenditure by total operating expenditure.

### CAPITAL EXPENDITURES

In 2023, 2024 and 2025, our capital expenditures were RMB146.0 million, RMB36.6 million and RMB112.5 million, respectively, representing purchase of items of property, plant and equipment, purchase of items of intangible assets and payment for leasehold land. We funded these expenditures mainly with cash from operating cashflow, bank loans and capital contribution from shareholders. The table below sets forth our capital expenditure for the years indicated:

	Year ended December 31,		
	2023	2024	2025
	<i>(RMB in thousands)</i>		
Purchase of items of property, plant and equipment . . . . .	(145,974)	(36,609)	(93,520)
Purchase of items of intangible assets . . . . .	–	–	(3,088)
Payment for leasehold land . . . . .	–	–	(15,863)
<b>Total . . . . .</b>	<b>145,974</b>	<b>36,609</b>	<b>112,471</b>

Following the [REDACTED], we will continue to incur capital expenditures to grow our business. We plan to fund our planned capital expenditures primarily with cash flows generated from our operations, bank borrowings and the net [REDACTED] received from the [REDACTED]. See “Future Plans and Use of [REDACTED].” We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

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## FINANCIAL INFORMATION

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### CAPITAL COMMITMENTS

As of December 31, 2023, 2024 and 2025, we recorded capital commitments of RMB39.8 million, RMB24.4 million and RMB19.3 million, respectively, which were related to property, plant and equipment. See Note 36 to the Accountants’ Report of Appendix I to this document.

In addition, we recorded short-term lease commitments of RMB0.1 million, RMB0.2 million and RMB0.2 million as of December 31, 2023, 2024 and 2025, respectively.

### RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 37 to the Accountants’ Report of Appendix I to this document. Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm’s-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

### OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

As of the Latest Practicable Date, we had not entered into any off-balance sheet arrangements.

### FINANCIAL RISKS DISCLOSURE

Our principal financial instruments mainly include cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for our operations. We have various other financial assets and liabilities, such as trade receivables and trade payables, which arise directly from our operations. The main risks arising from our financial instruments are interest rate risk, credit risk, and liquidity risk. We do not hold or issue derivative financial instruments either for hedging or for trading purposes. The policies on how to mitigate these risks are set out below. See Note 41 to the Accountants’ Report of Appendix I to this document for a detailed description of our financial risk management.

### DIVIDENDS AND DIVIDEND POLICY

No dividends have been paid or declared by our Company during the Track Record Period. We do not have any formal dividend policy nor pre-determined dividend payout ratio. Subject to legal, regulatory, corporate governance and other contractual restrictions, any future declarations and payments of dividends will be at the discretion of our Directors and will depend on our actual and expected results of operations, cash flow and financial position, general business conditions and business strategies, expected working capital requirements and future expansion plans, and other factors which our Directors consider relevant. As advised by our PRC Legal Adviser, any future net profit that we make shall be used to pay or declare dividends after our Board has formulated a profit distribution plan and approved by our Shareholders in a general meeting. However, such net profit must be first applied to make up for our historically accumulated losses, after which we will be obliged to allocate 10% of our net profit to our statutory common reserve fund until such statutory common reserve fund has reached more than 50% of our registered capital.

### WORKING CAPITAL

The Directors are of the opinion that, taking into account the financial resources available to us, including but not limited to our future operating cash flows, cash and cash equivalents on hand, bank facilities available, and the estimated net [REDACTED] from the [REDACTED], we have sufficient working capital to meet our present requirements for the next 12 months from the date of this document.

Our cash burn rate refers to the average monthly aggregate amount of (i) net cash used in operating activities, (ii) payments for property, plant and equipment, (iii) payments of lease liabilities, and (iv) interest paid on bank and other borrowings. Our historical cash burn rate

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## FINANCIAL INFORMATION

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was RMB23.8 million, RMB6.9 million and RMB19.7 million in 2023, 2024 and 2025, respectively. Our relatively high burn rate in 2023 and 2025 was primarily due to significant cash expenditure on purchasing property, plant and equipment for the construction of Guangming production base and upgrading of our existing production bases. We had an aggregate of cash and cash equivalents of RMB124.5 million and committed unutilized banking facilities of RMB366.6 million (including project-based loans of RMB51.6 million), totalling RMB491.1 million, as of April 30, 2026. We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million after deducting the [REDACTED] fees and expenses payable by us in the [REDACTED], assuming no [REDACTED] is exercised and assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED], being the low-point of the indicative [REDACTED] range in this document.

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

### DISTRIBUTABLE RESERVES

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

### [REDACTED] EXPENSES

The [REDACTED] expenses represent professional fees, [REDACTED] commission, and other fees incurred in connection with the [REDACTED] and the [REDACTED]. We estimate that our [REDACTED] expenses, will be approximately HK\$[REDACTED] million (including (i) [REDACTED] commission of approximately HK\$[REDACTED] million, and (ii) non-[REDACTED] related expenses of approximately HK\$[REDACTED] million, which consist of fees and expenses of legal advisors and Reporting Accountant approximately HK\$[REDACTED] million and other fees and expenses of approximately HK\$[REDACTED] million), representing approximately [REDACTED]% of the gross [REDACTED] from the [REDACTED], (assuming an [REDACTED] of HK\$[REDACTED] per [REDACTED] (being the mid-point of the indicative [REDACTED] range) and no exercise of the [REDACTED]). Among the total [REDACTED] expenses, approximately HK\$[REDACTED] million is directly attributable to the issue of our [REDACTED] and will be deducted from equity upon the completion of the [REDACTED], approximately RMB[REDACTED] million (equivalent to HK\$[REDACTED] million) has been expensed during the Track Record Period, and the remaining amount of approximately HK\$[REDACTED] million is expected to be expensed upon the [REDACTED].

## **FINANCIAL INFORMATION**

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### **UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS**

See “Appendix II — Unaudited [REDACTED] Financial Information.”

### **NO MATERIAL ADVERSE CHANGE**

Our Directors have confirmed that up to the date of this document there has been no material adverse change in our financial or trading position or prospects since December 31, 2025, being the end date of the periods reported in the Accountants’ Report to Appendix I to this document, and there is no event since December 31, 2025 that would materially affect the information as set out in the Accountants’ Report of Appendix I to this document.

### **DISCLOSURE REQUIRED UNDER THE LISTING RULES**

Our Directors confirm that, as of the Latest Practicable Date, there was no circumstance that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.