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Application Proof of

Shenzhen Vergiga Semiconductor Co., Ltd.
深圳市威兆半導體股份有限公司

(the "**Company**")

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

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Shenzhen Vergiga Semiconductor Co., Ltd.
深圳市威兆半導體股份有限公司

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

[REDACTED]

Number of [REDACTED] under the [REDACTED]	**:**	**[REDACTED] H Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] H Shares (subject to [REDACTED] and the [REDACTED])**
Maximum [REDACTED]	**:**	**HK$[REDACTED] per [REDACTED], plus brokerage of 1%, SFC transaction levy of 0.0027%, Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**RMB1.00 per H Share**
[REDACTED]	**:**	**[REDACTED]**

***Sole Sponsor,* [REDACTED] *and* [REDACTED]**

广发证券 GF SECURITIES

[REDACTED] *and* [REDACTED]

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[REDACTED]

IMPORTANT

[**REDACTED**]

IMPORTANT

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

EXPECTED TIMETABLE

[**REDACTED**]

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SUMMARY

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

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

OVERVIEW

Who We Are

We are a provider of power semiconductor devices with an established market presence in China, focusing on the research and development, design and sales of high-performance power semiconductor devices, especially our WLCSP products, one of our key products with advanced semiconductor packaging technology and known for their compact size, strong thermal performance and impact resistance. Our power semiconductor devices are components used to control, convert and manage electrical power, ensuring electricity is delivered at the right voltage and current for different devices, which are consisted of (i) medium-and-low-voltage products, which are further divided, in terms of packaging methods, into WLCSP and non-WLCSP products, and are widely used in consumer electronics, automotive electronics and industrial power supplies, and (ii) high-voltage products, which are designed to withstand higher voltages and operate reliably in more demanding environments, and are widely used in automotive electronics and industrial applications.

We focus on the design, R&D and sales of our products while outsourcing a majority of wafer manufacturing, packaging and testing processes to trusted third-party partners. Meanwhile, we retain in-house capabilities for certain critical wafer manufacturing and packaging and testing processes, which primarily includes (i) key back-end wafer processing steps, mainly including wafer plating, back grinding and backside metallization, that are critical to achieving low on-resistance, efficient heat dissipation and high current-carrying capacity of devices, and directly affect product yield and reliability, and (ii) WLCSP packaging and testing processes, that ensure the autonomy and control of advanced packaging technologies. Based on this model, we are able to identify and address technical issues at an earlier stage of development, implement design and process modifications more efficiently, and reduce reliance on third-party packaging and testing service providers, and therefore can shorten the turnaround time between product design, prototype validation and engineering iterations, thereby accelerating product development and product iteration. Such mixed business model combines the flexibility of outsourcing standardized manufacturing with in-house manufacturing capabilities, allowing us to maintain supply chain flexibility and achieve effective cost and quality control. For further information on our business model, see "Business — Our Business Model."

Our in-house capabilities for certain critical wafer manufacturing and packaging and testing processes are maintained at our Zhuhai factory. The establishment of our Zhuhai factory in 2024 has contributed significantly to our financial performance and profit margins. Following the commencement of mass production at our Zhuhai factory by the end of 2024, we achieved reduced outsourcing costs and improved economies of scale. For example, the per-unit cost of our WLCSP products manufactured in-house was consistently lower than that of outsourced processing. As the proportion of WLCSP products manufactured in-house continuously increased, the overall per-unit cost of WLCSP products decreased by approximately 23.4% from 2024 to 2025, and by approximately 7.7% for the five months ended 31 May 2026 as compared to the corresponding period in 2025. Our gross profit margin of

WLCSP products increased from 18.6% in 2024 to 31.7% in 2025. Our gross profit margin decreased from 28.8% in the five months ended May 31, 2025 to 23.9% in the five months ended May 31, 2026, with the improved cost efficiency partially offsetting industry-wide pricing pressure and mitigated the overall contraction in our gross margin. For a detailed discussion, please refer to "Financial Information — Review of Historical Results of Operations — Revenue," "Cost of Sales," and "Gross Profit and Gross Profit Margin." According to CIC, we are one of the few power semiconductor device providers in China that have in-house capabilities for both critical wafer manufacturing processes and advanced packaging and testing. For further information on the typical challenges our mixed business model faces compared with IDM and fabless models, see "Industry overview — Overview of the Power Semiconductor Device industry — Industry Chain of Power Semiconductor Device Industry" and "— Competitive Overview of China's Power Semiconductor Device Industry — Competitive Landscape of China's Power Semiconductor Device Industry."

Our Diversified Product Portfolio and Applications

We offer a comprehensive portfolio of power semiconductor devices, which are categorized into (i) medium-and-low-voltage power semiconductor devices and (ii) highvoltage power semiconductor devices based on a voltage rating of 600V as a general threshold. The 600V threshold is widely recognized in the power semiconductor industry as the standard boundary between medium-and-low-voltage and high-voltage devices, as it represents the minimum voltage rating generally required for devices designed to operate directly from the power grid with an appropriate safety margin. Specifically,

- ***Medium-and-low-voltage products***: In terms of the power semiconductor device structure, our medium-and-low-voltage products mainly include Trench MOSFETs and SGT MOSFETs. These products are widely used in consumer electronics, automotive electronics and industrial applications. Our medium-and-low-voltage power semiconductor devices are further divided, in terms of packaging methods, into (i) WLCSP products using advanced WLCSP packaging processing techniques, which represent a commonly adopted advanced packaging technology in the semiconductor industry, and (ii) non-WLCSP products, which are packaged using other methods, such as PDFN, DFN, TOLL and SOP methods. Our WLCSP products, known for their compact size, strong thermal performance and impact resistance, are key components in lithium battery protection for smartphones, tablets and wearables. Our non-WLCSP products are widely applied across consumer, industrial and automotive electronics, including but not limited to mobile phone power management and chargers, drones and automotive domain control systems. While WLCSP products are typically used in compact portable devices, our non-WLCSP products remain essential across a broader range of application scenarios.

- ***High-voltage products***: In terms of the power semiconductor device structure, our high-voltage products mainly include IGBT, SJ MOSFETs and Planar MOSFETs. Designed for the need of high-voltage, high-power density and reliability in demanding environments, these products are extensively used in application scenarios such as automotive electronics and industrial applications.

Our WLCSP Technology

We have strategically invested in the WLCSP technology, recognizing its critical role in driving the performance of power semiconductor devices and enabling downstream applications. WLCSP is a packaging technique that uses advanced processes without resin or wire bonding. WLCSP offers several advantages, including compact size, outstanding electrical performance, and excellent heat dissipation capabilities, and is widely used in high performance applications such as intelligent cockpits and wearable devices. According to CIC, our WLCSP products (i) feature a package thickness of as low as 0.095mm, significantly

thinner than traditional packaging; (ii) achieve a chip-to-package area ratio close to 1:1, larger than traditional packaging; and (iii) reduce package volume by approximately 66% compared to traditional BGA/QFN packaging.

Our In-house Manufacturing and Packaging Capabilities

Our in-house capabilities for certain critical wafer manufacturing and packaging and testing processes are maintained at our Zhuhai factory, which commenced operations in 2024. Our Zhuhai factory specializes in wafer processing and advanced packaging and testing. Our Zhuhai factory is certified under IATF 16949 for automotive quality management. Equipped with state-of-the-art manufacturing equipment, the Zhuhai factory supports the commercialization of our proprietary technologies.

At our Zhuhai factory, we conduct (i) certain specific back-end wafer processing steps such as wafer plating, back grinding and backside metallization; and (ii) WLCSP packaging and testing processes to support efficient delivery while meeting stringent quality and customization demands. Building on our existing production processes, we have continuously expanded our production capacity and enhanced our manufacturing capabilities to support the growth in our sales volume and evolving customer demand.

The factory also includes a high-standard reliability testing laboratory that is accredited by China National Accreditation Service for Conformity Assessment ("**CNAS**"). Testing conducted at, and certifications issued by our laboratory is recognized by CNAS. According to CIC, this is one of the few most advanced laboratories and with the largest investment among power semiconductor device companies in Southern China. The laboratory primarily conducts long-term stability, environmental adaptability and lifespan testing for our power semiconductor devices to ensure their performance under complex operating conditions.

Through the establishment and ramp-up of our Zhuhai factory, we shifted a greater portion of production in-house, which translated into a clear improvement in profitability. In particular, the per-unit cost of our WLCSP products manufactured in-house was consistently lower than that of outsourced processing. As the proportion of WLCSP products manufactured in-house continuously increased, the overall per-unit cost of WLCSP products decreased by approximately 23.4% from 2024 to 2025, and by approximately 7.7% for the five months ended 31 May 2026 as compared to the corresponding period in 2025. our gross profit margin increased from 17.4% in 2024, prior to the commencement of operations, to 23.6% in 2025. This improvement was primarily driven by reduced reliance on external contractors and lower outsourcing fees, as well as economies of scale achieved as production volume increased, allowing fixed costs to be spread over a larger output base. Our gross profit margin decreased from 22.4% in the five months ended May 31, 2025 to 17.9% in the five months ended May 31, 2026. This decline was primarily attributable to market-driven pricing adjustments. Our sustained cost efficiency partially offset the industry impact on pricing, thereby limiting the overall margin contraction. The expansion of in-house capacity also enhanced our cost competitiveness and operational responsiveness, supporting higher transaction volumes and stronger customer relationships.

High-growth Market Opportunities

Power semiconductor devices, as core components for power conversion and circuit control, are closely tied to downstream markets. The industry is experiencing robust growth driven by stable consumer electronics demand, the widespread adoption of new energy vehicles, accelerated deployment of renewable energy and the rise of AI technologies. According to CIC, the Chinese power semiconductor device market grew from RMB80.7 billion in 2021 to RMB109.0 billion in 2025, with a CAGR of 7.8%, and is projected to reach RMB180.4 billion by 2030, representing a CAGR of 10.4% from 2026 to 2030.

Opportunities from Advanced Packaging Technology

The demand for smaller, lighter and higher-performing electronic products continues to drive advancements in packaging technologies, especially the WLCSP technology. With further technological maturity and cost optimization, WLCSP is expected to expand into a broader range of semiconductor products, driving innovation in the industry. According to CIC, the Chinese WLCSP MOSFET industry grew from RMB2.1 billion in 2021 to RMB3.1 billion in 2025, with a CAGR of 9.4%, and is projected to reach RMB5.5 billion by 2030, representing a CAGR of 14.3% from 2026 to 2030.

OUR STRENGTHS

We believe the following strengths position us well to capitalize on future opportunities and deliver continued growth: (i) our recognized market position and track record in China's power semiconductor industry; (ii) our strategic focus on WLCSP products to capitalize on key industry trends; (iii) our R&D capabilities driving product performance and cost competitiveness; (iv) our customer-centric approach driving long-term partnerships with leading customers; (v) our mixed business model combining supply chain flexibility with in-house control of core manufacturing processes; and (vi) our seasoned management team building a smart and digitalized business and a team of strong execution capability.

OUR STRATEGIES

We plan to pursue the following strategies: (i) continue to invest in the development and application of advanced packaging technologies, including WLCSP; (ii) maintain our R&D-driven strategy and increase R&D investment; (iii) focus on core application scenarios and continuously explore new application scenarios; (iv) enhance our supply chain resilience and quality through both in-house development and external collaboration; and (v) prudently pursue strategic partnerships and investment opportunities.

OUR CUSTOMERS AND SUPPLIERS

For the years ended December 31, 2023, 2024, 2025, and the five months ended May 31, 2026, our five largest customers in each period together generated RMB280.4 million, RMB335.6 million, RMB469.0 million and RMB239.9 million of revenues, respectively, accounting for 48.7%, 53.8%, 57.6% and 67.9% of our total revenue, respectively. In addition, revenues generated from our largest customer in each period accounted for 13.8%, 16.6%, 23.1% and 29.7% of our total revenues for the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026, respectively. For further details, see "Business — Our Customers."

For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, purchases from our five largest suppliers in each year amounted to RMB359.8 million, RMB397.3 million, RMB493.3 million and RMB218.8 million, respectively, representing 80.5%, 81.1%, 71.3% and 70.1% of our total purchases, respectively. In addition, purchases from our largest supplier in each year accounted for 29.5%, 47.7%, 21.7% and 19.9% of our total purchases for the years ended December 31, 2023, 2024, 2025, and for the five months ended May 31, 2026, respectively. For further details, see "Business — Our Suppliers."

COMPETITION

The power semiconductor device industry in which we operate is intensely competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and services and constant emergence of new industry standards and practices.

According to CIC, the Chinese power semiconductor device industry remains relatively concentrated, with the top ten participants accounting for over half of domestic market share in terms of revenue. These companies lead in core power technologies covering silicon, silicon carbide and gallium nitride and have long dominated high-end applications such as consumer electronics, automotive electronics, industrial applications, and emerging AI sectors, thus forming a stable supply framework.

Meanwhile, Chinese companies, although relatively smaller in scale, have rapidly expanded their market share by leveraging their technological innovation capabilities, driven largely by domestic demand and growth of the downstream industry. While most Chinese companies remain focused on the low- to mid-end segments, their role in the global landscape is expected to grow as localization advances and investments in process upgrades and packaging technologies deepen. Bridging the technological gap with established overseas companies remains a key priority, particularly as China pushes for greater self-sufficiency and competitiveness in core power semiconductor device components. See "Industry Overview" for more information about the competitive landscape we face.

RISK FACTORS

We believe there are certain risks and uncertainties involved in our operations, some of which are beyond our control. We have categorized these risks and uncertainties into: (i) risks relating to our business and industry, (ii) risks relating to conducting business in the jurisdictions we operate and (iii) risks related to the [**REDACTED**]. Some of the major risks we face include, but are not limited to: (i) the industry in which we operate is highly competitive. If we fail to compete successfully against other market players, our business, financial condition and results of operations may be materially and adversely affected; (ii) new scientific and technological outcomes or trends could make our products uncompetitive and obsolete; (iii) our products are primarily used by end customers of certain industries and sectors. Factors that adversely affect these industries and sectors or any particular end customers may adversely affect our business, financial condition and results of operations; (iv) we generated a substantial portion of our revenue through our distribution network. Any decrease in sales from, or loss of our distributors may have adverse impacts on our business, financial condition and results of operations; and (v) the size of the markets in which we operate and the demand for our products may not increase as quickly as we anticipate due to a variety of factors, which would materially and adversely affect our business, financial condition, results of operations and prospects.

SUMMARY OF HISTORICAL FINANCIAL INFORMATION

The summary of consolidated financial information should be read together with the consolidated financial information to the Accountants' Report set out in Appendix I to this document, including the accompanying notes and the information set out in "Financial Information" in this document.

Summary of Consolidated Statements of Profit or Loss

The following table sets out key items of our consolidated statements of profit or loss for the years indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Revenue	575,477	100.0	624,259	100.0	814,135	100.0	347,187	100.0	353,267	100.0
Cost of sales	(488,075)	(84.8)	(515,370)	(82.6)	(621,974)	(76.4)	(269,310)	(77.6)	(290,036)	(82.1)
Gross profit	87,402	15.2	108,889	17.4	192,161	23.6	77,877	22.4	63,231	17.9
Profit for the year	13,977	2.4	19,353	3.1	50,516	6.2	26,529	7.6	(510)	(0.1)

Revenue by Products

The following table sets forth a breakdown of our revenue by products, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Medium-and-low-voltage power semiconductor devices	536,089	93.1	561,565	90.0	765,658	94.0	321,967	92.7	342,815	97.0
WLCSP products	161,345	28.0	243,872	39.1	321,037	39.4	160,672	46.3	96,686	27.4
Non-WLCSP products	374,744	65.1	317,693	50.9	444,621	54.6	161,295	46.4	246,129	69.6
High-voltage power semiconductor devices	6,801	1.2	10,076	1.6	13,113	1.7	6,605	1.9	4,264	1.2
Others[(1)]	32,587	5.7	52,618	8.4	35,359	4.3	18,615	5.4	6,188	1.8
Total	**575,477**	**100.0**	**624,259**	**100.0**	**814,135**	**100.0**	**347,187**	**100.0**	**353,267**	**100.0**

Note:

(1) Others primarily included our revenue from sales of wafers and provision of processing services and reliability testing services.

Gross Profit and Gross Profit Margin by Products

The table below sets forth a breakdown of our gross profit and gross profit margin by products for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Sales of products										
Medium-and-low-voltage power semiconductor devices	113,011	21.1	122,460	21.8	188,840	24.7	76,518	23.8	63,943	18.7
WLCSP products	32,855	20.4	45,243	18.6	101,660	31.7	46,263	28.8	23,097	23.9
Non-WLCSP products	80,156	21.4	77,217	24.3	87,180	19.6	30,255	18.8	40,846	16.6
High-voltage power semiconductor devices	538	7.9	(2,354)	(23.4)	(5,586)	(42.6)	(1,890)	(28.6)	633	14.8
Others[(1)]	4,833	14.8	10,990	20.9	10,181	28.8	5,476	29.4	1,529	24.7
Subtotal	118,382	20.6	131,096	21.0	193,435	23.8	80,104	23.1	66,105	18.7
Write-down of inventories	30,980		22,207		1,274		2,227		2,874	
Total	**87,402**	**15.2**	**108,889**	**17.4**	**192,161**	**23.6**	**77,877**	**22.4**	**63,231**	**17.9**

Note:

(1) Others primarily included sales of wafers and provision of processing services and reliability testing services.

NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measures. These measures are not required by, nor presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance across periods and among companies by eliminating the potential impact of certain items. They provide useful information to [**REDACTED**] and other stakeholders in understanding and evaluating our consolidated results of operations in a manner consistent with how they assist our management. Nevertheless, our presentation of adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS. We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted for share-based payments and [**REDACTED**]. The following table sets forth a reconciliation of our profit/(loss) for the year/period to adjusted net profit (non-IFRS measure) for the years/periods indicated.

	For the year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net profit/(loss) for the year/period	13,977	19,353	50,516	26,529	(510)
Add:					
Share-based payment expenses[(1)]	(2,395)	298	5,357	1,506	3,966
[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Adjusted net profit for the year/period (non-IFRS measure)	**11,582**	**19,651**	**67,066**	**28,035**	**9,812**

Note:

(1) We recognized a reversal of share-based payment expense of RMB2.4 million in 2023, primarily due to the departure of core management personnel.

Summary of Selected Items of Financial Positions

The following table sets forth selected information from our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total non-current assets	203,299	284,178	348,156	459,428
Total current assets	542,163	526,942	591,129	571,581
Total assets	**745,462**	**811,120**	**939,285**	**1,031,009**
Total non-current liabilities	30,804	79,701	65,773	118,203
Total current liabilities	113,932	111,078	197,386	233,235
Total liabilities	**144,736**	**190,779**	**263,159**	**351,438**
Net current assets	428,231	415,864	393,743	338,346
Net Assets	**600,726**	**620,341**	**676,126**	**679,571**

Our net assets exhibited an increasing trend from 2023 to 2025, mainly as a result of profit recorded in each year. Compared with December 31, 2025, our net assets remained relatively stable at RMB679.6 million as of May 31, 2026.

Summary of Consolidated Statements of Cash Flows

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net cash generated from/(used in) operating activities	31,165	58,154	89,062	(21,647)	(54,127)
Net cash used in investing activities	(50,323)	(150,579)	(97,186)	(40,807)	(64,407)
Net cash generated from/(used in) financing activities	29,975	52,639	23,700	(142)	49,022
Net increase/(decrease) in cash and cash equivalents	**10,817**	**(39,786)**	**15,576**	**(62,596)**	**(69,512)**
Cash and cash equivalents at the beginning of the year	201,548	212,170	172,476	172,476	187,496
Effect of foreign exchange rate changes, net	(195)	92	(556)	(308)	(177)
Cash and cash equivalents at the end of the year	**212,170**	**172,476**	**187,496**	**109,572**	**117,807**

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,			As of or for five months ended May 31,
	2023	2024	2025	2026
Gross profit margin	15.2%	17.4%	23.6%	17.9%
Net profit margin	2.4%	3.1%	6.2%	(0.1)%
Return on equity[(1)]	2.3%	3.2%	7.8%	(0.1)%
Return on total assets[(2)]	2.0%	2.5%	5.8%	(0.1)%
Current ratio[(3)]	4.8	4.7	3.0	2.5
Gearing ratio[(4)]	24.1%	30.8%	38.9%	51.7%

Notes:

(1) Return on equity was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(2) Return on total assets was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(3) Current ratio was calculated dividing current assets by current liabilities as of the dates indicated.

(4) Gearing ratio is calculated by total liability divided by total equity as at the end of the respective dates and multiplied by 100%.

LEGAL PROCEEDINGS AND NON-COMPLIANCE

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

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions. For more information about the laws and regulations that we are subject to, see "Regulatory Overview."

OUR CONTROLLING SHAREHOLDERS

Immediately after the completion of the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised, Mr. Li together with the entities controlled by him, namely, Zhoushan Tuowei and Zhoushan Jicheng, will together be interested in and control [**REDACTED**] Shares, representing approximately [**REDACTED**]% of our total issued Shares and voting rights in our Company. Therefore, Mr. Li, Zhoushan Tuowei and Zhoushan Jicheng will constitute a group of Controlling Shareholders upon the [**REDACTED**]. See "Relationship with Our Controlling Shareholders" for more details.

PRE-[REDACTED] INVESTMENTS

We received equity financing from our Pre-[**REDACTED**] Investors to support our expanding business operations. As of the Latest Practicable Date, all of the proceeds from Pre-[**REDACTED**] Investment had been utilized. See "History, Development and Corporate Structure — Pre-[**REDACTED**] Investments — Information on Our Pre-[**REDACTED**] Investors" for more details.

[**REDACTED**]

[**REDACTED**]

DIVIDENDS

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. No dividends have been paid or declared by our Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or pre-determined dividend payout ratio.

After completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

FUTURE PLANS AND USE OF [**REDACTED**]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**] Range stated in this document), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] (equivalent to approximately RMB[**REDACTED**]) from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for the establishment of a new production base.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used to strengthen our R&D capabilities and fund key R&D projects.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used to prudently pursue strategic investments and acquisitions.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for working capital and general corporate purposes.

For further details, please see "Future Plans and Use of [**REDACTED**]".

[**REDACTED**] EXPENSES

[**REDACTED**] expenses represent professional fees, [**REDACTED**] and other fees (such as the discretionary incentive fee) incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] expenses will be approximately RMB[**REDACTED**] (or HK$[**REDACTED**], representing [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]) (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the indicative [**REDACTED**] range) and no exercise of the [**REDACTED**]), of which (i) approximately RMB[**REDACTED**], directly attributable to the issue of our [**REDACTED**], will be subsequently charged to equity upon completion of the proposed [**REDACTED**], (ii) RMB[**REDACTED**] and RMB[**REDACTED**] have been expensed in our consolidated statements of profit or loss for the year ended December 31, 2025 and the five months ended May 31, 2026, respectively, and (iii) approximately RMB[**REDACTED**] is expected to be expensed in our consolidated statements of profit or loss after May 31, 2026. Among such estimated total [**REDACTED**] expenses, we expect to pay [**REDACTED**] expenses of RMB[**REDACTED**], professional fees for our legal advisors and reporting accountants of RMB[**REDACTED**] and other fees and expenses of RMB[**REDACTED**].

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Since May 31, 2026 and up to the Latest Practicable Date, we have maintained stable business operations. Our revenue continued to increase compared to the same period in 2025, primarily driven by higher sales volume resulting from growing downstream demand in the industrial application sector, primarily including the industrial-grade unmanned aerial vehicle (UAV) systems and energy storage applications. At the same time, we had a decrease in sales to smartphone manufacturers, automotive electronics sector and in wafer sales.

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 May 31, 2026, being the end date of our latest consolidated financial statements, and there has been no event since May 31, 2026 that would materially affect the information shown in the Accountants' Report set out in Appendix I to this document.

In this document, unless the context otherwise requires, the following terms shall have the meanings set forth below. Certain other terms are explained in "Glossary."

"**Accountants' Report**"	the accountants' report of our Company for the Track Record Period, as included in Appendix I to this document
"**AFRC**"	Accounting and Financial Reporting Council of Hong Kong
"**Articles of Association**" or "**Articles**"	the articles of association of our Company, conditionally adopted on December 12, 2025 with effect from the [**REDACTED**], as amended, supplemented, or otherwise modified from time to time, a summary of which is set out in Appendix V to this document
"**Audit Committee**"	the audit committee of the Board
"**BIS**"	U.S. Department of Commerce, Bureau of Industry and Security
"**Board**"	the board of Directors
"**business day**"	any day (other than a Saturday, Sunday or public holiday in Hong Kong) on which banks in Hong Kong are generally open for normal banking business

[**REDACTED**]

"**China**" or "**PRC**"	the People's Republic of China excluding, for the purposes of this document, Hong Kong, the Macao Special Administrative Region of the People's Republic of China and Taiwan
"**CIC**" or "**Industry Consultant**"	China Insights Industry Consultancy Limited, an independent market research consultant, which is an Independent Third Party
"**CNIPA**"	the China National Intellectual Property Administration (中華人民共和國國家知識產權局)
"**Companies Ordinance**"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

"**Companies (Winding Up and Miscellaneous Provisions) Ordinance**"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong)
"**Company,**" "**our Company,**" "**we,**" "**our**" or "**us**"	Shenzhen Vergiga Semiconductor Co., Ltd. (深圳市威兆半導體股份有限公司), a company established under the laws of the PRC with limited liability on December 4, 2012 and converted into a joint stock company with limited liability on June 28, 2022
"**Controlling Shareholder(s)**"	has the meaning given to it under the Listing Rules and, unless the context otherwise requires, refers to the person(s) named in "Relationship with Our Controlling Shareholders" in this document
"**Conversion of Unlisted Shares into H Shares**"	the conversion of [**REDACTED**] Unlisted Shares in aggregate held by our existing Shareholders into H Shares upon the completion of the [**REDACTED**]. Such conversion of Unlisted Shares into H Shares has been filed with the CSRC on [●] and an application for H Shares to be [**REDACTED**] on the Stock Exchange [has been] made
"**CSRC**"	the China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets
"**Director(s)**"	the director(s) of our Company
"**EAR**"	United States Export Administration Regulations, 15 C.F.R. Parts 730-774
"**EIT**"	enterprise income tax
"**EIT Law**"	the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), as amended, supplemented or otherwise modified from time to time
"**ESOP Platform(s)**"	Zhoushan Jicheng and Weizhuyexin
"**Extreme Conditions**"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong

[**REDACTED**]

[**REDACTED**]

"**Group,**" "**our Group,**" "**we,**" "**our**" or "**us**"	our Company and our subsidiaries (or our Company and any one or more of our subsidiaries, as the content may require), or where the context so requires, in respect of the periods before our Company became the holding company of our present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"**H Share(s)**"	overseas [**REDACTED**] foreign shares in the share capital of our Company, with a nominal value of RMB1.00 each, which are to be [**REDACTED**] for and [**REDACTED**] in Hong Kong dollars and [**REDACTED**] on the Stock Exchange

[**REDACTED**]

"**H Shareholder(s)**"	holder(s) of our H Share(s)
"**Hengqin Tuowei**"	Tuowei (Guangdong Hengqin) Semiconductor Technology Co., Ltd. (拓緯(廣東橫琴)半導體科技有限公司), a limited liability company established under the laws of the PRC on February 28, 2025, and our direct wholly-owned subsidiary

[**REDACTED**]

"**HKSAR**"	Hong Kong Special Administrative Region

[**REDACTED**]

[**REDACTED**]

"**Hong Kong**"	the Hong Kong Special Administrative Region of the People's Republic of China
"**Hong Kong dollars**" or "**HK$**"	Hong Kong dollars, the lawful currency of Hong Kong

[**REDACTED**]

"**IFRS Accounting Standards**"	International Financial Reporting Accounting Standards, as issued by the International Accounting Standards Board
"**Independent Third Party(ies)**"	person(s) or company(ies) who/which, to the best of our Directors' knowledge, information and belief, is/are not a connected person of our Company

[**REDACTED**]

[**REDACTED**]

"**International Sanctions**"	all applicable laws and regulation to economic sanctions, export controls, trade embargoes and wider prohibitions and restrictions on international trade and investment related activities, including those adopted administered and enforced by the U.S. Government, the EU and its member states, the United Kingdom, UN or Government of Australia

[**REDACTED**]

"**Latest Practicable Date**"	July 6, 2026, being the latest practicable date for the purpose of ascertaining certain information in this document prior to its publication

[**REDACTED**]

"**Listing Rules**"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

"**Main Board**"	the stock exchange (excluding the option market) operated by the Stock Exchange which is independent from and operates in parallel with GEM of the Stock Exchange
"**Mr. Li**"	Mr. LI Weicong (李偉聰), our executive Director, general manager and Controlling Shareholder
"**Nomination Committee**"	the nomination committee of the Board

[**REDACTED**]

"**PBOC**"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"**PRC Company Law**"	the Company Law of the PRC (中華人民共和國公司法), as amended, supplemented or otherwise modified from time to time
"**PRC GAAP**"	PRC Generally Accepted Accounting Principles

"**PRC Legal Advisor**"	Global Law Office, our legal advisor as to PRC laws
"**PRC Securities Law**"	the Securities Law of the PRC (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"**Pre-[REDACTED] Equity Incentive Plan**"	our Company's equity incentive plan approved by the Shareholders' meeting on December 13, 2021
"**document**" or "**Document**"	this document being issued in connection with the [**REDACTED**]
	[**REDACTED**]
"**Regulation S**"	Regulation S under the U.S. Securities Act
"**Remuneration and Appraisal Committee**"	the remuneration and appraisal committee of the Board
"**Renminbi**" or "**RMB**"	Renminbi, the lawful currency of China
"**SAFE**"	the State Administration for Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"**SAMR**"	the State Administration for Market Regulation of the PRC (中華人民共和國國家市場監督管理總局)
"**SFC**"	the Securities and Futures Commission of Hong Kong
"**SFO**"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"**Share(s)**"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, comprising Unlisted Shares and H Shares
"**Shareholder(s)**"	holder(s) of our Share(s)
"**Sole Sponsor**"	the sole sponsor as named in "Directors and Parties Involved in the [**REDACTED**]" in this document
	[**REDACTED**]
"**STA**"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)

[**REDACTED**]

"**State Council**"	the State Council of the PRC (中華人民共和國國務院)
"**Stock Exchange**"	The Stock Exchange of Hong Kong Limited
"**Takeovers Code**"	the Code on Takeovers and Mergers issued by the SFC
"**Tianjin Vergiga**"	Tianjin Vergiga Semiconductor Co., Ltd. (天津市威兆半導體有限公司), a limited liability company established under the laws of the PRC on November 24, 2023, and our direct wholly-owned subsidiary
"**Track Record Period**"	the years ended December 31, 2023, 2024 and 2025 and the five months ended May 31, 2026
"**Treasury Share(s)**"	the Share(s) our Company repurchased and holds in treasury; unless otherwise specified, Treasury Shares are excluded when calculating the percentage of shareholding or voting power of our Company in this document
"**U.S. dollars**" or "**US$**"	United States dollars, the lawful currency of the United States
"**U.S. Securities Act**"	United States Securities Act of 1933 and the rules and regulations promulgated thereunder

[**REDACTED**]

"**United States**" or "**U.S.**"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"**Unlisted Share(s)**"	ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which is/are subscribed for and paid up in Renminbi and not listed or traded on any stock exchange
"**VAT**"	value-added tax
"**Vergiga Zhoushan**"	Vergiga Integrated Circuit (Zhoushan) Co., Ltd. (威兆集成電路(舟山)有限公司), a limited liability company established under the laws of the PRC on September 4, 2025, our direct wholly-owned subsidiary

"**Weizhuyexin**"	Zhejiang Free Trade Zone Weizhuyexin Technology Partnership (Limited Partnership) (浙江自貿區威鑄燁芯科技合夥企業(有限合夥)), formerly known as Zhuhai Weizhuyexi Technology Partnership (Limited Partnership) (珠海市威鑄燁矽科技合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on December 10, 2021, our employee shareholding platform
"**Zhoushan Jicheng**"	Zhoushan Leading Integrated Circuit Partnership (Limited Partnership) (舟山市領先集成電路合夥企業(有限合夥)), formerly known as Zhuhai Hengqin Vergiga Semiconductor Investment Partnership (Limited Partnership) (珠海橫琴威兆半導體投資合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 12, 2020, our employee shareholding platform and one of our Controlling Shareholders
"**Zhoushan Tuowei**"	Zhoushan Tuowei Semiconductor Technology Partnership (Limited Partnership) (舟山市拓緯半導體科技合夥企業(有限合夥)), formerly known as Zhuhai Hengqin Vergiga Tuowei Semiconductor Technology Partnership (Limited Partnership) (珠海橫琴威兆拓緯半導體科技合夥企業(有限合夥)), a limited partnership established under the laws of the PRC on March 12, 2020 and one of our Controlling Shareholders
"**Zhuhai Haochen**"	Zhuhai Haochen Semiconductor Co., Ltd. (珠海市浩辰半導體有限公司), a limited liability company established under the laws of the PRC on April 8, 2020, and our direct wholly-owned subsidiary
"**Zhuhai Vergiga**"	Zhuhai Vergiga Semiconductor Co., Ltd. (珠海市威兆半導體有限公司), a limited liability company established under the laws of the PRC on September 23, 2020, and our direct wholly-owned subsidiary
"***%***"	percent

In this document, the terms "associate(s)," "close associate(s)," "connected person(s)," "connected transaction(s)," "core connected person(s)," "controlling shareholder(s)," "subsidiary(ies)" and "substantial shareholder(s)" shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

For ease of reference, the names of the PRC established companies or entities, laws or regulations have been included in this document in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

GLOSSARY

In this document, unless the context otherwise requires, explanations and definitions of certain terms used in this document in connection with our Company and our business shall have the meanings set out below. The terms and their meanings may not always correspond to standard industry meaning or usage of these terms.

"ADAS"	advanced driver assistance system, referring to electronic systems developed to automate, adapt and enhance vehicle systems for safety and better driving
"ADC"	analog-to-digital converter, a device used to convert continuous analog signals into discrete digital signals
"AEC-Q"	standards established by the Automotive Electronics Council
"BCD"	bipolar-CMOS-DMOS, a key process technology for semiconductors. It is a family of silicon processes, each of which combines the strengths of three different process technologies onto a single chip: bipolar for precise analog functions, CMOS for digital design and DMOS (Double Diffused Metal Oxide Semiconductor) for power and high-voltage elements
"BMS"	battery management system
"CAGR"	compound annual growth rate
"CMOS"	complementary metal-oxide semiconductor
"CPU"	central processing unit, the general-purpose processor that fetches, decodes and executes program instructions, orchestrating virtually all computational tasks in a computer system
"DC"	direct current
"DFN"	dual-flat no-leads, a type of traditional packaging for power semiconductors
"EMI"	electromagnetic interference, a disturbance generated by external sources that affect an electrical circuit
"EV"	Electric vehicles
"FOM"	figure of merit, a quantitative measure used to evaluate and compare the performance of a device, system or method. It is a metric that helps assess performance relative to its alternatives

"FRD Power Chip"	a type of fast recovering diode device that is used as a rectifier to convert alternating current to direct current
"GaN"	gallium nitride, a type of third-generation wide-bandgap semiconductor material. GaN's advantages include wide bandgap, high saturation drift velocity and high critical breakdown electric field, making it ideal for high-power, high-temperature and high-frequency applications
"GPU"	graphics processing unit, a specialized electronic circuit designed to rapidly manipulate and alter memory to accelerate the creation of images
"IC" or "integrated circuit"	integrated circuit, a small unit or package which is made as a single indivisible structure (such as a chip) and is electrically equivalent to a conventional circuit of many separate components
"IDM"	integrated device manufacturer, a company that takes charge of design, manufacturing, packaging, testing and subsequent sales of the finished products
"IGBT"	insulated gate bipolar transistor(s), a type of transistor that combines the high efficiency and fast switching of a MOSFET with the high current and low saturation voltage of a bipolar transistor
"IoT"	internet of things, a network of interconnected devices that communicate and exchange data with each other over the internet
"ISO"	International Organization for Standardization
"ISO 14001"	Environmental Management Systems — Requirements with Guidance for Use, a standard for environmental management systems published by the ISO
"ISO 45001"	Occupational Health and Safety Management System — Requirements with Guidance for Use, an international standard for occupational health and safety management systems
"ISO 9001"	Quality Management Systems — Requirements, an international standard on quality management systems developed by the ISO
"LDO"	low dropout regulators, referring to devices that provide a stable voltage to various electronic systems within a vehicle and are used to convert the fluctuating voltage from the car battery into a steady, lower voltage required by sensitive electronic components

GLOSSARY

"MEMS"	Micro-Electro-Mechanical Systems, miniature devices that integrate mechanical and electrical components
"MOS" or "MOSFET"	metal-oxide-semiconductor field-effect transistor, a type of transistor used to amplify or switch electronic signals
"OEM"	Original equipment manufacturing, whereby products are manufactured in accordance with a customer's specifications for sale by customers under the customer's or third-party's brand
"on-resistance"	the resistance value between the drain and source of a MOSFET when it is turned on. It is measured by evaluating the voltage drop from drain to source under specific conditions. The smaller this value is, the lower the power loss
"PCB"	printed circuit board, a board with electronic circuits connecting various components
"Planar MOSFET"	a type of MOSFET, featuring a simple structure with a gate electrode placed on the surface of the wafer, separated by a thin oxide layer
"RoHS"	Restriction of Hazardous Substances Directive of the European Union, which restricts the use of certain hazardous materials found in electrical and electronic equipment
"Rsp"	specific on-resistance, a key parameter indicating the resistance of a MOSFET when it is turned on, normalized by the active area. Rsp impacts conduction losses and overall efficiency. Smaller Rsp value indicates better the performance of the power semiconductor device
"R&D"	research and development
"SGT MOSFET"	shielded gate trench MOSFET, a type of MOSFET where deep trenches are etched into the silicon wafer, embedding the gate electrode within the trench
"SiC"	silicon carbide, a semiconductor material used in various electronic applications
"SJ MOSFET"	super junction MOSFET, a type of MOSFET based on super junction technology
"SOP"	small outline packaging, a type of traditional packaging for power semiconductors

"Tier-1 suppliers"	automotive system integrator(s), company(ies) that supply(ies) assembled components or systems directly to OEMs. Tier-1 suppliers need to work closely with OEMs during the design and development stages of vehicles, ensuring the integration of their components into the final product
"Trench MOSFET"	a type of MOSFET, featuring a vertical structure where the gate electrode is embedded in a trench, which enables high cell density to achieve low conduction loss.
"VCE (sat)"	the collector-emitter saturation voltage in a bipolar junction transistor
"VDMOS"	vertical double diffused metal oxide semiconductor, a type of power MOSFET particularly suited for high-current, high-voltage applications characterized by a vertical current flow
"Vth"	the minimum gate-to-source voltage that is needed to create a conducting path between the source and drain of a MOSFET
"wafer"	a thin slice of semiconductor material, such as a silicon crystal, on which arrays of integrated circuits or discrete devices are fabricated during the manufacturing process
"WLCSP"	Wafer Level Chip Scale Package, the technology of packaging an integrated circuit at the wafer level, instead of the traditional process of assembling individual units in packages after dicing them from a wafer

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements and information relating to our Company and its subsidiaries that are based on the beliefs of our management as well as assumptions made by and information currently available to our management. When used in this document, the words "aim," "anticipate," "believe," "could," "estimate," "expect," "going forward," "intend," "may," "ought to," "plan," "project," "seek," "should," "target," "will," "would" and the negative of these words and other similar expressions, as they relate to us or our management, are intended to identify forward-looking statements. Such statements reflect the current views of our management with respect to future events, operations, liquidity and capital resources, some of which may not materialize or may change. These statements are subject to certain risks, uncertainties and assumptions, including the other risk factors as described in this document. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. The risks and uncertainties facing our company which could affect the accuracy of forward-looking statements include, but are not limited to (i) our business prospects; (ii) future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand; (iii) our business and operating strategies and plans to achieve these strategies; (iv) general economic, political and business conditions in the markets in which we operate; (v) changes to the regulatory environment, operating conditions and general outlook in the industry and geographical markets in which we operate; (vi) the effects of the global financial markets and economic crisis; (vii) our financial condition and performance; (viii) our ability to reduce costs; (ix) our dividend policy; (x) the amount and nature of, and potential for, future development of our business; (xi) capital market developments; (xii) the actions and developments of our competitors; and (xiii) change or volatility in interest rates, foreign exchange rates, equity prices, volumes, operations, margins, risk management and overall market trends.

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

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

All forward-looking statements in this document are qualified by reference to the cautionary statements in this section.

***An* [REDACTED] *in our H Shares involves significant risks. You should carefully consider all of the information in this document, including the risks and uncertainties described below, before making an* [REDACTED] *in our H Shares. The following is a description of what we consider to be our material risks. Any of the following risks could have a material and adverse effect on our business, financial condition and results of operations. In any such case, the market price of our H Shares could decline, and you may lose all or part of your* [REDACTED].**

These factors are contingencies that may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. The information given is as of the Latest Practicable Date unless otherwise stated, will not be updated after the date hereof, and is subject to the cautionary statements in "Forward-looking Statements" in this document.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

The industry in which we operate is highly competitive. If we fail to compete successfully against other market players, our business, financial condition and results of operations may be materially and adversely affected.

The power semiconductor device industry in which we operate is highly competitive. According to CIC, the Chinese power semiconductor device industry remains relatively concentrated, with the top ten participants accounting for over half of domestic market share in terms of revenue. We primarily compete with other companies that focus on developing and commercializing power semiconductor device products. If we compete with players that have a longer operating history than we do, or if we do not have or in the future fail to gain more financial resources and sophisticated technological capabilities and broader customer base and relationships than our competitors, we may not be able to respond as quickly and effectively to new opportunities, technologies, industry standards, customer demand or regulatory requirements as our competitors.

We may also face competition from new entrants who may offer competitive products at lower prices in the future. Such new entrants may increase industry competition and adversely impact the sales, price, and profit margins of our products and our market share. Further, we may be required to make substantial additional investments in research, development, marketing and sales, recruiting and retaining talents, and acquiring technologies complementary to, or necessary for, our current and future products in order to respond to such potential competitions, and we cannot assure you that such measures will be effective.

If we are unable to compete successfully, or if competing successfully requires us to take costly actions in response to the actions of our competitors, our business, financial condition and results of operations may be materially and adversely affected.

New scientific and technological outcomes or trends could make our products uncompetitive and obsolete.

Our success depends on our ability to develop and integrate our core technologies to support our products. To remain competitive, we must maintain and enhance our core technologies to meet the latest downstream market needs, technological advancement and industry standards. The development activities related to our core technologies may involve significant time, risks and uncertainties: our R&D team may not be able to coordinate and

manage the development projects, the expenses associated with these investments may affect our margins and operating results and these investments may not generate sufficient revenue to offset related liabilities and expenses.

Moreover, our products are used in a variety of application sectors and downstream industries. Technological advancement and new industry standards in these downstream industries may affect the application requirements of our end customers and their products. For example, the semiconductor industry has seen rapid innovation driven by new materials and device structures, such as silicon carbide (SiC), which features high breakdown voltage, high thermal conductivity and high-frequency switching performance for use in high-voltage and high-temperature scenarios, and gallium nitride (GaN), which enables higher power density, faster switching and further miniaturization of power modules. These next-generation materials are increasingly replacing traditional silicon-based technologies in high-power, high-efficiency and high-frequency applications, such as EV, data center and power infrastructure.

In addition, WLCSP products offer a number of technical advantages over traditional packaging solutions, including a smaller form factor, enhanced electrical performance and improved heat dissipation, and are increasingly adopted in space-constrained and performance-sensitive applications. As a result, market demand may progressively shift toward WLCSP technologies, potentially rendering certain non-WLCSP products susceptible to phase-out or substitution by newer packaging solutions. During the Track Record Period, a significant portion of our revenue was derived from non-WLCSP products, amounting to RMB374.7 million, RMB317.7 million, RMB444.6 million, RMB161.3 million and RMB246.1 million in 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, respectively, representing 65.1%, 50.9%, 54.6%, 46.4% and 69.6% of our total revenue for the respective periods. Non-WLCSP products continue to account for a significant portion of our revenue. If market adoption of WLCSP technologies accelerates beyond current expectations, certain of our non-WLCSP products may face reduced demand, heightened pricing pressure or accelerated obsolescence, which could in turn result in decreased sales volumes, margin compression or inventory write-downs.

If we fail to develop new products or refine our technologies to match the different or additional requirements of our end customers, the sale of our products may decrease, and our business, financial condition and results of operations may be adversely affected.

Our products are primarily used by end customers of certain industries and sectors. Factors that adversely affect these industries and sectors or any particular end customers may adversely affect our business, financial condition and results of operations.

Our products are primarily offered to downstream end customers of certain industries, particularly consumer electronics, automotive electronics and industrial applications. Therefore, factors that adversely affect these industries or any particular end customers could also materially and adversely affect our business, financial condition, results of operations and prospects. These factors include, among others: (i) a decline in demand for, or negative perception of, or publicity about, products of these industries; (ii) rising material and labor costs relating to these industries; (iii) the reduction or elimination of preferential tax treatments and economic incentives for players in these industries; (iv) regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports of these industries from China; (v) a downturn in general economic conditions of major countries and regions that import products of these industries; and (vi) increasing level of competition from power semiconductor device providers in these industries in other countries and regions.

We generated a substantial portion of our revenue through our distribution network.

For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our total sales to distributors amounted to RMB523.6 million, RMB507.3 million, RMB699.9 million and RMB322.0 million, respectively, accounting for 91.0%, 81.3%, 86.0% and 91.2% of our revenue for the corresponding periods, respectively. Please see "Business — Sales and Marketing." Our revenue and sales volumes depend on our ability to maintain and expand our distribution networks. The effective management and expansion of our distribution network depends on our ability to (i) enter into renewal agreements with existing distributors on terms favorable to us, such as credit periods and (ii) develop new relationship with additional distributors. Any decrease in sales from, or loss of our distributors without a corresponding increase in sales from other distributors due to the changes in the distributors' business models or for any other reasons, would adversely impact our business, financial condition, results of operations and cash flows.

The size of the markets in which we operate and the demand for our products may not increase as quickly as we anticipate, which would materially and adversely affect our business, financial condition, results of operations and prospects.

We are pursuing opportunities in markets where it is difficult to predict the timing and size of the opportunities for each of our products. Our business, financial condition, results of operations and prospects will depend on our ability to make timely investments in the correct market opportunities in downstream applications including in consumer electronics, automotive electronics and industrial applications. Even if the markets in the downstream industries grow substantially, we cannot assure you that we will be able to pursue these opportunities. If one or more of these markets experience a shift in customer demand, our products may not be able to compete as effectively, if at all. We may not be able to adjust our inventory level in response to the decline in the demand of our downstream markets and the price of our products may be adversely affected. If we fail to meet the technological development, industry standards or applicable regulatory requirements, our products may not be incorporated into our end customers' commercialized products. Given the evolving nature of the markets in which we operate, it is difficult to predict end customers' demand or the future growth of the markets in which we operate or into which we plan to enter. If we fail to adjust accordingly to changes in the market condition of our downstream industries, our business, financial condition, results of operations and prospects will be adversely affected.

We have been and intend to continue investing significantly in R&D activities, which may adversely affect our profitability and operating cash flow and may not generate the results we expect to achieve.

We invest in R&D activities to develop and introduce new and enhanced products. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our R&D expenses amounted to RMB37.9 million, RMB47.2 million, RMB59.7 million and RMB28.8 million, respectively, accounting for 6.6%, 7.6%, 7.3% and 8.2% of our total revenue for the respective periods. The industry in which we operate is subject to rapid technological innovations. To expand our product portfolio and to remain competitive in the industry, we need to continue investing significant resources in R&D activities. As a result, we may continue to incur significant R&D expenses in the future.

However, we cannot guarantee that our efforts will be successful or deliver the effects, functions or benefits we expect. R&D activities are inherently uncertain. We may not be able to obtain sufficient resources, including qualified R&D personnel and R&D equipment to support the R&D of new or enhanced products. Even if we succeed in our R&D efforts and generate the results we expect, we may still encounter practical difficulties in commercializing

our R&D outcomes. R&D activities are time-consuming and by the time our products are due for commercialization, new technologies could render our products obsolete, in which case we may not be able to recover related R&D expenses, which could result in a decline in our revenue, profitability and market share.

Even if our R&D efforts successfully result in the development and commercialization of new products, these efforts may not contribute to our future results of operations within our expected timeframe, or at all. The success and profitability of our new products are subject to various factors such as market demand, macroeconomic conditions or the pace of technological advancement, which are beyond our control. Therefore, the contributions from our R&D efforts may not meet our expectations or even cover the costs of such efforts, which would materially and adversely affect our business, financial condition, results of operations, and competitive position.

We are subject to fluctuations in the semiconductor industry.

Our performance is subject to the macro condition of the semiconductor industry in which we operate. According to CIC, the semiconductor industry has historically experienced rapid fluctuations, including cyclical downturns due to constant and rapid technological changes, short product life cycles, and fluctuations in product supply and demand. Downturns in the semiconductor industry are characterized by a sudden and unforeseen decline in product demand, accelerated erosion of average selling prices, lower capacity utilization rates, higher inventory levels and lower inventory valuation. As the above factors are beyond our control, we may not be able to adjust our inventory level to the decline in demand and the price of our products may be adversely affected. We may experience such adverse effects in future fluctuations. If we cannot anticipate market changes or adjust to unforeseen fluctuations, our business, financial condition and results of operation may be adversely affected.

Our business may be adversely affected due to risks relating to the acts of our distributors and their potential breach of distributorship agreements or applicable laws and regulations.

We rely on distributors for the marketing and sales of our products. We enter into distributorship agreements with our distributors to regulate their conducts in the marketing and sales of our products. However, there can be no assurance that we will be successful in detecting any non-compliant activities by our distributors violating the provision of our distributorship agreements or the applicable laws and regulations. Specifically, we may be exposed to the risks of misconducts and violations committed by our distributors, which may occur in the form of unauthorized misrepresentation to our downstream end customers, misappropriation of third-party intellectual property and other proprietary rights and bribery or other unlawful payments during the course of their distribution.

In any such event, we may, as a result, incur liability to our downstream end customers for claims of misconducts committed by such distributor. Any such claim could subject us to litigation and impose a significant strain on our financial resources and divert the management attention, regardless of whether the claims have merit. Additionally, such an event could result in adverse impact on our business and reputation.

We may not be able to fully maintain quality control over our products.

The quality of our products depends on the effectiveness of our quality control and quality assurance protocol, which in turn depend on factors such as the quality and reliability of equipment used, the quality of related training programs and our ability to ensure that our employees adhere to our quality control and quality assurance protocol. However, our quality

control and quality assurance protocol may not be effective in preventing and resolving deviations from our quality standards. Any failure to execute our quality control and quality assurance protocol could render our products unsuitable for use within their service life or adversely impact our market reputation and relationship with business partners.

In addition, the quality of our products or services provided by our suppliers is beyond our control. We cannot assure you that the products manufactured by suppliers are safe and free of defects or can meet the relevant quality standards. We depend on the quality control procedures of our suppliers. In the event of any quality issues, we could be subject to complaints and product liability claims and we may not be able to seek indemnification from our suppliers. If we engage in legal proceedings against our suppliers, such proceedings may be time-consuming and costly regardless of the outcome.

We depend on a limited number of third-party wafer foundry partners to manufacture our products.

We depend on certain wafer foundry partners who manufacture a large portion of our wafer products. For instance, purchases from Supplier A accounted for 29.5%, 47.7%, 12.0% and 0.8% of our total purchase amount for the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Purchases from Supplier B accounted for 23.5%, 10.8%, 12.2% and 6.4% of our total purchase amount for the periods ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Purchases from Supplier F accounted for 21.7% and 19.9% of our total purchase amount in 2025 and the five months ended May 31, 2026, respectively. Please see "Business — Our Suppliers — Our Major Suppliers" for details.

Because of the complex proprietary nature of our products, if there were a disaster or other business disruption at any of our foundry partners' facilities, procurement of and transition to new wafer foundry partners would take a significant period of time to complete and would likely adversely affect our inventory, business, financial condition and results of operations. Further, we are vulnerable to the risk that our current wafer foundry partners may be unable to meet the demand for our products or cease operations altogether. Moreover, any shortage in the raw materials used by our wafer foundry partners may result in shortage in their supply of our products. Therefore, we are vulnerable to the risk that our current wafer foundry partners may be unable to meet our demand.

In addition, our ability to receive sufficient supplies of our products could be adversely affected by events such as natural disasters, including earthquakes, drought and typhoons, and geopolitical challenges in locations where our suppliers operate. Our ability to receive sufficient supplies of our products could also be adversely affected by international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions. Please see "— Risks Relating to Our Business and Industry — We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected".

Moreover, increased regulations or stakeholder expectations regarding responsible sourcing practices could increase our compliance costs. Any failure by our wafer foundry partners to comply with such regulations or meet such expectations could result in negative publicity that adversely affects our reputation. Given that we do not directly control the procurement or employment practices of our wafer foundry partners, we could be subject to financial or reputational risks as a result of their conducts. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, financial condition and results of operations will be adversely affected.

We partner with third-party packaging and testing service providers for the packaging and testing of some of our products. Any disruption in the operation of these companies could adversely affect our business.

We partner with third-party packaging and testing service providers for the packaging and testing of some of our products. Following our entry into the mass production stage, in the five months ended May 31, 2026, expenditures relating to third-party packaging and testing services amounted to approximately RMB63.8 million, representing approximately 22.2% of our total cost of sales. The stability of operations and business strategies of these third-party packaging and testing service providers are beyond our control. The lack of necessary materials, equipment, or services can disrupt the packaging and testing processes of our products. Additionally, we cannot assure you that we will be able to maintain good relationship or renew our agreements with these third-party packaging and testing service providers on commercially reasonable terms, if at all. If we fail to continue our cooperation with these companies, or if their business or operations are interrupted or fail due to factors beyond our control, including natural disasters including earthquakes, drought and typhoons, and geopolitical challenges in locations where they operate, and we fail to find comparable alternatives on reasonable terms, our business, financial condition and results of operations may be materially and adversely affected. Given that we do not directly control the procurement or employment practices of our packaging and testing service providers, we could be subject to financial or reputational risks as a result of their conducts that violate applicable laws and regulations. To the extent we are unable to manage these risks, our ability to timely supply competitive products will be harmed, our costs will increase, and our business, financial condition and results of operations will be adversely affected.

We depend on the continued services and contributions of our senior management and other key employees, including senior R&D personnel and skilled engineers.

Our future performance depends on the continued services and contributions of our senior management and other key employees, to oversee and execute our business plans, identify and pursue new opportunities and perform effective product design and R&D. We rely on our experienced senior management team to oversee and conduct our business operations, including maintenance of distributor and supplier relationships, compliance with relevant laws and regulations and facilitation of the commercialization and production of our products. Any loss of the service of or changes in the positions of our key personnel could significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations. Hiring and integrating suitable replacements into our team also requires significant amount of time, training and resources, and may impact our existing corporate culture. Our future success depends, to a significant extent, on our ability to attract, train and retain qualified personnel, particularly skilled engineers with expertise in the R&D of power semiconductor devices. However, we cannot assure you that we will be able to develop or retain qualified personnel that we will need in order to achieve our strategic objectives. If we fail to respond in a timely manner to the loss of service of or changes in the positions of our key personnel, our business, financial condition and results of operations may be adversely affected.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs.

Our products are incorporated into a variety of end products. The use of end products that adopt our products could result in an unsafe condition or injury as a result of, among other factors, component failures, manufacturing flaws, design defects or inadequate disclosure of product-related risks or information. These factors could result in product liability or warranty

claims; we could be named as a defendant in such claims, and any insurance that we carry may not be sufficient or it may not apply to all situations. Similarly, our customers could be subjected to claims as a result of such accidents and bring claims against us to hold us accountable. During the Track Record Period, we were not subject to any such product liability or warranty claims.

We typically provide a warranty period of 12 months for our products. The occurrence of any material defects in our products could make us liable for damages and warranty claims. We could incur significant costs to correct any defects, warranty claims or other problems, including costs related to product recalls. For products with quality issues, we typically provide warranties through (i) replacement of defective products, and our replaced products amounted to approximately 1,090.2 thousand, 5,780.1 thousand, 99.0 thousand pieces and 38.8 thousand pieces in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively; or (ii) granting sales allowances to the customer, and such sales allowances amounted to RMB1.1 million, RMB3.6 million, RMB0.5 million and nil, respectively, in 2023, 2024, 2025 and the five months ended May 31, 2026. Warranty, recall, product liability claims, or negative publicity may result in litigation, including class actions, the occurrence of which could be costly, lengthy and distracting. In addition, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers, adversely affecting our business and operating results.

Any disruption to the operation of our Zhuhai factory could restrict our ordinary business operations and materially and adversely affect our business, financial condition and results of operations.

The operation of our Zhuhai factory may be disrupted by physical damage from fires, floods, earthquakes, typhoons, power outages, mechanical breakdowns, telecommunications failures, loss of licenses, certifications and permits, changes in governmental planning for the underlying land, and the regulatory development, many of which are beyond our control. The occurrence of any of the forgoing could therefore have a materially adverse impact on our production.

As part of our production operations, we are engaged in certain inherently risky activities, including, among other things, use of special equipment and management of special materials. Therefore, we are subject to risks associated with these activities, including hazardous material leakages, equipment failures, industrial accidents, fires and explosions. These risks can result in personal injuries and fatalities, damage to or destruction of properties or production facilities, and pollution and other environmental damages. Any of these consequences, if significant, could disrupt the operation of our Zhuhai factory and result in business interruption and legal liability, and materially and adversely affect our business, financial condition and results of operations.

Failure to successfully execute capacity expansion plans and our equipment maintenance and upgrades or to effectively utilize our Zhuhai factory may have a material adverse effect on our business, financial condition and results of operations.

Our growth prospects and future profitability depend on our ability to upgrade the production capability and increase production capacity, either generally or with respect to demand from customers for particular products.

To successfully upgrade our production capability and expand production capacity, we need to make cost-effective and efficient upgrade and expansion plans, expand and construct new facilities, maintain and purchase production equipment, and hire and train professionals

necessary to operate such facilities or equipment, all of which may be affected by several factors including, but not limited to the availability of working capital for constructing facilities or purchasing equipment; the delays in completion of construction and shortages or delays in the delivery of equipment; the difficulties or delays which may arise in installing the equipment; and the implementation of new production processes.

We cannot guarantee that our upgrade or expansion plan, if implemented, will be operationally or financially successful and substantiated by sufficient market demand for or profit margin of our products. If we are unable to implement the upgrade or expansion plan cost-effectively and efficiently, our business and profitability may be adversely affected.

In addition, if we do not receive sufficient orders from our customers to effectively utilize our Zhuhai factory, we may be subject to low utilization rates of production capacity for our Zhuhai factory, which may hurt our profitability and results of operations. Furthermore, if market demand declines in the future, we may not be able to recoup the costs incurred for construction of any new facilities or expansion of any existing facilities and maintenance of expanded production capacity. Further, our Company has entered, and may in the future enter, into agreements for our expansion plans. Any delay or cancellation of our expansion plan or any failure to fulfill related commitments could also subject us to penalties or disputes with various counterparties. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

If we are unable to manufacture or deliver high quality products on schedule and on a large scale, our business may be materially and adversely affected.

Mass production of our products is crucial to our future financial prospects. Under our mixed business model, we retain in-house capabilities at our Zhuhai factory for certain critical wafer manufacturing and packaging and testing processes, which primarily includes (i) key back-end wafer processing steps, mainly including wafer plating, back grinding and backside metallization, that are critical to achieving low on-resistance, efficient heat dissipation and high current-carrying capacity of devices, and directly affect product yield and reliability, and (ii) WLCSP packaging and testing processes, that ensure the autonomy and control of advanced packaging technologies. Given the scale and operational demands of our Zhuhai factory, we may face difficulties managing our Zhuhai factory and meeting our delivery deadlines when there is a surge in customer demand. If our Zhuhai factory experiences interruptions, delays or disruptions in supplying products, our ability to deliver products to customers would be impeded. Failure to fulfill customers' requirements and quality control problems that occur in the manufacturing process could prevent us from meeting the stipulated delivery deadline. For example, a decline in yield rates would adversely affect our production efficiency and product quality. We may also experience delays in shipments caused by our third-party logistic service providers. These delays or product quality issues could have an immediate and material adverse effect on our ability to fulfill orders and damage our reputation and brand, affecting our business, results of operations and financial condition.

Further, if our production experiences any difficulties or shortages of raw materials, or if our suppliers are otherwise unable or unwilling to continue to provide raw materials in required volumes or at all, our supply may be disrupted, and we may be required to seek alternate sources of supply. The process would be time-consuming and could be costly and impracticable. Interruptions to supply will have an adverse effect on our ability to meet scheduled product deliveries and subsequently lead to the loss of sales.

Increases in costs of the materials and other components used in our products would adversely affect our business, financial condition and results of operations.

Significant changes in the markets in which our suppliers purchase materials, components and supplies for the production of our products may adversely affect our profitability. As a result of the global semiconductor shortage and inflationary pressures, we may in the future experience increases in the cost of our products. We price our products based on a variety of factors, including costs, gross margin and market conditions. Given the competitive nature and pressure of the market in which we operate, we may not be able to pass on the cost increase to our customers by increasing the price of our products. Therefore, any significant increase in the cost of our products may have an adverse impact on our gross margin, business, financial condition and results of operations. In addition, as our prices vary across our products, our products have different margin profiles depending on the amount, number, and type of components that we deliver. If we fail to maintain our products mix or maintain our gross margin and operating margin, our business, financial condition and results of operations would be adversely affected.

Any failure to offer high-quality support services to our customers or end customers may harm our relationships with them and, consequently, our business.

We typically do not allow customers to return or exchange products except that our customers may negotiate with us on return and indemnification of defective products due to our faults. We have developed a standard product return or exchange procedure according to our customer complaint handling procedure. As we expand our business, we need to be able to continue to provide efficient customer support at scale. We may not be able to recruit customer support specialists with sufficient experience in customer support service or to enhance our infrastructure to efficiently process and respond to our customers' requests. As a result, we may not be able to respond to our customers' request for return, exchange, technical support or maintenance assistance in a timely manner. Because technical support and maintenance assistance is complex and case-specific, we may not be able to modify the future scope and delivery of such services as our business and product portfolio develop. Under such circumstance, we may fail to compete with changes and updates in the technical services provided by our competitors.

If we experience increased customer demand for support and maintenance, our operational expense may increase and adversely impact our financial condition and results of operations. Our ability to attract new customers is highly dependent on our business reputation and on recommendations from our existing customers. If we are unable to provide efficient maintenance and support services with results satisfactory to our customers, our reputation and business may be harmed. In addition, our distributors provide customer service to our indirect downstream customers. We may not be able to continuously monitor or control the quality of customer service provided by our distributors, or make sure that our distributors strictly follow relevant standards and protocols established by us. If our distributors fail to conform to our standards and protocols or provide satisfactory services on our products, our reputation and business may be adversely affected.

If the quality of our products deteriorates, we will incur higher costs associated with returns and exchanges. We may also be required by law to adopt new or amend existing return, exchange and warranty policies from time to time, potentially subjecting us to additional costs and expenses that may not be offset by increased revenue. If we revise these policies to reduce our costs and expenses, our customers may be dissatisfied, resulting in loss of existing customers or failure to acquire new users, and ultimately affecting our business, financial condition and results of operations.

We may not be able to protect our trade secrets.

In addition to our existing intellectual property rights and/or applications (such as issued patent and/or pending patent applications), we rely on trade secrets, including unpatented know-how, technology and other proprietary information, to protect our products and thus maintain our competitive position. Nevertheless, there can be no guarantee that an employee or a third party will not make an unauthorized use or disclosure of our proprietary confidential information. If a competitor gains access to and makes use of such information, our competitive position will be compromised, in spite of any legal action we might take against persons making such unauthorized disclosures. In addition, to the extent that our employees or business partners use intellectual property owned by others in their work for us, disputes may arise as to the rights in related or resulting know-how and inventions.

Trade secrets are difficult to protect. Our employees or business partners may intentionally or inadvertently disclose our trade secret information to competitors, or our trade secrets may otherwise be misappropriated. Enforcing a claim that a third party illegally obtained and is using any of our trade secrets is expensive and time-consuming, and the outcome is unpredictable. If we fail in prosecuting or defending any such claims, in addition to paying monetary damages, we may lose valuable intellectual property rights. Even if we are successful in prosecuting or defending against such claims, litigation could result in substantial financial and human resource costs.

We may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction.

Competitors may infringe our patent rights or misappropriate or otherwise violate our intellectual property rights. To counter infringement or unauthorized use, litigation may be necessary to enforce or defend our intellectual property rights, to protect our trade secrets or to determine the validity and scope of our own intellectual property rights or the proprietary rights of others, which can be expensive and time-consuming. Any claims that we assert against perceived infringers could also result in these parties asserting counterclaims against us alleging that we infringe their intellectual property rights. Many of our current and potential competitors could dedicate substantially greater resources to enforce and/or defend their intellectual property rights than we do. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. An adverse result in any litigation proceeding could put our patents, as well as any patents that may be issued in the future from our pending patent applications, at risk of being invalidated, held unenforceable or interpreted narrowly.

Furthermore, depending on the scope of discovery required in connection with intellectual property litigation, some of our confidential information could be compromised by disclosure. Defendant counterclaims alleging invalidity or unenforceability are common, and can be asserted on numerous grounds. Third parties may also raise similar claims before the CNIPA or other administrative bodies in China or other jurisdictions. Such proceedings could result in revocation or amendment to our patents in such a way that they no longer cover and protect our products or product candidates. The outcome following legal assertions of invalidity and unenforceability is unpredictable. If a defendant were to prevail on a legal assertion of invalidity and/or unenforceability, we would lose at least part, and potentially all, of the patent protection on our products or product candidates. Such loss of patent protection could materially and adversely affect our business, financial condition and results of operations.

If third parties claim that we infringe upon their intellectual property rights, we may incur liabilities and penalties and may have to redesign or suspend the sales of products involved.

The industry in which we operate is patent-intensive. Companies, including us, in this industry routinely seek patent protection for their product designs. Our success depends in a large part on our ability to protect our proprietary technology as well as our products from competition by obtaining, maintaining and enforcing our intellectual property rights, including patent rights. We file patent applications in China and other jurisdictions to safeguard technologies we consider commercially important. However, the application process may be costly and time-consuming, and we may not always be able to file or advance all necessary applications. Moreover, some of our patent applications may be rejected or subsequently invalidated due to procedural or technical deficiencies, and even granted patents may not provide meaningful competitive protection as competitors may develop alternative or non-infringing technologies. As such, we cannot assure you that we will be able to discern the scope of the intellectual property protection or obtain adequate intellectual property protection with respect to our products. Moreover, our competitors may allege that certain features of our products fall within the scope of their patents, and initiate legal proceedings alleging that we are infringing, misappropriating or otherwise violating their intellectual property rights in connection with the commercialization of our products.

Whether a product infringes a patent involves an analysis of complex legal and factual issues and the conclusion of such analysis is often uncertain. During the Track Record Period, we were not involved in any third party intellectual property rights claims. Nevertheless, despite our efforts in identifying and avoiding intellectual property infringement activities, (i) we may hire employees who have previously worked for our competitors and cannot assure that such employees will not use their previous employers' proprietary know-how, technology and other proprietary information in their work for us, which could result in litigation against us; (ii) in the case where our employees are obligated to assign any inventions created during their work to us under assignment agreement, we may not obtain these agreements in all circumstances and the assignment of intellectual property under such agreements may not be self-executing and (iii) our competitors may also have filed for patent protection which is not as yet a matter of public knowledge or claimed trademark rights that have not been revealed through our searches of relevant public records. Therefore, our efforts to identify and avoid infringement on third parties' intellectual property rights may not always be successful. Any claims of patent or other intellectual property infringement, regardless of their merit, could be expensive and time-consuming. These claims and the relevant proceedings could diverge management attention and result in substantial financial costs. If our competitors or employees succeed in raisingtheir claims, we may be required to suspend our sales efforts of the relevant products in controversy, redesign, reengineer or rebrand such products, pay substantial damages to third parties, or enter into royalty or licensing agreements which may not be available on terms favorable to us.

Changes in patent law could diminish the value of patents in general, thereby impairing our ability to protect our patents.

The scope of patent protection in various jurisdictions is uncertain. Changes in either the patent laws or their interpretation in China or other relevant jurisdictions may diminish our ability to protect our inventions, obtain, maintain, defend and enforce our intellectual property rights and, more generally, could affect the value of our intellectual property or narrow the scope of our patent rights. We cannot predict whether the patent applications we are currently pursuing and may pursue in the future will be issued as patents in any particular jurisdiction

or whether the claims of any future granted patents will provide sufficient protection from competitors. The coverage claimed in a patent application can be significantly reduced before the patent is issued, and its scope can be reinterpreted after issuance.

Even if patent applications we own currently or in the future are issued as patents, they may not be issued in a form that will provide us with any meaningful protection or competitive advantage, or prevent competitors or other third parties from competing with us and gaining competitive advantage. As a result, the issuance, scope, validity, enforceability and commercial value of our patent rights are highly uncertain.

Our business may be subject to seasonality.

Our results of operations have fluctuated from season to season in the past and are likely to continue to fluctuate due to seasonality. Our results of operations are affected by seasonal fluctuations in demand for our products to be used in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the stocking and sales cycles of customers before or around the public holidays such as the Spring Festival and promotional sales period, we typically experience higher sales in the second half of the year. These seasonal fluctuations may render our results of operations in certain given periods not indicative of our results of operations for the full year.

Failure to obtain or maintain any of the government grants or preferential tax treatments could adversely affect our business, results of operations, financial condition.

During the Track Record Period, we received government grants, many of which are non-recurring in nature or are subject to periodic review. For the years/period ended December 31, 2023, 2024, 2025 and five months ended May 31, 2026, the government grants we recognized as other income and gains amounted to RMB2.3 million, RMB2.9 million, RMB1.1 million and RMB1.4 million, respectively. In addition, we and certain Subsidiaries are subject to preferential income tax treatments. Please see "Financial Information — Review of Historical Results of Operations — Other Income and Gains" for details.

If we cease to be entitled to such government grants or preferential tax treatment or if the relevant PRC laws and regulations change, our other income and gains may decrease and/or our income tax expenses may increase, which could adversely affect our business, financial condition, results of operations and prospects. As these government grants are provided typically on a one-off basis, there is no guarantee that we will continue receiving or benefiting from them in the future. In addition, we may not be able to successfully or timely obtain the government grants or preferential tax treatment that may become available to us in the future, and such failure could adversely affect our business, financial condition, results of operations, and prospects.

Fair value change for financial assets at fair value through other comprehensive income may adversely affect our results of operations and financial condition.

We endorsed or discounted certain bank acceptance bills in our routine management and recorded a carrying amount of financial assets at fair value through other comprehensive income ("**FVTOCI**") amounted to RMB36.5 million, RMB24.5 million, RMB18.3 million and RMB37.4 million as of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Please see Note 21 to the Accountants' Report in Appendix I to this document for further details.

We face exposure to fair value change for the financial assets at FVTOCI. We cannot assure you that factors beyond our control, such as general economic and market conditions, changes in market interest rates, stability of the capital markets and regulatory environment, will not result in any fair value losses in the future. If we incur such fair value losses, our business, financial condition and results of operations may be materially and adversely affected.

Failure to fulfill our contractual obligations could adversely affect our liquidity and financial condition.

Our contract liabilities primarily arise from advance payments made by our customers to us before we fulfill our performance obligations. Our contract liabilities were RMB3.9 million, RMB6.7 million, RMB4.7 million and RMB2.5 million as of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. Please see "Financial Information — Selected Balance Sheet Items — Contract Liabilities." There is no assurance that we will be able to fulfill our obligations in respect of contract liabilities as the fulfillment of our performance obligations is subject to various factors that are beyond our control. If we are not able to fulfill our obligations with respect to our contract liabilities, the amount of contract liabilities will not be recognized as revenue and we may have to refund the advance payment made by our customers. As a result, our liquidity and financial condition may be adversely affected.

We are subject to credit risk related to delay in payment and defaults of customers or related parties, which would adversely affect our liquidity and financial condition.

We are exposed to credit risk related to delay in payment and defaults of our customers or related parties. As of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our trade and bills receivables amounted to RMB79.5 million, RMB134.7 million, RMB117.8 million and RMB130.6 million, respectively, and our trade and bills receivables turnover days were 36 days, 62 days, 56 days and 53 days in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, while our current portion of prepayments, deposits and other receivables amounted to RMB40.5 million, RMB60.9 million, RMB79.3 million and RMB79.3 million respectively, and non-current portion of prepayments, deposits and other receivables amounted to RMB62.0 million, RMB20.0 million, RMB31.7 million and RMB8.7 million, respectively. We may not be able to collect any, if not all, such trade receivables and prepayments and other receivables due to a variety of factors that are beyond our control, including long payment cycle, adverse operating condition or financial condition of our customers, and our customers' inability to pay caused by their end customers' delay in payment. In such circumstances, we may have to make impairment provisions and our liquidity and financial condition will be adversely affected.

We may be subject to inventory obsolescence risk.

Our inventories were RMB173.5 million, RMB134.4 million, RMB188.2 million and RMB206.5 million as of December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our inventory turnover days were 151 days, 108 days, 93 days and 102 days, respectively. As our business expands, our inventory obsolescence risk may also increase with the increase in our inventories. We cannot guarantee that we will be ableto maintain proper inventory levels for our raw materials, outsourced processing materials and finished products. We maintain our inventory levels based on our internal forecasts of customer demand. If our forecast demand is higher than actual demand, we may be exposed to increased inventory risks due to the accumulation of excess inventory. Excess inventory may increase our

inventory holding costs, risk of inventory obsolescence or write-offs. Conversely, if our forecast demand is lower than actual demand, we may not be able to maintain an adequate inventory level and may lose sales and market share to our competitors. Therefore, our business, financial condition and results of operations may be materially and adversely affected.

Our products may fail to meet new industry standards or requirements and the efforts to meet such industry standards or requirements could be costly.

Our main products such as medium-and-low-voltage power semiconductor devices, must comply with (i) national and industry technical standards including GB/T 4589.1, GB/T 12560, GB/T 4586 and GB/T 29332 promulgated by the National Technical Committee 78 on Semiconductor Devices of Standardization Administration of China; (ii) international industry standards such as IEC 60747, JEDEC JESD22, AEC-Q101; and (iii) mandatory certification requirements administered by governmental authorities, including the State Administration for Market Regulation, the European Commission, the Federal Communications Commission and Underwriters Laboratories, the Ministry of Economy, Trade and Industry, and the Korea Standards Association. Our ability to compete in the future will depend on our ability to identify and ensure compliance with these evolving industry standards. The emergence of new industry standards could render our products uncompetitive with products designed and developed by our competitors. As a result, we could be required to invest significant time and effort and may incur significant expense to redesign our products to ensure compliance with relevant standards. If our products are not in compliance with prevailing industry standards or requirements, we could miss opportunities to achieve crucial design wins which in turn could have a material adverse effect on our business, financial condition and results of operations.

Our business is primarily based in China and is susceptible to any policy changes in China affecting the semiconductor industry which may materially and adversely affect our business.

During the Track Record Period, substantially all of our business operations were based in China and substantially all of our revenue was derived from our sales in China. As such, we are dependent on policies affecting the semiconductor industry in China. In recent years, the PRC government has implemented policies or policy changes to stimulate growth in the semiconductor industry. Many semiconductor companies, including us, have leveraged such favorable policies. Our success, continuous growth and prospects depend and will continue to depend on policies favorable to the semiconductor industry in the foreseeable future. However, we cannot assure you that the PRC government will implement additional policies favorable to us, or maintain the policies currently in effect with regards to the semiconductor industry that benefit us. As a result, if such policies change or terminate in the future, our business, financial condition, results of operations and future business growth could be materially and adversely affected.

We may not be able to obtain additional capital when desired, on favorable terms or at all.

To remain competitive and expand our business, we may need additional capital to support our operations, fund research and development activities, finance sales and marketing efforts, enhance its infrastructure, and pursue potential acquisitions. Our ability to obtain such capital on favorable terms is subject to a number of factors, including our market position and financial condition, prevailing market conditions for financing activities in China, and broader macroeconomic and geopolitical conditions.

If our capital need is materially different from those currently planned, we may initiate financing activities for additional capital sooner than anticipated. Such financing may not be available on favorable terms on a timely basis, or at all. If we cannot obtain adequate capital on terms favorable to us, or at all, we may not be able to continue our operations, R&D and sales and marketing efforts, take advantage of future opportunities or respond to competitive pressures. Under these circumstances, our business, financial condition, results of operations and prospects may be adversely affected.

Acquisitions, investments or strategic alliances may fail and materially and adversely affect our reputation, business, financial condition and results of operations.

We may in the future enter into strategic alliances with various third parties. Strategic alliances with third parties could subject us to a number of risks, including the disclosure or misappropriation of proprietary information, counterparty defaults and non-performance, and reputational risks arising from negative publicity associated with such third parties or alliances.

In addition, we may acquire additional assets or businesses that may generate synergies when combined with our existing business. The cost of identifying and consummating acquisitions may be significant. We may also have to obtain shareholders' approvals and approvals and licenses from the government authorities for the acquisitions and comply with applicable laws and regulations. Obtaining such approvals and licenses may delay, if not halt, our acquisition efforts. Future acquisitions and the subsequent integration of new assets and businesses may entail risks including increased operating expenses and capital requirements, share dilution, incurrence of debt, goodwill impairment and contingent liabilities, diversion of management attention and resources, difficulties in assimilating operations, talent, intellectual property and products of acquired businesses, and the loss of key personnel and business relationships.

If we fail to address the risks related to our future acquisitions and subsequent integration of new assets and businesses, we may not be able to realize the anticipated benefits of such acquisitions and our reputation, business, financial condition and results of operations may be adversely affected.

We may not be able to manage our growth effectively and our business, financial condition and results of operations may be adversely affected.

The success of our business depends on our ability to manage our growth effectively, which requires significant human and financial resources. Effectively managing our growth requires us to successfully develop and upgrade our products, monitor and control expenses, expand and optimize our production capabilities, improve our supply chain, enhance our administrative infrastructure and systems, refine our talent management structure and recruit key personnel, develop customer and distributor relationships, strengthen our internal controls and reporting systems, and address unforeseen operational challenges in a timely manner. If we fail to effectively manage these requirements, our expenses may increase and our ability to execute our business strategies may be compromised, which could have a material and adverse effect on our business, financial condition and results of operations.

In addition, developing international markets requires significant investment of capital and human resources, which may adversely impact our current performance. We may not be able to identify profitable international markets. Even if we identify profitable international markets, our ability to enter and compete in such markets may be constrained by factors including limited international business experience of ourselves and our distributors, competition from well-established local competitors, differing demand dynamics and customer

preferences, compliance with applicable local laws and regulations, and potentially adverse tax consequences. Any of such circumstances could adversely affect our reputation, business, financial condition and results of operations.

We may be subject to the risks associated with international trade policies, geopolitics and trade protection measures, including imposition of trade restrictions and sanctions, and our reputation, business, results of operations and financial condition could be adversely affected.

Our operations are subject to deterioration in the political and economic relations among countries and sanctions and export controls administered by government authorities and other geopolitical challenges, including, but not limited to, economic and labor conditions, increased custom duties, tariffs, taxes and other costs and political instability. Margins on the sales of products that include components obtained from certain suppliers from other countries and regions could be materially and adversely affected by international trade regulations, including custom duties, tariffs and anti-dumping penalties. In particular, the U.S. government imposed economic and trade sanctions directly or indirectly affecting China-based technology companies. It is possible that the extent and scope of such sanctions may escalate. There is no assurance as to how the U.S.-China trade tensions might develop or whether there will be any changes to the scope and extent of goods that are or will be subject to such export controls, sanctions, tariffs, or new trade policies introduced by the two countries. We cannot predict the implications of the ongoing U.S.-China trade tensions and the resulting impact on our industry and the global economy.

In recent years, the United States has increased export controls restrictions on China through the EAR, administered by the BIS, which includes a list of foreign persons on which certain trade restrictions are imposed (the "**Entity List**"). The export, re-export and/or transfer (in-country) of items subject to the EAR to a listed foreign person is generally prohibited unless the specified license requirements are met. These restrictions or regulations, and similar or more expansive restrictions or regulations that may be imposed by the U.S. or other jurisdictions in the future, may materially and adversely affect our ability to acquire technologies, systems, devices or components that may be critical to our technology infrastructure, product offerings and business operations. Any uncertainties and changes in these current or future restrictions or regulations may have a negative impact on our reputation and business. If certain of our customers and suppliers are listed on the Entity List and subject to restrictions from sourcing or selling technologies, software, or components from or to us, we may not be able to obtain, extend or maintain the requisite regulatory permits in relation to our transactions with these customers and suppliers.

In addition, on August 9, 2023, the Biden Administration issued the Executive Order on Addressing United States Investments in Certain National Security Technologies and Products in Countries of Concern granting the U.S. government the authority to establish and enforce an outbound investment screening regime. On October 28, 2024, the U.S. Department of the Treasury issued the Provisions Pertaining to U.S. Investments in Certain National Security Technologies and Products in Countries of Concern (the "**Final Rule**") to implement the Executive Order of August 9, 2023. The Final Rule has become effective on January 2, 2025. The Final Rule applies to investments by U.S. person as to "covered transactions" involving "covered foreign person" associated with a "country of concern" in "covered activities" in three sectors pertaining to national security technologies and products: (1) semiconductors and microelectronics, (2) quantum information technologies and (3) artificial intelligence.

After consultation with our U.S. Foreign Investment and International Sanctions Legal Advisor and taking into account their view, our Directors believe that the Final Rule has no material adverse impact to our business operations, financial performance and the [**REDACTED**] as we are not a "covered foreign person" (each as defined in the Final Rule) as we do not engage in any covered activity as defined in the Final Rule. We do not engage in any activities in the AI sector as defined under the Final Rule. We do not currently intend to use our proceeds for designing or developing AI systems as defined under the Final Rule. Our business operations do not involve the development or production of technologies in the semiconductor and microelectronics, quantum information technologies, that meet the specific technical thresholds for covered activities. Since "integrated circuits" is an undefined term in the Outbound Investment Security Program regulations, based on the scope of items that are categorized as "integrated circuits," within Note 1 to ECCN 3A001 on the Commerce Control List, as well as other provisions of Category 3 (e.g., ECCN 3A090), after consultation with U.S. Foreign Investment and International Sanctions Legal Advisor and taking into account their view, our Directors are of the view that, we are not engaged in "covered activities." This understanding is also consistent with industry practice wherein Semiconductor Field Effect Transistors (MOSFETs) and Insulated Gate Bipolar Transistors (IGBTs) semiconductor devices are components of an integrated circuit rather than an integrated circuit itself. In particular, our products are discrete power semiconductor devices which perform power switching and current control functions in electronic circuits. Such products are independent discrete semiconductor components rather than the switching functionality embedded in an integrated circuit, nor a standalone integrated circuit product. As advised by U.S. Foreign Investment and International Sanctions Legal Advisor, our directors confirms that our products do not meet the criteria for "prohibited transactions" or "notifiable transactions" under the Final Rule, as we do not engage in any activities related to quantum computing or AI systems. In addition, our future use of [**REDACTED**] in AI-related scenarios is not expected to be used in activities constituting "prohibited transactions" or "notifiable transactions" under the Final Rule. In particular, the AI-related scenarios are not expected to (i) involve sanctioned entities, (ii) be used for "military end users", "government intelligence or mass-surveillance end use", or (iii) be trained with a computing power greater than 10^23 computational operations, or (iv) be used for cybersecurity applications, digital forensic tools, penetration testing tools or control of robotic systems. Even if our activities fall within the definition of the Outbound Investment Security Program regulations in the future, we may be eligible for the Publicly Traded Securities Exception ("**PTSE**") upon [**REDACTED**]. The PTSE allows U.S. persons' or their non-U.S. person subsidiaries to purchase our publicly traded securities provided that the U.S. persons' or their non-U.S. person subsidiaries would not be afforded rights beyond "standard minority shareholder protections". Therefore, our directors are of the view that the Final Rule does not have material adverse impact to our operations, financial performance or investment prospects, on U.S. persons' ability to participate in the [**REDACTED**], and our ability to attract [**REDACTED**] from U.S. persons including in this [**REDACTED**] and subsequent to our [**REDACTED**]. [**REDACTED**] that are U.S. persons should consult their own legal counsel regarding the applicable compliance requirements, including their notification obligation and any applicable exception, under the Final Rule in connection with this [**REDACTED**]. The Final Rule nonetheless may increase the compliance burden of U.S. investors and may cause certain U.S. investors to adopt a more cautious approach in their investments, affecting the [**REDACTED**] sentiment towards us, and therefore negatively impacting our ability to raise capital.

During the Track Record Period, our products were offered to our downstream customers in China and overseas. However, we cannot assure you that our downstream customers will not engage in the export of their goods incorporating our products into the U.S. or other countries and regions, and that such export will not be subject to the restrictions introduced by the U.S.

or other states and political entities. Furthermore, if we export our products to other countries and regions which are or become subject to sanctions or export controls, our business, financial condition and results of operations may be materially and adversely affected.

Further, we have no control over the countries to which the downstream customers will sell and/or export their end products. If the export sales of the downstream customers' end products are restricted, prohibited or made subject to any trade conditions under any international policies or international export controls or economic sanctions imposed by any jurisdictions, the downstream customers' demand in our products may drop significantly and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

Our business growth and results of operations may be adversely affected by changes in global and regional macroeconomic conditions, natural disasters, health epidemics and pandemics, and social disruption and other outbreaks.

Uncertainties about global and regional macroeconomic conditions including fluctuation of interest rates, inflation level, conditions in the industries in which we operate, unemployment, labor and healthcare costs, access to credit, consumer confidence and other factors beyond our control may pose risks and materially and adversely affect the demand for our products. In addition, natural disasters such as floods, earthquakes, sandstorms, snowstorms, fire or drought, the outbreak of a widespread health epidemic, acts of war, terrorism or other force majeure events beyond our control may disrupt our R&D, manufacturing and commercialization activities and business operations, all of which could adversely affect our business, financial condition, results of operations and prospects.

If we fail to obtain and maintain the requisite licenses and approvals required in any jurisdiction where we operate, our business, financial condition and results of operations may be materially and adversely affected.

The industry we operate in is highly regulated. For example, under the current PRC regulatory scheme, a number of governmental authorities jointly regulate major aspects of our industry. We are required to obtain and maintain the requisite licenses and approvals required in China and in other jurisdictions where we operate. Please see "Regulatory Overview" and "Business — Licenses, Approvals and Permits" for more details. Compliance with the relevant regulations may require substantial expense and non-compliance may expose us to sanctions and penalties. Moreover, we cannot assure you that we can successfully update or renew the licenses required for our business in a timely manner as the licenses may only be valid for a limited period of time. Neither can we assure you that these licenses are sufficient to conduct all of our present or future business. If we fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdiction where we operate, we may be subject to various penalties, such as confiscation of the revenue that were generated through unlicensed activities, or the suspension or revocation of our licenses and approvals. Any such penalties may disrupt our business operations and materially and adversely affect our business, financial condition and results of operations.

Our insurance coverage may not be sufficient to cover all losses or potential claims, which would affect our business, financial condition and results of operations.

We have maintained insurance policies to cover various aspects of our business, including logistics and transportation and employee accident insurance to secure our business continuity. However, the amount of coverage, depending on the insurance policies to which we subscribe, may not be adequate to fully compensate all types of loss, damage and liability we may suffer

in the future. For example, insurances covering loss from acts of war, terrorism, or natural disasters may be unavailable or cost prohibitive. In addition, we cannot guarantee that our policies can be renewed on similar or acceptable terms, or at all. If we suffer unexpected severe losses or losses that far exceed the policy limits, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business and prospects depend on our ability to build our brand and reputation, which could be harmed by negative publicity regarding us, our Directors, employees, branding or products. Any negative publicity, whether warranted or not, could adversely affect our business.

We believe that our brand is integral to the success of our business. Since we operate in a highly competitive market, brand maintenance directly affects our ability to maintain our market position. The successful maintenance of our brand depends on our ability to provide competitive products and to strengthen business relationship with our customers. The successful promotion of our brand depends on the effectiveness of our marketing efforts and the amount of word-of-mouth referrals by our customers. We may incur extra expenses in promoting our brand. However, we cannot assure you that these activities will be successful or effective as expected. In addition, any negative publicity about our Company, Directors, employees, branding or products, whether warranted or not, may adversely affect our reputation and business. If our brand and reputation is damaged, we may face challenges in maintaining our current business relationships with our customers and in entering into new markets, which may adversely affect our business, financial condition, results of operations and prospects.

Our information technology networks and systems may encounter malfunction, unexpected system failure, interruption, insufficiency or security breaches.

We rely on our and third-party information technology systems to facilitate communications among our employees and with suppliers and customers and other aspects of our business operations. These information technology systems may be susceptible to damage, disruptions or shutdowns due to failures during maintenance, power outages, hardware failures, malware attacks or catastrophic events. If the information technology systems suffer damage, disruption or shutdown, we may incur substantial costs in repairing or replacing these systems. If we do not effectively resolve the issues in a timely manner, our business, financial condition and results of operations may be materially and adversely affected. In addition, if the information technology systems fail to satisfy additional requirements related to our business expansion, our future growth may be adversely affected.

Failure to detect or prevent fraudulent or illegal activities or other misconduct by suppliers, customers or other third parties may materially and adversely affect our business.

We are exposed to fraudulent or illegal activities or other misconduct by our suppliers, customers or other third parties, that could subject us to liabilities, fines and other penalties imposed by government authorities. We cannot assure you that our internal policies or contractual covenants would be effective in preventing fraudulent or illegal activities by our suppliers, customers or other third parties or such fraud would not happen. Any illegal, fraudulent, corrupt or collusive activity by our suppliers, customers or other third parties, including, but not limited to, those in violation of anti-corruption, anti-bribery, anti-money laundering, financial and economic sanctions and similar laws, could also subject us to negative publicity that could severely damage our brand and reputation and subject us to significant financial and other liabilities to third parties and fines and other penalties imposed

by government authorities. Accordingly, our failure to detect and prevent fraudulent or illegal activities or other misconduct by our suppliers, customers or other third parties could materially and adversely affect our business.

We may be involved in legal proceedings and commercial or contractual disputes, which could materially and adversely affect our reputation, business, financial condition and results of operations.

We may be involved in commercial or contractual disputes, legal and administrative proceedings, and claims arising out of the ordinary course of our business. We cannot assure you that we will not be involved in various disputes in the future, which may expose us to additional risks and losses. In addition, existing or future disputes, proceedings and claims may be costly to defend or resolve. We may have to pay legal costs associated with such disputes, including fees relating to appraisal, auction, execution and legal advisory services. Litigation and other disputes may lead to inquiries, investigations and proceedings by regulatory authorities and other governmental agencies. Any claims, disputes, inquiries, investigations and proceedings may result in damage to our reputation, additional operating costs and diversion of resources and management's attention from our core business. The disruption of our business due to judgment, arbitration and legal proceedings against us or adverse adjudications in proceedings against our Directors, senior management or key employees may materially and adversely affect our reputation, business, financial condition and results of operations.

Our future strategic acquisitions or investments, if any, may not be successful, and we may not realize anticipated strategic benefits and financial returns from such transactions.

We may engage from time to time in acquisitions and other strategic investments in order to expand our production capacity, diversify our product portfolio, gain access to new markets and stable sources of raw materials or acquire new technologies. However, there can be no assurance that our efforts, any past or future acquisitions or investments, will be successful or that we will achieve the anticipated strategic benefits and financial returns from such transactions. Risks associated with our acquisitions and investments include challenges in integrating the operations and brands of acquired companies or investees, delays or reductions in anticipated synergies, adverse changes in regulations, technology or economic conditions beyond our control, potential increases in indebtedness and exposure to contingent liabilities, diversion of management attention from existing operations, and unanticipated write-offs, impairment charges or goodwill impairment.

We are also subject to valuation uncertainties, as determining the fair value of acquired businesses, assets and liabilities involves significant judgment and assumptions. If our assessments prove inaccurate, or if post-acquisition performance deteriorates, we may be required to record impairment losses that could materially affect our financial results. Acquisitions may also require substantial cash outlays, potentially dilutive equity issuances or increased amortization and other expenses relating to intangible assets and goodwill. If we fail to address any of the foregoing risks, our business, financial condition and results of operations may be materially and adversely affected.

Our non-compliance with relevant social insurance and housing provident fund contribution laws and regulations in the PRC could lead to retrospective contribution and imposition of fines and penalties.

During the Track Record Period, we failed to pay the social insurance contributions and housing provident fund contributions in full for our employees. As advised by our PRC Legal Advisor, pursuant to relevant PRC laws and regulations, if we fail to make social insurance contributions in compliance with the relevant PRC laws and regulations, we may be required to pay all outstanding social insurance contributions within a prescribed period, with late fees at a daily rate of 0.05% of the outstanding amount, accruing from the date when the outstanding social insurance contributions are due. If this payment is not made within the stipulated period, the competent authority may further impose a fine of one to three times of the overdue amount on us. In addition, pursuant to relevant PRC laws and regulations, in case of a failure to pay housing provident fund in full, the relevant housing provident fund management center may require us to pay the outstanding amount within a prescribed period. If the payment is not made within such time limit, an application may be made to the PRC courts for compulsory enforcement. If these enforcement actions were taken by relevant authorities, our financial condition and results of operations could be materially and adversely affected. Additionally, we cannot assure you that any new laws and regulations or any changes in the implementation of the existing laws and regulations will not require us to pay any contribution shortfall, overdue charges or penalties retroactively, thereby adversely affecting our financial condition and results of operations.

If the relevant authorities order us to fully contribute the social insurance and/or housing provident funds, we would make full contributions and take rectification measures as soon as possible within the specified period. During the Track Record Period and up to the Latest Practicable Date, no penalty had been imposed by the relevant regulatory authorities with respect to our social insurance and housing provident fund contributions. As advised by our PRC Legal Advisor, based on the above, the likelihood that the relevant social insurance and housing provident fund authorities would take initiative to recover the shortfall of social insurance and housing provident fund contributions from us or impose material administrative penalties on us due to our failure to provide full social insurance and housing provident fund contributions for our employees during the Track Record Period is remote.

According to the Interpretation (II) of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which became effective on September 1, 2025, where the employer and the employee agree, or the employee promises the employer, that there is no need to make social insurance contributions, the people's court shall determine that such agreement or promise is invalid. Where the employer fails to make social insurance contributions in accordance with the law, and the employee requests to terminate the labor contract and claim economic compensation in accordance with item (3) of Article 38 of the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the people's court shall uphold such claim. While we fail to make full social insurance contributions for certain employees during the Track Record Period, our Group has made social insurance contributions for all employees, and there have been no agreements with, or commitments from, employees waiving the social insurance contributions. As of the Latest Practicable Date, we had not received any notices from the relevant authorities regarding complaints by employees concerning social insurance contributions, nor have any penalties been imposed or orders for retroactive payments been issued by such authorities. Therefore, we believe this Interpretation will not have a material adverse effect on our operations or financial condition.

Our legal right to some leased properties may be challenged.

We lease properties mainly for offices and employee dormitories. As of the Latest Practicable Date, with respect to our two out of seven leased properties in China, we have not received real estate ownership certificates or proof of authorizations from the lessors or the property owners and the lease filing procedures of the four leased properties have not been completed. Under the Measures for Administration of Lease of Commodity Properties (《商品房屋租賃管理辦法》), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on December 1, 2010 and became effective on February 1, 2011, both lessors and lessees are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We cannot assure you that we will be able to comply with the relevant laws and regulations by completing all required filings of our existing and future lease agreements in China. We may be required by relevant government authorities to file future lease agreements for registration within a time limit, and may be subject to a fine ranging from RMB1,000 to RMB10,000 for such non-registration exceeding such time limit. Moreover, if the lessor was not the owner of the property and the lessor had not obtained consent from the owner or their lessor, our lease could be challenged by third parties. Our inability to enter into new leases or renew existing leases on terms acceptable to us could materially adversely affect our business, financial condition and results of operations.

RISKS RELATING TO CONDUCTING BUSINESS IN CHINA AND OTHER JURISDICTIONS

Failure to fully adapt to changes in the economic, political and social conditions, as well as government policies, laws and regulations, and industry practice guidelines in China could materially and adversely affect our business, financial condition, results of operations and prospects.

The majority of our business assets are located in China and substantially all of our sales and revenue is currently derived from China. Accordingly, our business, financial condition, results of operations and prospects are subject to the economic, political and legal conditions in China. Political and economic policies of the PRC government could affect our business and financial condition. Failure to fully adapt to these changes in political and economic policies may adversely affect our growth. In recent years, the PRC government implemented a series of laws, regulations and policies with respect to, among other things, quality and safety control, and supervision and administration of companies in our industry. Please see "Regulatory Overview" for details. Laws, regulations and policies related to our industries will continue to evolve and undergo changes or adjustments, compliance to which may incur additional costs for us. As a result, our business, financial condition, results of operations and prospects may be adversely affected.

Development in the legal system of certain geographic markets in which we operate could materially and adversely affect us. The legal systems in these geographic markets vary significantly from one jurisdiction to another.

Legal systems of the geographic markets where we operate vary significantly from jurisdiction to jurisdiction. Some jurisdictions have a civil law system based on written statutes and others are based on common law. Unlike the common law system, prior court decisions under the civil law system may be cited for reference but have limited precedential value. The legal systems of some geographic markets where we operate are consistently evolving. Laws and regulations that are recently enacted may not sufficiently cover all aspects of economic activities in such markets. In particular, the interpretation and enforcement of these laws and regulations are subject to future implementations, and the application of some of these laws and

regulations to our businesses is still evolving. Since local administrative and court authorities are authorized to interpret and implement statutory provisions and contractual terms, it may be difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we have in many of the geographic markets where we operate. Local courts may have discretion to reject enforcement of foreign awards or arbitration awards. These may affect our judgment on the relevance of legal requirements and our ability to enforce our contractual rights or claims.

Furthermore, many legal systems in the geographic markets where we operate are based in part on their respective government policies and internal interpretations, some of which are not published on a timely basis and may have retroactive effects. As a result, we may not be aware of our violation of certain policies or rules until sometime after the violation. In addition, administrative and court proceedings in certain of our geographic markets may be protracted, resulting in substantial costs and diversion of resources and management attention.

It is possible that a number of laws and regulations may be adopted or construed to be applicable to us in our geographic markets and elsewhere that could affect our businesses and operations. Scrutiny and regulations of the industries in which we operate may further increase, and we may be required to devote additional legal and other resources to addressing these regulations. Changes in current laws or regulations or the imposition of new laws and regulations in our geographic markets may slow the growth of our industries and affect our business, financial condition and results of operations.

Regulations on currency exchange may limit our foreign exchange transactions, including our ability to pay dividends and other obligations, and may affect the value of your investment.

The conversion of Renminbi is subject to applicable laws and regulations in China. We cannot guarantee that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange needs. Under the current PRC foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. We are required to present documentary evidence of such transactions and conduct such transactions at banks that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account conducted by us, however, must be registered in advance by the SAFE or its designated banks.

Under existing foreign exchange regulations, following the completion of the [**REDACTED**], we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, any change in these foreign exchange policies or any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements, or to capitalize our capital expenditure plans, and even our business, financial condition and results of operations, may be affected.

Fluctuations in exchange rates could result in foreign currency exchange losses.

Most of our revenue and expenditures were denominated in Renminbi. We recorded net foreign gains of RMB128 thousand in 2024, and recorded net foreign exchange losses of RMB72 thousand and RMB468 thousand in 2023 and 2025, respectively and recorded net foreign exchange losses of RMB250 thousand and RMB165 thousand for the five months ended May 31, 2025 and 2026, respectively. Any significant revaluation of the Renminbi may adversely affect our financial condition and results of operations.

Additionally, the [**REDACTED**] from the [**REDACTED**] will be in Hong Kong dollars. Fluctuations in the exchange rates among the Renminbi, the Hong Kong dollar, the U.S. dollar and other foreign currencies will affect the relative purchasing power in Renminbi in terms of the [**REDACTED**] from the [**REDACTED**]. Fluctuations in the exchange rate may also incur foreign exchange losses and affect the relative value of any dividend issued by us, thereby adversely affecting our business, financial condition and results of operations. In addition, appreciation or depreciation in the value of the Renminbi relative to the Hong Kong dollar or the U.S. dollar may affect our financial results in Hong Kong dollar or U.S. dollar terms without giving effect to any underlying change in our business, financial condition or results of operations.

Our operations are subject to PRC tax laws and regulations.

As a company incorporated in China, we are subject to PRC tax laws and regulations. We cannot assure you that we are able to fully comply with such laws and regulations. Any violation of such laws and regulations may result in fines, other penalties, actions or proceedings that could adversely affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax obligations.

Under the current PRC tax laws and regulations, non-PRC resident individuals and non-PRC resident enterprises are subject to different tax obligations with respect to the dividends paid to them by us and the gains realized upon the sale or other disposition of H Shares by them. Non-PRC resident individuals are required to pay PRC individual income tax at a 20% rate for the dividends or gain from share transfer derived in China under the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) and its implementation regulations. Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between the PRC and the jurisdiction in which the foreign individual or enterprise resides reduce or exempt the relevant tax obligations. Pursuant to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region ("**HKSAR**") for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》) signed on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a resident of the HKSAR (including natural person and legal entity), but such tax will not exceed 10% of the total amount of the dividends payable by the Chinese company. If an HKSAR resident directly holds 25% or more of the equity interest in a PRC company, such tax will not exceed 5% of the total dividends payable by the Chinese company. The Fifth Protocol to the Arrangement between the Mainland of China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (《<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) issued by the STA effective on December 6, 2019 stipulates that the arrangements or transactions made for the primary purpose of obtaining the above-mentioned tax benefits are not subject to the above-mentioned provisions. For non-PRC resident enterprises that do not have establishments or premises in the PRC, and for those who have establishments or premises in the PRC but whose income is not related to such establishments or premises, under the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》), and its implementation regulations, dividends paid by us and gains realized by such foreign enterprises upon the sale or other disposition of H Shares are typically subject to PRC enterprise income tax at a 10% rate. The Circular on Issues Relating to the Withholding of Enterprise Income Tax by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the STA, also stipulates that the withholding tax rate for dividends payable to non-PRC resident enterprise holders of H Shares shall be 10%, subject to a further reduction under a special arrangement

or an applicable treaty between China and the jurisdiction of the residence of the relevant non-PRC resident enterprise. Despite the arrangements mentioned above, the interpretation and application of applicable PRC tax laws and regulations are subject to the then relevant laws and regulations due to several factors, including whether the relevant preferential tax treatment will be revoked in the future such that all non-PRC resident individual holders will be subject to PRC individual income tax at a flat rate of 20%. If there is any change to applicable tax laws and rules and interpretation or application with respect to such laws and rules, the value of your investment in our H Shares may be materially affected.

We are subject to the approval, filing or other requirements of PRC governmental authorities in connection with capital raising activities, including this [REDACTED].

On July 6, 2021, the General Office of the State Council, together with another regulatory authority, jointly promulgated the Opinions on Strictly Combating Illegal Securities Activities in Accordance with the Law (《關於依法從嚴打擊證券違法活動的意見》), which calls for, among others, enhanced administration and supervision of overseas-listed China-based companies, proposes to revise the relevant regulations governing the overseas issuance and listing of shares by such companies, and clarifies the responsibilities of competent domestic industry regulators and government authorities.

In addition, on December 28, 2021, the CAC, together with other relevant administrative departments, jointly promulgated the revised Cybersecurity Review Measures (《網絡安全審查辦法》) with effect from February 15, 2022, according to which critical information infrastructure operators that procure internet products and services, and network platform operators engaging in data processing activities, must be subject to the cybersecurity review if their activities affect or may affect national security. The Cybersecurity Review Measures further provide that an online platform operator who possesses personal information of over one million users and intends to list in a foreign country must be subject to the cybersecurity review. Our PRC Legal Advisor is of the view that the term of "listing on a foreign stock exchange" under the Cybersecurity Review Measures exempts listing in Hong Kong from the mandatory obligation of ex-ante declaration of cybersecurity review. Furthermore, the governmental authorities have discretion to initiate a cybersecurity review on any data processing activity if they deem such activity affects or may affect national security. The identification of critical information infrastructure operators is subject to specific identification rules stipulated by relevant industry regulators and the notice from the relevant regulators pursuant to the Regulations on Protection of Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》). As of the Latest Practicable Date, we had not received any notification classifying us as "critical infrastructure information operator" from the relevant supervisory authorities. There can be no assurance that the relevant PRC government authorities would not determine us as "critical infrastructure information operator" in the future. Our directors further confirm that, as of the Latest Practicable Date, we had not been subject to any cybersecurity review initiated by the CAC or any other relevant PRC governmental authorities.

On September 30, 2024, the State Council published the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the "Data Security Regulations"), which provides that network data processors conduct network data processing activities that affect or may possibly affect national security must conduct national security review in accordance with relevant laws and regulations. The Data Security Regulations provide no further explanation or interpretation as to how to determine what constitutes "affecting national security." As such, there remain uncertainties of interpretation, application and enforcement of the evolving relevant laws and regulations, and future regulatory changes may impose additional restrictions.

The CSRC or other PRC regulatory authorities may also take actions requiring us, or making it advisable for us, to halt this [**REDACTED**] or future capital raising activities before settlement and delivery of the H Shares [**REDACTED**] hereby. Consequently, if you engage in market [**REDACTED**] or other activities in anticipation of and prior to settlement and delivery, you do so at the risk that settlement and delivery may not occur. In addition, if the CSRC or other regulatory authorities later promulgate new rules or explanations requiring that we obtain their approvals or accomplish the required filing or other regulatory procedures in addition to those prescribed under the Overseas Listing Trial Measures for future capital raising activities, we may be unable to obtain a waiver of such approval requirements, if and when procedures are established to obtain such a waiver. Any such circumstances regarding such approval, filing or other requirements could materially and adversely affect our business, results of operations, financial condition, prospects, reputation, and [**REDACTED**] price of the H Shares.

You may experience difficulties in effecting service of legal process and enforcing judgments against us, our most Directors, Supervisors and senior management.

We are a company incorporated under the PRC laws and a majority of our assets and subsidiaries are located in China. The majority of our Directors, Supervisors and senior management reside within China. The assets of these Directors, Supervisors and senior management also may be located within China. As a result, it may be complex and difficult to effect service of process upon or to enforce judgements against us, most of our Directors, Supervisors and senior management outside China.

Any failure to comply with relevant regulations regarding the registration requirements for employee share incentive plans may subject our share incentive plan participants or us to fines and other legal or administrative sanctions.

In February 2012, SAFE promulgated the Notices on Issues Concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plan of Overseas Publicly Listed Company (《關於境內個人參與境外上市公司股權激勵計劃外匯管理有關問題的通知》), replacing earlier rules promulgated in 2007. Pursuant to these rules, PRC citizens and non-PRC citizens who reside in China for a continuous period of not less than one year and participate in any stock incentive plan of an overseas publicly listed company, subject to a few exceptions, are required to register with SAFE through a domestic qualified agent and complete certain other procedures. In addition, an overseas-entrusted institution must be retained to handle matters in connection with the exercise or sale of stock options and the purchase or sale of shares and interests. We, our executive officers and other employees who are PRC citizens or who reside in China for a continuous period of not less than one year and who have been granted options of H shares will be subject to these regulations when we become an H-share [**REDACTED**] company upon the completion of the [**REDACTED**]. Failure to complete SAFE registrations may subject them to fines and legal sanctions. In light of the above, we cannot assure you that we will continuously adopt additional H shares incentive plans for our directors, executive officers and employees under PRC law. In addition, the STA has issued certain circulars concerning employee share options and restricted shares. Under these circulars, our employees working in China who exercise share options or are granted restricted shares will be subject to PRC individual income tax. We have obligations to file documents related to employee share options or restricted shares with relevant tax authorities and to withhold individual income taxes of those employees who exercise their share options. If our employees fail to pay or we fail to withhold their income taxes according to relevant laws and regulations, we may face sanctions imposed by the tax authorities.

RISKS RELATED TO THE [REDACTED]

The liquidity, [REDACTED] volume and [REDACTED] of our H Shares following the [REDACTED] may be volatile, which could result in substantial losses to [REDACTED].

The price at which our H Shares will trade after the [**REDACTED**] will be determined by the marketplace, which may be affected by factors beyond our control, including our financial performance, changes in analysts' estimates and research coverage, the prospects and development stage of our business and the industry in which we operate, the valuation of comparable publicly traded companies, general market sentiment, changes in PRC laws and regulations, our actual or perceived competitive position, and broader political, economic, financial and social conditions.

There was no public market for our H Shares prior to the [**REDACTED**], and there is no assurance that an active and liquid market will develop or be sustained after [**REDACTED**]. The [**REDACTED**], which will be determined through negotiation with the [**REDACTED**], may not reflect the post-[**REDACTED**], and if an active market does not develop, the market price and liquidity of our H Shares may be materially and adversely affected. In addition, the Hong Kong Stock Exchange has from time to time experienced significant volatility in trading prices and volumes that have affected the market prices of securities of companies quoted on the Hong Kong Stock Exchange. As a result, [**REDACTED**] in our H Shares may experience volatility in the market price of their H Shares and a decrease in the value of their H Shares regardless of our operating performance or prospects.

Our Controlling Shareholders have substantial influence over our Group and its interests may not be aligned with the interests of our other Shareholders.

Our Controlling Shareholders have significant influence in determining the outcome of any corporate transaction or other matter submitted to the Shareholders for approval, including but not limited to mergers, privatizations, consolidations and the sale of all, or substantially all, of our assets, election of directors, and other significant corporate actions. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] are not exercised), the Controlling Shareholders will be together interested in and control approximately [**REDACTED**]% of our total issued Shares and voting rights in our Company. The interests of our Controlling Shareholders might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders cause us to pursue strategic objectives that conflict with the interests of our other Shareholders, our other Shareholders could be disadvantaged, and their interests could be damaged. Any conflict of interest between our Controlling Shareholders and our other Shareholders may also materially and adversely affect the aspects such as the decision and implementation of our business plans, which may in turn affect our results of operations and prospects.

We cannot assure you when, whether and in what form or size we will pay dividends in the future.

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distributions of dividends shall be decided by our Board of Directors at their discretion and will be subject to the approval of the general meeting. A decision to declare or to pay dividends and the amount thereof depend on various factors, including but not limited to our results of operations, cash flows and financial position, operating and capital expenditure requirements, distributable profits as determined under PRC GAAP or IFRS (whichever is lower), our Articles of Association and other constitutional documents, the PRC Company Law and any other applicable laws and regulations in China, market conditions, our

strategy and projection for our business, contractual restrictions and obligations, taxation, regulatory restrictions and any other factors from time to time deemed by our Board of Directors as relevant to the declaration or suspension of dividends. As a result, there can be no assurance whether, when and in what form we will pay dividends in the future. Subject to any of the above constraints, we may not be able to pay dividends in accordance with our dividend policy.

Should the [REDACTED] be higher than the net tangible book value per Share, subject to pricing, you may experience an immediate dilution in the book value of the [REDACTED] you purchased in the [REDACTED] and may experience further dilution if we issue additional Shares in the future.

The [**REDACTED**] of the [**REDACTED**] may be higher than the net tangible book value per Share immediately prior to the [**REDACTED**]. As a result, you and other purchasers of the [**REDACTED**] in the [**REDACTED**] may experience an immediate dilution in [**REDACTED**] net tangible asset value. In order to expand our business, we may consider [**REDACTED**] and issuing additional Shares in the future. Purchasers of the [**REDACTED**] may experience dilution in the net tangible asset value per share of their Shares if we issue additional Shares in the future at a price which is lower than the net tangible asset value per Share at that time. Furthermore, we may issue Shares pursuant to share incentive schemes, which would further dilute Shareholders' interests in our Company.

Forward-looking statements contained in this document are subject to risks and uncertainties.

This document contains certain statements and information that are forward-looking and uses forward-looking terminology such as "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," and other similar expressions. You are cautioned that reliance on any forward-looking statement involves risks and uncertainties and that any or all of those assumptions could prove to be inaccurate and, as a result, the forward-looking statements based on those assumptions could also be incorrect. In light of these and other risks and uncertainties, the inclusion of forward-looking statements in this document should not be regarded as representations or warranties by us that our plans and objectives will be achieved and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. Subject to the requirements of the Listing Rules, we do not intend publicly to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements in this document are qualified by reference to this cautionary statement.

You should read the entire document carefully and we strongly caution you not to place any reliance on any information contained in press articles or other media regarding us or the [REDACTED].

We strongly caution you not to rely on any information contained in press articles or other media regarding us and the [**REDACTED**]. Prior to the publication of this document, there has been press and media coverage regarding us and the [**REDACTED**]. Such press and media coverage may include references to certain information that does not appear in this document, including certain operating and financial information and projections, valuations and other information. We have not authorized the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information or publication. We make no representation

as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information is inconsistent or conflicts with the information contained in this document, we disclaim responsibility for it and you should not rely on such information.

Certain facts, forecast and statistics contained in this document are derived from publicly available official government sources and they may not be reliable.

Certain facts, forecast and statistics contained in this document relating to China, the PRC economy and the industry in which we operate have been derived from various official government publications. We have taken reasonable care in the reproduction or extraction of the official government publications for the purpose of disclosure in this document. However, the information from the official government sources were not prepared or independently verified by us, the Sole Sponsor, the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**], the [**REDACTED**] or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecast and statistics, which may not be consistent with other information compiled within or outside the PRC. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this document may be inaccurate or may not be comparable to statistics produced with respect to other economies. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. In all cases, [**REDACTED**] should give consideration as to how much weight or importance they should attach to or place on such facts, forecast and statistics.

In preparation of the [**REDACTED**], we have sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Listing Rules, we must have a sufficient management presence in Hong Kong. This normally means that at least two of our executive directors must be ordinarily resident in Hong Kong.

Since our principal business and operations are substantially located, managed and conducted in the PRC through our PRC subsidiaries, our Directors consider that appointment of additional executive Directors who will be ordinarily resident in Hong Kong would not be beneficial to or appropriate for the Group. As none of our executive Directors are ordinarily based in Hong Kong, we do not, and do not contemplate that we will in the foreseeable future, have a sufficient management presence in Hong Kong for the purpose of satisfying the requirements under Rules 8.12 and 19A.15 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.12 and 19A.15 of the Listing Rules. We will put in place the following measures in order to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives are Mr. Li, and Ms. YUNG Mei Yee (翁美儀) ("**Ms. Yung**"). Mr. Li confirms that he possesses valid travel documents and can readily travel to Hong Kong. Each of the authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone and email. Each of the authorized representatives is authorized to communicate on behalf of our Company with the Stock Exchange;

(b) the authorized representatives have means to contact our Directors (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(c) all of our Directors have confirmed that they possess or can apply for and renew valid travel documents to visit Hong Kong and would be able to meet with the Stock Exchange upon reasonable notice and within a reasonable period. Each of our Directors will be readily contactable by telephone and email, and is authorized to communicate on behalf of our Company with the Stock Exchange;

(d) each of our Directors has provided his/her respective contact details, including office phone numbers, mobile phone numbers, email addresses and addresses, to the Stock Exchange and the authorized representatives. In the event that any Director expects to travel or otherwise be out of office, he/she will provide the contact details and his/her place of accommodation to the authorized representatives;

(e) our Company has appointed Red Sun Capital Limited as compliance advisor pursuant to Rule 3A.19 of the Listing Rules which will have access at all times to the authorized representatives, our Directors and other senior management of our Company, and will act as an additional channel of communication with the Stock

Exchange for the period commencing on the date of the [**REDACTED**] of our H Shares on the Main Board and ending on the date when our Company distributes its annual report for the first full financial year in accordance with Rule 13.46 of the Listing Rules; and

(f) meetings between the Stock Exchange and our Directors can be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. Our Company will inform the Stock Exchange promptly in respect of any change in the authorized representatives and/or its compliance advisor.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, we must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. According to Rule 3.28 of the Listing Rules, our company secretary must be an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary.

The Stock Exchange considers the following academic or professional qualifications to be acceptable:

(a) a member of The Hong Kong Chartered Governance Institute;

(b) a solicitor or barrister (as defined in the Legal Practitioners Ordinance (Chapter 159 of the Laws of Hong Kong)); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong)).

In assessing "relevant experience," the Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles he or she played;

(b) familiarity with the Listing Rules and other relevant laws and regulations including the SFO, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;

(c) relevant training taken and/or to be taken in addition to be the minimum requirement under Rule 3.29 of the Listing Rules; and

(d) professional qualifications in other jurisdictions.

We have appointed Mr. SHI Shuai (史帥), our Board secretary, as one of our joint company secretaries. Mr. Shi joined our Group in July 2025. He is primarily responsible for managing the Group's financing activities, investor relationship and general corporate governance and possesses relevant understanding and knowledge relating to our business operations and corporate culture. In his capacity as our Board secretary, Mr. Shi has actively participated in the preparation of the application for the [**REDACTED**] and possesses experience in matters relating to our Board and corporate governance of our Company. Having considered Mr. Shi's expertise and backgrounds, our Directors consider that Mr. Shi is capable of discharging the functions of a company secretary and is suitable to perform such role.

Although our Company believes, having regard to his past experience in handling corporate matters, that he has a thorough understanding of our Company and the Board, he does not possess the requisite qualifications required by Rule 3.28 of the Listing Rules. Therefore, our Company has appointed Ms. YUNG Mei Yee (翁美儀), who is a Hong Kong resident and possesses such qualifications, to be a joint company secretary to assist Mr. Shi in the compliance matters for the [**REDACTED**] as well as other Hong Kong regulatory requirements for a period of three years commencing from the [**REDACTED**]. For the biographies of our joint company secretaries, see "Directors and Senior Management — Joint Company Secretaries" in this document. Over such three-year period, we will implement measures to assist Mr. Shi to satisfy the requisite qualifications as prescribed in Rule 3.28 of the Listing Rules.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the requirements under Rules 8.17 and 3.28 of the Listing Rules in relation to Mr. Shi's appointment as our joint company secretary pursuant to Chapter 3.10 of the Guide for New Listing Applicants on the following conditions:

(a) Mr. Shi must be assisted by Ms. Yung, who possesses the qualification and experience as required under Rule 3.28 of the Listing Rules and is appointed as a joint company secretary throughout the validity period of the waiver; and

(b) the waiver is valid for a period of three years from the [**REDACTED**] and will be revoked immediately if and when Ms. Yung ceases to provide such assistance or if there are material breaches of the Listing Rules by our Company.

It is anticipated that Mr. Shi will gain experience with the assistance of Ms. Yung. Before the end of the initial three-year period, we will evaluate the then experience of Mr. Shi in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. We would then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Shi, having had the benefit of Ms. Yung's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. LI Weicong (李偉聰)	Room 36A, Unit 1, Block D, Building 3 Baoneng City Garden North of Liuxian Avenue Nanshan District, Shenzhen Guangdong Province, PRC	Chinese
Mr. HUANG Yi (黃義)	Unit A, 2-3502, Tianjiangongguan No. 6 Antuoshan Road Futian District, Shenzhen Guangdong Province, PRC	Chinese
Mr. HE Wei (何偉)	Room 110, No. 110-1 Tangxing Road Nanshan District, Shenzhen Guangdong Province, PRC	Chinese
Mr. JIANG Chunliang (姜春亮)	Apartment A703, Building 1 Blue Diamond Scenery Garden No. 2 Jinlong Road Longgang District, Shenzhen Guangdong Province, PRC	Chinese
Non-executive Directors		
Dr. LUO Ming (羅鳴)	Room 607, Building 1 No. 3889, Chengwang Lidu Jiangning District, Nanjing Jiangsu Province, PRC	Chinese
Mr. YUAN Wei (袁微)	Room N405, Building 6 Nanguo Licheng Garden Nanshan District, Shenzhen Guangdong Province, PRC	Chinese
Independent Non-executive Directors		
Dr. CHEN Yu (陳羽)	Room 802, Building 11 Xinghui Wenyu No. 58 Mingzhi Street University Town, Xiaoguwei Street Panyu District, Guangzhou Guangdong Province, PRC	Chinese

Name	Residential address	Nationality
Ms. JI Xingdan (吉杏丹)	Room 3102, Building 3 Hecheng Jiaye Bantian Street Longgang District, Shenzhen, Guangdong Province, PRC	Chinese
Mr. RUAN Tim (阮添士)	31B, Tower 1, University Heights 23 Pokfield Road Hong Kong	Chinese

Further information about our Directors are set out in "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor	**GF Capital (Hong Kong) Limited** 27/F, GF Tower 81 Lockhart Road Wan Chai Hong Kong

[**REDACTED**]

Legal Advisors to our Company	*As to Hong Kong and U.S. laws:* **Paul Hastings (Hong Kong) LLP** 22/F, Bank of China Tower 1 Garden Road Hong Kong *As to PRC law:* **Global Law Office** 27/F, Tower B China Resources Land Building No. 9668 Shennan Avenue Nanshan District, Shenzhen Guangdong PRC *As to U.S. Foreign Investment and International Sanctions laws:* **Hogan Lovells Cadwalader International LLP** 11/F, One Pacific Place 88 Queensway Hong Kong
Legal Advisors to the Sole Sponsor and the [REDACTED]	*As to Hong Kong and U.S. laws:* **DLA Piper Hong Kong** 25/F, Three Exchange Square 8 Connaught Place Central Hong Kong

	As to PRC law **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road Chaoyang District Beijing PRC
Auditor and Reporting Accountants	**Ernst & Young** *Certified Public Accountants* *Registered Public Interest Entity Auditor* 27/F, One Taikoo Place 979 King's Road Quarry Bay Hong Kong
Industry Consultant	**China Insights Industry Consultancy Limited** 10/F, Block B Jing'an International Center 88 Puji Road Jing'an District Shanghai PRC

[**REDACTED**]

Registered Office	13/F, Building 3 Chongwen Park, Nanshan Zhiyuan 3370 Liuxian Avenue Nanshan District, Shenzhen Guangdong PRC
Headquarters and Principal Place of Business in the PRC	13/F, Building 3 Chongwen Park, Nanshan Zhiyuan 3370 Liuxian Avenue Nanshan District, Shenzhen Guangdong PRC
Principal Place of Business in Hong Kong	40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.vgsemi.com** *(The information on the website does not form part of this document)*
Joint Company Secretaries	**Mr. SHI Shuai (史帥)** Room 602, No. 36 Lane 1555, Hongmei South Road Minhang District Shanghai PRC **Ms. YUNG Mei Yee (翁美儀)** *(a fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom)* 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong
Authorized Representatives	**Mr. LI Weicong (李偉聰)** Room 36A, Unit 1, Block D Building 3 Baoneng City Garden North of Liuxian Avenue Nanshan District, Shenzhen Guangdong Province, PRC **Ms. YUNG Mei Yee (翁美儀)** 40/F, Dah Sing Financial Centre No. 248 Queen's Road East Wanchai Hong Kong

Audit Committee	Ms. JI Xingdan (吉杏丹) (*Chairperson*) Dr. CHEN Yu (陳羽) Mr. YUAN Wei (袁微)
Remuneration and Appraisal Committee	Dr. CHEN Yu (陳羽) (*Chairperson*) Mr. LI Weicong (李偉聰) Ms. JI Xingdan (吉杏丹)
Nomination Committee	Mr. LI Weicong (李偉聰) (*Chairperson*) Ms. JI Xingdan (吉杏丹) Dr. CHEN Yu (陳羽)

[**REDACTED**]

Compliance Advisor	**Red Sun Capital Limited** Room 2703, 27/F China Insurance Group Building 141 Des Voeux Road Central Hong Kong
Principal Banks	**China Construction Bank (Keyuan Sub-branch)** 1/F, Tower 1, Financial Base No. 8 Kefalu Road Science and Technology Park Nanshan District, Shenzhen Guangdong PRC **China Merchants Bank (Shenzhen Branch)** 1/F, China Merchants Bank Shenzhen Branch Building No. 2016 Shennan Avenue Futian District, Shenzhen Guangdong PRC **China Merchants Bank, University Town Sub-branch (Shenzhen Branch)** Units 102, 112-123, Building 5 Western Zone, Baoneng City Garden Liuxian Avenue, Taoyuan Street Nanshan District, Shenzhen Guangdong PRC

The information and statistics contained in this section and other sections of this document have been extracted from reports prepared by CIC commissioned by us, as well as from various official government publications and other publicly available publications. We engaged CIC to prepare the CIC Report in relation to the [**REDACTED**], which is an independent industry report. We or any other persons involved in the [**REDACTED**], or any of our or their respective directors, senior management, representatives, advisers, or any other persons involved in the [**REDACTED**] have not independently verified the information from official government sources, nor have made any statement as to its accuracy.

OVERVIEW OF THE POWER SEMICONDUCTOR DEVICE INDUSTRY

With the global energy structure accelerating its transition towards low-carbonisation, the demand for electricity is continuously rising. As a result, power electronic systems face greater challenges in terms of reliability, efficiency, and sustainability, heightening an urgent need for development towards higher power density, high-frequency efficiency, and miniaturisation.

Under this trend, power semiconductor devices, as core components for power conversion and management, are becoming increasingly important in power electronic systems. Power semiconductor devices are not only widely used in consumer electronics, automotive electronics, and industrial control fields, but are also undergoing continuous transformation and development with the rise of infrastructure such as electric vehicles, renewable energy inverter systems, industrial variable frequency drives, energy storage systems, and AI data centres, taking it one step further to becoming the key to improving energy efficiency and equipment performance.

Definition and classification of power semiconductor device

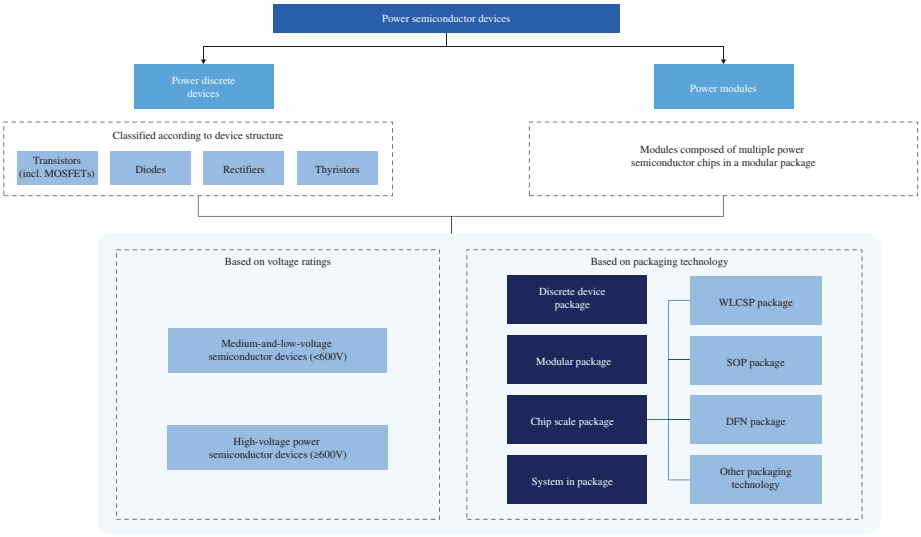
Power semiconductor devices are core electronic components in electronic devices that enable power conversion and circuit control. Their main functions include efficient voltage conversion, precise frequency regulation, and conversion between alternating current (AC) and direct current (DC). Power semiconductor devices, being the key components of power electronic systems, effectively regulate energy flow and ensure system stability through functions such as rectification, inversion, power amplification, power switching control, and circuit protection, which are referred as the 'heart' of power electronic systems.

Based on their components, power semiconductor devices mainly include power discrete devices and power modules. The former can be further classified according to device structure into transistors, diodes, rectifiers, and thyristors, which are mainly MOSFETs, IGBTs, BJTs, etc., while the latter are modules composed of multiple power semiconductor chips in a modular package; Additionally, based on voltage, power semiconductor devices are divided into medium-and-low voltage (below 600V), and high-voltage (600V and higher). 600V is widely recognized as the threshold dividing medium-and-low and high-voltage power devices, fundamentally driven by standard power system applications and safety margin. Fundamentally, the distinction between medium-and-low-voltage and high-voltage devices depends on the specific circuit environment they are designed for. Medium-and-low-voltage devices are engineered for secondary-side circuits, whereas high-voltage components are explicitly designed to interface directly with primary AC mains. For globally prevalent 220V AC grids, the peak sinusoidal voltage is approximately 310V. Accounting for peak voltage under grid fluctuations, reflected voltage from the transformer, and transient switching spikes from leakage inductance, engineers generally design high-voltage devices with an extra safety

margin of approximately 300V, which leads the high-voltage designed minimum rating to 600V. Thus, 600V is recognized as the general high-voltage devices threshold for the balance of safety and economic efficiency.

In addition, based on packaging technology, power semiconductor devices can also be classified into WLCSP power semiconductor devices, SOP power semiconductor devices, DFN power semiconductor devices, and other packaged power semiconductor devices.

Definition and classification of power semiconductor device



Source: CIC

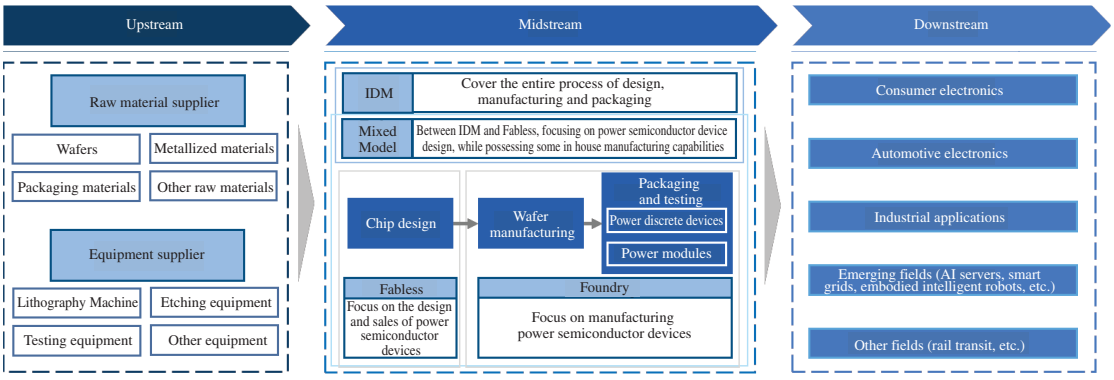
Industry Chain of Power Semiconductor Device Industry

The upstream segments of the power semiconductor device industry chain primarily include the production and supply of raw materials such as wafers and wide bandgap materials, as well as the supply of semiconductor manufacturing equipment.

The midstream segment covers the entire process from chip design and wafer manufacturing to packaging and testing. Depending on the business model, it can be further divided into Fabless, foundry, IDM and mixed model. The mixed model achieves a balance between asset-light operations and technological autonomy by retaining core processes and outsourcing standard manufacturing. It is increasingly becoming the preferred transformation direction for many power semiconductor device companies.

In downstream applications, power semiconductor devices are widely used in many important fields covering areas including consumer electronics, automotive electronics, industrial applications and emerging fields.

The Industry Chain of the Power Semiconductor Device Industry



Source: CIC

Market Size of China's Power Semiconductor Device Industry

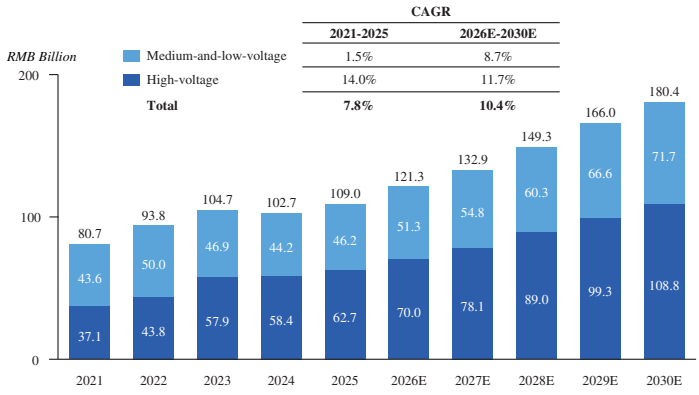
The global semiconductor industry is inherently cyclical. In the past 10 years, the market reached over 20% increase in 2017 and 2021, while recorded lower than 5% increase in 2016 and 2022. The fluctuation in growth rate is mainly driven by the changes in the end-market demands and corresponding inventory adjustment within downstream industry.

The market size of power semiconductor devices in China grew from RMB80.7 billion in 2021 to RMB109.0 billion in 2025, with a CAGR of 7.8% during the period. Driven by continued expansion in downstream demand, the Chinese power semiconductor device market is expected to reach RMB180.4 billion by 2030, with a CAGR of 10.4% from 2026 to 2030.

The contraction of the medium-and-low-voltage power semiconductor and consumer electronics power semiconductor markets since 2022 was primarily driven by the cyclical downturn in downstream consumer electronics. Following an anomalous demand surge in 2020 and 2021 fueled by pandemic, the consumer electronics sector experienced significant inventory accumulation. Subsequently, from 2022 to early 2024, macroeconomic headwinds, including global inflation and subdued consumer confidence, led to weakened end-market demand. Consequently, downstream manufacturers initiated prolonged inventory correction cycles, directly reducing procurement orders for medium-and-low-voltage power semiconductor devices. Since the second half of 2024, downstream demand has gradually recovered and inventory levels have normalized, supporting a rebound in the medium-and-low-voltage power semiconductor market, which reached RMB46.2 billion in 2025.

Although the fluctuation existed, the industry fundamentally exhibits a long-term trajectory of fluctuating growth. Meanwhile it is anticipated that traditional cyclical fluctuations will be significantly dampened by the continued expansion of automotive electronics demand, particularly driven by vehicle electrification and intelligentization, as well as the explosive emergence of new structural demands, particularly from the AI sector and data center computing power requirements. The market size is expected to reach RMB71.7 billion by 2030, representing a CAGR of 8.7% from 2026 to 2030.

Market Size of China's Power Semiconductor Device Industry, in Terms of Revenue, by Voltage Level, 2021-2030E

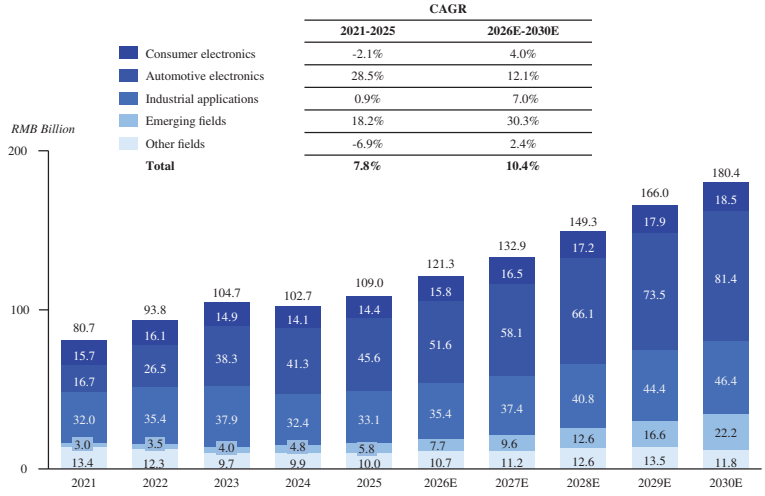


Sources: Omdia, Expert Interviews, CIC

Benefiting from the intelligent upgrade of consumer electronics, the consumer sector achieved sales revenue of RMB14.4 billion in the power semiconductor device market in 2025, with a CAGR of 4.0% expected between 2026 and 2030. In addition, benefiting from the strong growth of new energy vehicles, the automotive sector achieved sales revenue of RMB45.6 billion in the power semiconductor device market in 2025, with a CAGR of 12.1% expected between 2026 and 2030. At the same time, benefiting from the continuous growth of renewable energy, the industrial sector achieved sales revenue of RMB33.1 billion in the power semiconductor device market in 2025, with a CAGR of 7.0% expected between 2026 and 2030.

Emerging fields are becoming a new growth driver for the power semiconductor device market. The rapid development of cutting-edge applications such as AI servers, smart grids, and embodied intelligent robots is creating strong demand for power semiconductor devices, with a CAGR of 30.3% expected between 2026 and 2030.

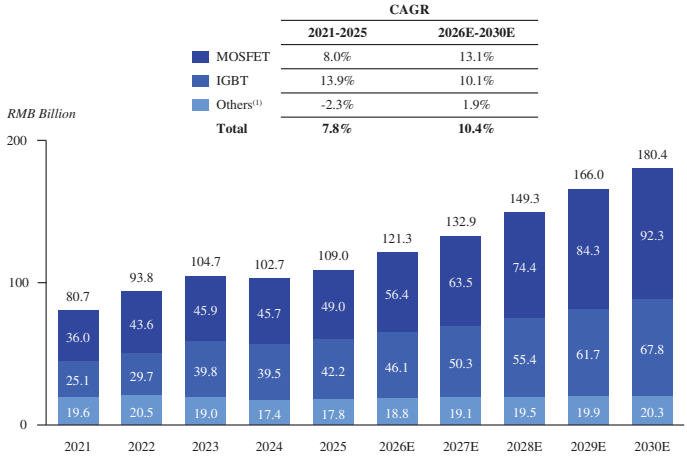
Market Size of China's Power Semiconductor Device Industry, in Terms of Revenue, by Application Areas, 2021-2030E



Source: Omdia, Expert Interviews, CIC

In China's power semiconductor device market, MOSFET power semiconductor devices have secured the largest market share and maintained rapid growth thanks to their advantages of fast switching speed, low conduction loss, and simple drive. Its market size grew from RMB36.0 billion in 2021 to RMB49.0 billion in 2025, with a CAGR of 8.0% during the period. It is estimated that by 2030, the market size of MOSFET power semiconductor devices in China will reach RMB92.3 billion, with a CAGR of 13.1% from 2026 to 2030.

Market Size of China's Power Semiconductor Device Industry, in Terms of Revenue, by Production Types, 2021-2030E



Source: Omdia, Expert Interviews, CIC

Note: Others includes other power semiconductor devices such as BJT.

Driving Factors in China's Power Semiconductor Device Industry

- **Growing demand in downstream applications.** Driven by the global energy transformation and intelligentization, the power semiconductor device market is experiencing continuous growth due to its high efficiency conversion, high reliability, energy saving and environmental protection performance advantages. In the consumer sector, with the rapid proliferation of smart consumer products, the demand for improved energy efficiency has increased the demand for power semiconductor devices. In the automotive sector, electric vehicle power systems and charging equipment require more power semiconductor devices to achieve power conversion and control, with per-vehicle usage significantly higher than that of traditional fuel-powered vehicles. In the industrial sector, the large-scale application of photovoltaic and wind power systems has created a vast market for high-voltage power semiconductor devices. In emerging fields, embodied intelligent robots and AI servers require power semiconductor devices to provide them with high-efficiency conversion and intelligent support.

- **AI technology is reshaping downstream applications.** Artificial intelligence technology is accelerating the empowerment of emerging industries such as data centres and smart manufacturing. While improving the technical indicators of power conversion systems, it is also driving significant growth in the demand for power semiconductor devices. For example, in AI servers, smart grids, and embodied intelligent robots, traditional silicon-based IGBT and MOSFET power semiconductor devices, with their mature processes and stable performance, remain the core component choices for power electronic systems.

- **Improvements in manufacturing processes and yield rates drive cost reductions and efficiency gains in the industry.** The power semiconductor device industry has benefited from continuous process technology optimisation, significantly improving product yield rates, performance, and cost-effectiveness. Domestic manufacturers have made breakthroughs in key areas such as wafer preparation, device design, and manufacturing processes, achieving comprehensive performance improvements, including better energy conversion efficiency, stronger current handling capabilities, and more reliable high-temperature operational stability. At the same time, the improvement in yield and simplification of processes brought about by large-scale production are driving a continuous decline in the unit cost of power semiconductor devices, making their economic benefits and technological advantages even more prominent.

Development Trends in China's Power Semiconductor Device Industry

- **High integration, high performance, low power consumption, and miniaturisation trends.** As downstream applications such as new energy vehicles, photovoltaic storage, and AI computing place increasingly stringent demands on the performance of power semiconductor devices, the industry is accelerating its transition towards high integration, high performance, low power consumption, and miniaturisation. In line with this trend, integrated technologies such as system-level packaging and smart power modules are being widely adopted, while innovative devices such as super-junction MOSFETs and trench-gate IGBTs are accelerating iteration. The former significantly improves switching frequency through optimised structural design, while the latter achieves performance breakthroughs through carrier control technology. In addition, the miniaturization characteristics of power semiconductor devices are also reflected in the form of more compact structure and smaller volume, which further improves the integration and power density, and meets the increasingly stringent space and weight requirements.

- **Accelerated domestic substitution process.** Driven by policy support and technological breakthroughs, the domestic power semiconductor device industry has achieved rapid development. Key wafer production lines have completed intelligent upgrades and renovations, significantly improving manufacturing technology levels and driving continuous optimisation of product yield rates. As the cost advantages brought about by continuous improvements in yield rates become increasingly evident, the competitiveness of domestic manufacturers' products has significantly strengthened, driving the domestic production rate from 31.4% in 2021 to 42.0% in 2025. In key sectors such as consumer goods and industry, domestically produced products have achieved large-scale application, driving the continuous enhancement of the industry chain's self-reliance and control capabilities.

- **Silicon-based power semiconductor devices remain dominant, complementing third-generation power semiconductor devices.** In China's power semiconductor device industry landscape, silicon-based power semiconductor devices continue to dominate. In 2025, silicon-based power semiconductor devices accounted for approximately 86.2% of the Chinese power semiconductor device market. Meanwhile, continuous innovation in third-generation power semiconductor device materials has penetrated relevant downstream sectors. Silicon carbide and gallium nitride offer unique advantages in high frequency, high power density, and high efficiency conversion applications, effectively complementing silicon-based devices in traditional applications with low power applications and stringent stability requirements. Through their synergistic development, silicon-based and third-generation semiconductor materials can jointly meet the growing, diverse demands of the market, providing more intelligent and efficient solutions for various industries.

OVERVIEW OF CHINA'S MEDIUM-AND-LOW-VOLTAGE POWER SEMICONDUCTOR DEVICE INDUSTRY

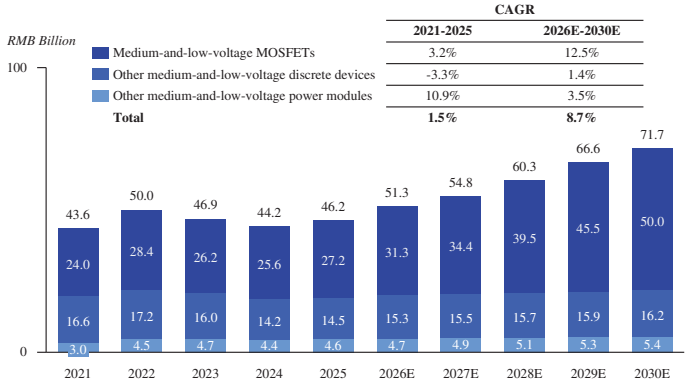
Definition and classification of medium-and-low-voltage power semiconductor devices

Medium-and-low-voltage power semiconductor devices refer to power semiconductor devices with a withstand voltage or breakdown voltage below 600V. These devices are primarily used for power conversion and management in low-voltage environments, featuring efficient switching and low conduction loss.

Market size of China's medium-and-low-voltage power semiconductor device industry

In China's medium-and-low-voltage power semiconductor device industry, medium-and-low-voltage MOSFET power semiconductor devices continue to occupy the largest market share. In 2025, sales revenue reached RMB27.2 billion, and in 2030, sales revenue is expected to reach RMB50.0 billion, with a CAGR of 12.5% from 2026 to 2030.

Market Size of China's Medium-and-Low-Voltage Power Semiconductor Device Industry, in Terms of Revenue, by Device Structure, 2021-2030E



Source: Omdia, Expert Interviews, CIC

Market Drivers for China's Medium-and-Low-Voltage Power Semiconductor Device Industry

- **Growing demand for power management drives market expansion.** With the intelligent upgrade of consumer electronics and the continuous optimization of fast-charging technology, demand for power management in the medium-and-low-voltage fields continues to grow. Meanwhile, the rise of emerging applications such as wearable devices and IoT has further expanded the industry boundaries, continuously driving market demand for power management in the medium-and-low-voltage sector.

- **Process and yield rates upgrade in domestic manufacturers.** In recent years, with the continuous optimization of manufacturing processes, Chinese companies have made significant progress in the design and production capabilities of medium-and-low-voltage power semiconductor devices, resulting in significantly enhanced product performance and stability. The improvement in yield rates has not only effectively reduced production costs but also enhanced the stability and responsiveness of the supply chain, thereby strengthening the market competitiveness of manufacturers. As a result, the penetration rate of domestic products in various application scenarios has continued to rise.

OVERVIEW OF THE WLCSP MOSFET INDUSTRY IN CHINA

Common packaging technologies for MOSFET include WLCSP, SOP, DFN, and other surface mount packaging technologies. Among these, WLCSP is a highly integrated miniaturized packaging technology that directly packages chips at the wafer level, achieving smaller package volumes and higher I/O densities. It is widely used in electronic devices with high requirements for volume, power consumption, and performance.

Compared to SOP and DFN, WLCSP offers higher integration, lower power consumption, and superior thermal performance, making it more suitable for ultra-compact, high-performance, high-frequency, and space-constrained applications such as smart wearable devices, AR/VR, and high-frequency communication equipment. WLCSP MOSFETs can integrate more functions in a smaller space while offering lower power consumption and thermal resistance, making them suitable for high-end consumer electronics and applications requiring high-density connections.

Market size of China's WLCSP MOSFET industry

Driven by the rapid development and adoption of high-end consumer electronics, smart wearable devices, and smart cockpits, the market size of China's WLCSP MOSFET industry has been growing at a high rate. In terms of revenue, the market size of China's WLCSP MOSFET industry grew from 2.1 billion in 2021 to 3.1 billion in 2025, with a CAGR of 9.4% during the period. Looking ahead, driven by the ongoing penetration of fully intelligent cockpits and smart wearable devices, the market size of China's WLCSP MOSFET industry is expected to grow to 5.5 billion by 2030, with a CAGR of 14.3% from 2026 to 2030. WLCSP MOSFETs, due to their advantages in miniaturization and integration, are widely applied in high-end consumer electronics, automotive electronics, and drones. By revenue, WLCSP MOSFETs currently account for approximately 11.3% of China's medium-and-low-voltage MOSFET discrete device market in 2025 and are expected to accelerate penetration in the future as demand from smart wearable devices and automotive electronics increases.

Driving Factors and Development Trends in China's WLCSP MOSFET Industry

- **Technological advances driving further improvements in WLCSP MOSFET performance.** The enhancements in WLCSP MOSFET performance achieved through WLCSP packaging technology are primarily manifested in four key areas. First, enabling miniaturization, high density, and multifunctionality in packaging; second, reducing power consumption, enhancing bandwidth, and minimizing signal transmission delay; Third, enabling heterogeneous system integration; fourth, reducing the design complexity and manufacturing costs of advanced-node chips, shortening development cycles, and improving product yield rate. WLCSP packaging technology, with its superior performance and cost advantages, has become an important trend in the chip packaging field. In the future, driven by emerging technologies such as 5G, the Internet of Things, and artificial intelligence, WLCSP packaging will evolve toward smaller nanoscale dimensions, enabling higher-density chip packaging and further enhancing the performance and reliability of WLCSP MOSFET.

- **Volume expansion in downstream application scenarios of WLCSP MOSFETs.** While WLCSP MOSFETs are accelerating their penetration into the consumer electronics sector, their application scenarios in high-end markets continue to expand. In the consumer electronics sector, WLCSP MOSFETs with higher integration can meet the demand for slim designs in smart wearable devices. Additionally, the highly integrated nature of WLCSP MOSFETs enables circuits to accommodate more transistors in a smaller space,

enhancing performance and meeting the demand for diverse functions in smart wearable devices. In the automotive electronics and industrial sectors, with the advancement of cabin intelligence, 5G, IoT, and other technologies, WLCSP MOSFETs are continuously expanding their application scope and achieving large-scale adoption.

COMPETITIVE OVERVIEW OF CHINA'S POWER SEMICONDUCTOR DEVICE INDUSTRY

Competitive Landscape of China's Power Semiconductor Device Industry

In 2025, the concentration of China's power semiconductor device industry was relatively high, with the top ten market players accounting for approximately 56.0% of the market share in terms of sales. As leading manufacturers enter the market early, they possess the first-mover advantage, leveraging the longterm technological accumulation spanning from epitaxy, precise wafer fabrication, advanced packaging, proprietary device architectures, to the extensive data moat of high manufacturing yields and field reliability, they have developed a diversified product portfolio encompassing a wide range of power semiconductor products. In recent years, with the expansion of application scenarios in the downstream market, leading manufacturers have actively responded to market demand by providing diverse, higher-standard compatible and energy-efficient solutions.

The mixed model strikes an optimal strategic balance by offering the agile capital efficiency and low depreciation risks of a Fabless approach, while securing the proprietary process control and supply chain resilience inherent to an IDM. It also presents unique operational challenges for mixed model. Companies face complex supply chain management, requiring seamless coordination between in-house facilities and external foundries. Additionally, they remain partially exposed to global foundry capacity constraints during industry cycles and must meticulously manage technology transfers and intellectual property protection. The comparative advantages and challenges analysis of the 3 models is listed below:

Comparative Analysis of Three Semiconductor Business Models

Model	IDM	Fabless	Mixed
Key Concept	Full stack capability	Designing only	Mixed strategy
Wafer Fabrication	●	○	◔
Packaging & Testing	●	○	◔
Manufacturing Process Control & Efficiency	●	◔	◑
Flexibility in Adapting to Evolving Demand	◔	●	◑
Asset & Capital Expenditure	●	◔	◑

Source: CIC

Note: The larger shadow area indicates stronger performance or higher investment.

In 2025, China's power semiconductor device industry has a market size of RMB109.0 billion, in terms of revenue. The non-IDM market remains fragmented. With the development of downstream industries such as domestic consumer electronics, new energy, photovoltaics and the gradual implementation of domestic replacement policies, the localization rate is expected to increase further.

In 2025, our Company ranked sixth among the top ten domestic non-IDM suppliers of power semiconductor devices in China, in terms of revenue, with a market share of 0.7%.

Ranking of suppliers of Chinese power semiconductor devices market, by Revenue of Power Semiconductor Devices, 2025

Rank	Company	Headquarter	Operating Model	Revenue (RMB Billion)	Market Share (%)
1 . .	Company A	Germany	IDM	12.4	11.4%
2 . .	Company B	US	IDM	7.4	6.8%
3 . .	Company C	Netherlands	IDM	6.5	6.0%
4 . .	Company D	Chinese Mainland	IDM	6.4	5.9%
5 . .	Company E	Chinese Mainland	IDM	6.0	5.5%
6 . .	Company F	Switzerland	IDM	5.1	4.7%
7 . .	Company G	Chinese Mainland	IDM	4.8	4.4%
8 . .	Company H	Chinese Mainland	IDM	4.7	4.3%
9 . .	Company I	US	IDM	4.0	3.7%
10 .	Company J	Chinese Mainland	IDM	3.7	3.4%
.....					
18 .	The Company	Chinese Mainland	Mixed	0.8	0.7%
	Top 10 in Total			**61.0**	**56.0%**
	Total of Market			**109.0**	**100.0%**

Sources: Annual Reports, Expert Interviews, CIC

Notes:

(1) Company A, established in Germany in 1999 and listed on the Frankfurt Stock Exchange in 2000, is a leading global semiconductor company covering four main business areas. Its products are highly prominent in automotive electronics, power systems, microcontrollers and other related fields.

(2) Company B, established in 1999, headquartered in USA, and is listed on Nasdaq. It primarily provides intelligent power and sensing solutions.

(3) Company C, established in 2017, headquartered in Netherlands, and is listed on the Shanghai Stock Exchange (SSE). It primarily provides essential semiconductor components including MOSFETs, discrete components, and logic devices.

(4) Company D, established in 1997, headquartered in China, and is listed on SSE. It primarily provides integrated circuits and discrete semiconductor products.

(5) Company E, established in 1995, headquartered in China, and is listed on HKEX and Shenzhen Stock Exchange (SZSE). It primarily provides new energy vehicles, power batteries, and power semiconductors.

(6) Company F, established in 1987, headquartered in Switzerland, and is listed on NYSE, Euronext Paris, and Borsa Italiana. It primarily provides microcontrollers, power discretes, and analog ICs.

(7) Company G, established in 2003, headquartered in China, and is listed on SSE. It primarily provides power semiconductors and intelligent sensors.

(8) Company H, established in 2006, headquartered in China, and is listed on SZSE. It primarily provides discrete semiconductor chips and power modules.

(9) Company I, established in 2000, headquartered in USA, and is listed on Nasdaq. It primarily provides power semiconductor solutions including MOSFETs and IGBTs.

(10) Company J, established in 2005, headquartered in China, and is listed on SSE. It primarily provides power semiconductor chips and IGBT modules.

Ranking of China's top ten suppliers of medium-and-low-voltage MOSFET discrete devices

The medium-and-low-voltage power semiconductor market comprises MOSFETs, BJTs, and other devices. These devices differ fundamentally in underlying semiconductor structures, manufacturing processes, and performance parameters. Consequently, MOSFETs serve specific end-market applications and are not interchangeable with other discrete devices. Given these significant technological and commercial distinctions, industry participants typically specialize in specific device categories. In 2025, the medium-and-low-voltage MOSFET discrete devices in China has a market size of RMB 27.2 billion, in terms of revenue. In 2025, our Company ranks tenth among the top ten suppliers of medium-and-low-voltage MOSFET discrete devices in China, and fifth among Chinese Mainland manufacturers in terms of revenue, with a market share of 2.8%.

Ranking of China's top ten suppliers of medium-and-low-voltage MOSFET discrete devices, by Revenue of Medium-and-Low-Voltage MOSFET Discrete Devices, 2025

Rank	Company	Headquarter	Operating Model	Revenue (RMB Billion)	Market Share (%)
1 . .	Company G	Chinese Mainland	IDM	3.1	11.4%
2 . .	Company A	Germany	IDM	3.0	11.0%
3 . .	Company D	Chinese Mainland	IDM	2.3	8.5%
4 . .	Company B	US	IDM	2.1	7.7%
5 . .	Company I	US	IDM	1.6	5.9%
6 . .	Company K	Chinese Mainland	Mixed	1.3	5.0%
7 . .	Company C	Netherlands	IDM	1.3	4.8%
8 . .	Company L	Taiwan, China	IDM	1.1	3.9%
9 . .	Company M	Chinese Mainland	IDM	0.9	3.2%
10 .	The Company	Chinese Mainland	Mixed	0.8	2.8%
	Top 10 in Total			**17.4**	**64.1%**
	Total of Market			**27.2**	**100.0%**

Sources: Annual Reports, Expert Interviews, CIC

Notes:

(1) Company K, established in 2013, headquartered in China, and is listed on SSE. It focuses on the research and development, design and sales of semiconductor power devices.

(2) Company L, established in 2008, headquartered in Taiwan, China, and is listed on Taiwan Stock Exchange (TWSE). It primarily provides semiconductor products, including microcontrollers (MCUs), audio ICs, cloud computing ICs, and foundry services.

(3) Company M, established in 1995, headquartered in China, and is listed on the SZSE. It is a company that focuses on the R&D, design, production and sales of power semiconductor chips and devices.

Ranking of China's top five WLCSP MOSFET suppliers

In 2025, the China's WLCSP MOSFET industry has a market size of RMB3.1 billion, in terms of revenue. In 2025, our Company ranked second among the top five WLCSP MOSFET suppliers in China and first among Chinese Mainland manufacturers in terms of revenue, with a market share of 10.5%.

Ranking of China's top five WLCSP MOSFET suppliers, by Revenue, 2025

Rank	Company	Headquarter	Operating Model	Revenue (RMB Billion)	Market Share (%)
1 . .	Company L	Taiwan, China	IDM	1.00	32.7%
2 . .	The Company	Chinese Mainland	Mixed	0.32	10.5%
3 . .	Company I	US	IDM	0.28	9.1%
4 . .	Company N	Chinese Mainland	Mixed	0.25	8.2%
5 . .	Company O	Chinese Mainland	Mixed	0.15	4.9%
	Top 5 in Total			2.00	65.4%
	Total of Market			3.06	100.0%

Sources: Expert Interviews, CIC

Notes:

(1) Company N, established in 2018, headquartered in China, and is currently unlisted. It primarily provides semiconductor products, including discrete devices (such as diodes, transistors, and MOSFETs) and power management ICs.

(2) Company O, established in 2007, headquartered in China, and is listed on SSE. It primarily provides semiconductor products, including CMOS image sensors (CIS), display solutions, and analog solutions.

Entry Barriers and Key Success Factors of China's Power Semiconductor Device Industry

- **Advanced technical capabilities.** The power semiconductor device industry is a typical technology-intensive industry, requiring companies entering the market to possess an advanced technology stack layout and efficient iterative capabilities. At the same time, in order to respond to the diverse demands brought about by expansion of downstream applications, major players in the industry often combine the performance requirements of power semiconductor devices for customer end products with targeted research and development and iterative technical development to form differentiated production processes. For new entrants to the industry, the complex chip design process and the highly efficient and flexible technical iterative level depend on substantial and sustained R&D investment and long-term technology accumulation, thus forming harsh technical entry barriers.

- **Rich product portfolio and excellent product performance.** The power semiconductor device industry has a high technical threshold, and customers have stringent requirements for product coverage, performance stability and reliability. Leading companies usually have a complete product matrix covering multiple voltage levels, multiple product categories, multiple packaging forms and multiple application scenarios, and have achieved key performance advantages such as low conduction loss, high efficiency, strong withstand voltage and excellent thermal management through long-term technology accumulation. Entering the core customer supply chain requires a rigorous verification and certification process. The ability to offer both a diverse range of product selection and outstanding performance is a key success factor for companies seeking to break through industry barriers, build customer loyalty, and maintain market competitiveness.

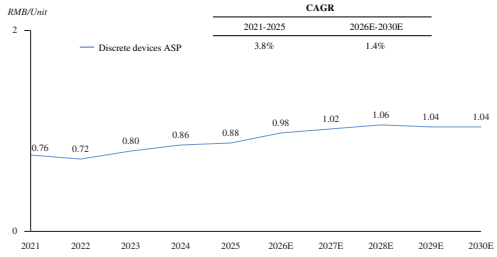
- **Solid customer base.** Due to the stringent requirements of downstream industries for the stability of power semiconductor devices, and customers are strict with the product verification process, the product entry cycle often lasts for months or even years. Industry entrants need to establish a customer-centric value orientation, starting from customer needs and pain points, continuously following up and understanding customers' cutting-edge product solutions, and transforming them into company value. Against the backdrop of increasingly complex downstream customer needs, understanding customers' core demands and securing top customer resources will become the economic moat of leading players in China's power semiconductor device industry.

- **Flexible, high-quality and stable supply chain assurance.** The production chain of power semiconductor devices is long and the process is complex, which places extremely high demands on wafer manufacturing, packaging and testing, and quality control capabilities. Industry-leading companies usually establish independent, controllable, and flexible capacity layouts, and through strict quality control systems and long-term stable upstream cooperation relationships, ensure high consistency, low defect rates, and traceability control in all links from wafers to packaging and testing. This high-quality and highly stable supply chain assurance can not only meet the strict requirements of core customers for safe delivery and continuous supply, but also maintain the delivery ability under large-scale production and sudden demand changes, thereby enhancing the bargaining power of companies and further consolidating market competitive advantage.

Price and Cost structure of Power Semiconductor Products in China

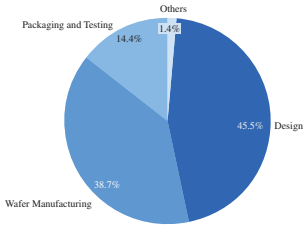
The average price of discrete devices declined from RMB0.8 in 2021 to RMB0.7 in 2022, primarily driven by cyclical inventory adjustments and macroeconomic fluctuations. Prices recovered to RMB0.9 by 2025, representing a CAGR of 3.8% from 2021 to 2025, and are projected to increase to RMB1.0 in 2026, rising upstream wafer fabrication and growing demand from emerging applications. Regarding the 2025 cost structure, design and wafer manufacturing are the primary components, accounting for 45.5% and 38.7%, respectively.

Prices of Power Semiconductor Products, 2021-2030E



Source: Expert Interviews, CIC

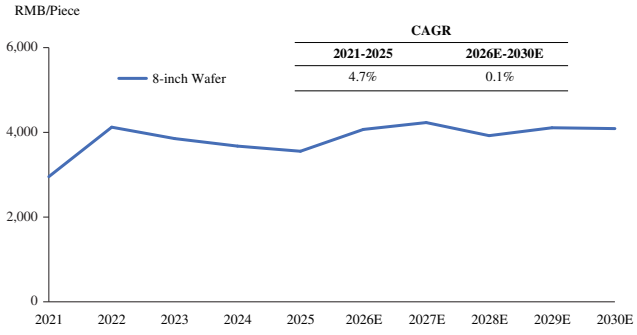
Cost structure of Power Semiconductor Products, 2025



Source: Expert Interviews, CIC

Wafer constitute the primary cost item for power semiconductor production. The prices of 8-inch wafer rose from 2020 pandemic-driven demand and upstream constraints, peaking in 2022. Since then, prices have trended lower as input costs normalized and capacity additions intensified competition. The price in next 5 years is expected to fluctuate following the semiconductor industry cycle.

Industry Average Price of 8-inch Wafer, 2021-2030E



Source: Semi, Expert Interviews, CIC

DATA SOURCES AND RELIABILITY

We have commissioned CIC to analyze and report on China's power semiconductor device market. CIC is a market research and consultancy firm established in Hong Kong and is engaged in the provision of professional consultancy services in a wide range of industries. We have agreed to pay CIC a fee of RMB0.48 million for the preparation of the CIC report. The information referenced in this section, as well as in the "Summary", "Risk Factors", "Business", "Financial Information" and other sections of this document, is intended to provide potential [**REDACTED**] with a fuller picture of the industry in which we operate. Unless otherwise stated, all the information and forecasts contained in this section are derived from the CIC report.

The data collected by CIC has been analyzed, evaluated and verified using CIC's internal analytical models and techniques. During the preparation of the CIC Report, CIC conducted both primary and secondary research, and gathered knowledge, statistics, information and insights on industry trends within the target research markets. The primary research involved interviews with key industry experts and leading industry participants, while the secondary research consisted of analyzing data from various publicly available sources, such as the National Bureau of Statistics. These research findings were then assessed and validated through CIC's proprietary analytical models and methodologies.

The market forecasts in the CIC Report are based on the following key assumptions: (1) During the forecast period, it is expected that China's overall social, economic and political environment is expected to remain stable; (2) During the forecast period, key industry drivers are likely to continue to drive growth in China's power semiconductor device market, such as increasing downstream demand, technological advancements, policy support, etc. and (3) During the forecast period, there will be no extreme force majeure or unforeseen industry regulations that could have a sharp or fundamental impact on the market.

THE PRC LAWS, REGULATIONS AND POLICIES

This section summarizes the major PRC laws, regulations and policies relevant to our Company's daily business operations currently carried out in the PRC.

THE PRC LAWS, REGULATIONS AND POLICIES RELATING TO THE INTEGRATED CIRCUIT AND POWER SEMICONDUCTOR INDUSTRY

According to the Regulations on the Promotion of Digital Economy of Guangdong Province (《廣東省數字經濟促進條例》), which were promulgated by the Standing Committee of the People's Congress of Guangdong Province on 30 July 2021 and took effect on 1 September 2021, the People's Government of Guangdong Province and its relevant departments, including those responsible for development and reform, science and technology, and industry and information technology, shall formulate comprehensive plans for the development of the integrated circuit industry. Such plans shall enhance the level of support in respect of funding, platforms, higher education institutions and industrial parks; establish industrial pillars across the manufacturing, design, packaging and testing, materials, equipment, components, tools and applications segments; support the investment in and construction of high-quality projects; and foster innovation hubs for the integrated circuit industry.

The Regulations on Promoting the Development of the Guangdong-Macao In- Depth Cooperation Zone in Hengqin (《橫琴粵澳深度合作區發展促進條例》), which were adopted by the Standing Committee of the People's Congress of Guangdong Province on 8 February 2023 and took effect on 1 March 2023, stipulate that vigorous support shall be given to the development of the integrated circuit industry in the Cooperation Zone, the establishment of advanced testing technology and service platforms for integrated circuits, and the implementation of chip research and development and manufacturing projects.

From 2010 to 2021, the State Council of the PRC (the "**State Council**") promulgated a series of regulations and policies aimed at promoting the development of the integrated circuit industry, including Decision of the State Council on Accelerating the Cultivation and Development of Strategic Emerging Industries (Guo Fa [2010] No. 32) (《國務院關於加快培育和發展戰略性新興產業的決定》(國發[2010]32號), Several Policies to Further Encourage the Development of Software Industry and Integrated Circuit Industry (Guo Fa [2011] No. 4) (《進一步鼓勵軟件產業和集成電路產業發展的若干政策》(國發[2011]4號)), Outline for Promoting the Development of the National Integrated Circuit Industry (國家集成電路產業發展推進綱要), Made in China 2025 (Guo Fa [2015] No. 28) (《中國製造2025》(國發[2015]28號)), Several Policies for Promoting the High-quality Development of Integrated Circuit Industry and Software Industry in the New Era (《新時期促進集成電路產業和軟件產業高質量發展的若干政策》).

According to the Guiding Catalogue for Industrial Structure Adjustment (2024 Version) (《產業結構調整指導目錄(2024年本)》) promulgated by the National Development and Reform Commission of the People's Republic of China (the "**NDRC**") on December 27, 2023 and effective on February 1, 2024, the manufacturing of integrated circuits and new electronic components belongs to the 28th category of information industry under the first category of incentive category. The national standard industry to which our Company's main business belongs is integrated circuit design (I6520), which belongs to the first category of incentive projects in the catalogue.

In March 2021, the National People's Congress (the "**NPC**") approved the Outline of the 14th Five-Year Plan for National Economic and Social Development and the Long-Range Objectives through the Year 2035 of the PRC (中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要), proposing to foster advanced manufacturing clusters and promote industrial innovation and development of integrated circuits, aerospace equipment, ship and ocean engineering equipment, robots, advanced rail transit equipment, advanced power equipment, construction machinery, high-end CNC machine tools, medicine, and medical equipment.

On June 2, 2023, the Notice by Five Departments Including the Ministry of Industry and Information Technology (the "**MIIT**") of Issuing the Opinions on the Implementation of Reliability Improvement in the Manufacturing Industry (《工業和信息化部等五部門關於印發〈製造業可靠性提升實施意見〉的通知》) was issued. The document provided that, in the electronics industry, priority shall be given to improving the reliability of high-end general-purpose CPUs such as SoCs, MCUs, and GPUs for electronic equipment; gallium nitride, silicon carbide, and other wide-band-gap power semiconductor devices; precision optical components; optical communication devices; new sensing units and sensors; adaptive sensor modules; Beidou chips and devices; chip resistors, capacitors, and inductors; high-speed connectors; high-end radio-frequency devices; high-end electromechanical components; LED chips; and other electronic components.

In December 2020, the Ministry of Finance, the General Administration of Taxation, the NDRC, and the MIIT jointly released the "Announcement on Enterprise Income Tax Policy for Promoting High Quality Development of Integrated Circuit Industry and Software Industry". Pursuant to the aforesaid regulations, key integrated circuit design enterprises and software enterprises encouraged by the state are exempted from enterprise income tax for the first to fifth years starting from the profit-making year, and are subject to a reduced enterprise income tax rate of 10% in the succeeding years.

In March 2021, in accordance with the Notice on Supporting Import Tax Policy for the Development of Integrated Circuit Industry and Software Industry (財政部海關總署稅務總局關於支持集成電路產業和軟件產業發展進口稅收政策的通知) issued by the Ministry of Finance, the General Administration of Customs and the State Taxation Administration, import behaviors that conform to the circumstances listed in this regulation are exempted from import duties, which is effective from 27 July 2020 to 31 December 2030.

In May 2022, the State Taxation Administration issued the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises. Enterprises engaged in integrated circuit design, equipment, materials, packaging and testing encouraged by the state are entitled to periodic reduced enterprise income tax; key integrated circuit design enterprises encouraged by the state are entitled to periodic reduced enterprise income tax; and employee training fees of enterprises engaged in integrated circuit design are deductible before tax according to the actual amount incurred.

In April 2023, the Ministry of Finance and the State Taxation Administration jointly promulgated the Notice of the Ministry of Finance and the State Taxation Administration on the Weighted Deduction Policy for Value-added Tax on Integrated Circuit Enterprises (財政部、稅務總局關於集成電路企業增值稅加計抵減政策的通知), which states that from 1 January 2023 to 31 December 2027, enterprises engaged in the design, production, closed beta test, equipment and materials of integrated circuits are allowed to deduct extra 15% of the deductible input tax in the current period from the value-added tax payable.

LAWS AND REGULATIONS ON FOREIGN INVESTMENT

The establishment, operation and governance of corporate entities in the PRC is governed by the Company Law of PRC (中華人民共和國公司法) (the "**PRC Company Law**"), which was issued by the Standing Committee of the NPC ("**SCNPC**") on 29 December 1993, last revised on 29 December 2023 and became effective on 1 July 2024. Limited liability companies and stock limited companies established in the PRC shall be subject to the PRC Company Law. A foreign-invested company is also subject to the PRC Company Law unless otherwise provided by the foreign investment laws.

The Foreign Investment Law of the PRC (中華人民共和國外商投資法), which was promulgated by the NPC on 15 March 2019 and came into effect on 1 January 2020, specifies that the state shall implement the management system of pre-entry national treatment and the Negative List for foreign investment. Pre-entry national treatment refers to the treatment accorded to foreign investors and their investments at the stage of investment entry which is no less favourable than the treatment accorded to domestic investors and their investments; Negative List refers to a special administrative measure for the entry of foreign investment in specific sectors as imposed by the state. The state provides national treatment to foreign investments outside the Negative List. In addition, the Regulations on Implementing the Foreign Investment Law of the PRC ("**Implementation Regulations**"), which were promulgated by the State Council on 26 December 2019 and came into effect on 1 January 2020, further stipulate that the state shall, in accordance with the needs of the national economy and social development, formulate a catalog of industries for encouraging foreign investment, setting out the specific industries, fields and regions in which foreign investors will be encouraged and induced to invest.

The National Development and Reform Commission and the Ministry of Commerce jointly revised and promulgated the "the Special Administrative Measures for the Access of Foreign Investment (Negative List) (2024 Version)" (the "**Negative List**") on 6 September 2024, which came into effect on 1 November 2024, replacing the previous Negative List, pursuant to which, domestic enterprises engaged in business sectors prohibited under the Negative List that seek to issue shares and list overseas shall be subject to review and approval by the relevant national competent authorities, and foreign investors are not allowed to participate in the operation and management of the enterprise and their shareholding ratios shall be implemented with reference to the relevant regulations on the management of domestic securities investment by foreign investors. Our company and our PRC subsidiaries focus on the research and development, design and sales of high-performance power semiconductor devices. The actual business operations of Our company and our PRC subsidiaries do not involve any prohibited or restricted foreign investment sectors stipulated in the Negative List.

According to the Measures for the Security Review of Foreign Investment (外商投資安全審查辦法) (the "**Measures**") promulgated by NDRC and Ministry of Commerce of the PRC (中華人民共和國商務部) ("**MOFCOM**") on 19 December 2020 and effective from 18 January 2021, foreign investments that have an actual or potential impact on national security are subject to security review in accordance with the provisions of the Measures. Foreign investors or relevant domestic parties who intend to invest in the following areas should proactively apply to the mechanism's office for a security review prior to implementation of the investment: (1) investment in defense, defense support and related sectors that have a bearing on national defense security, as well as investment in areas surrounding military and defense facilities; (2) investment in important agricultural products, important energy and resources, major equipment manufacturing, important infrastructure, important transportation services, important cultural products and services, important information technology and Internet products and services, important financial services, key technologies, and other important

sectors related to national security, while obtaining actual control over the invested enterprise. Our company and our PRC subsidiaries focus on the research and development, design and sales of high-performance power semiconductor devices. Such business scope does not fall within the circumstances requiring declaration to the mechanism's office as stipulated in the Measures, and therefore our company and our PRC subsidiaries are not required to apply for security review of foreign investment pursuant to the provisions of the Measures.

REGULATIONS ON OVERSEAS INVESTMENT

Pursuant to the Administrative Measures for Outbound Investment (境外投資管理辦法) promulgated by the MOFCOM on 6 September 2014 and effective from 6 October 2014, the MOFCOM and provincial competent commerce departments shall carry out administration either by record-filing or by verification and approval depending on different circumstances of outbound investment by enterprises. Outbound investment by enterprises that involves sensitive countries and regions or sensitive industries shall be subject to administration by verification and approval. Outbound investment that falls under any other circumstances shall be subject to administration by record-filing.

Pursuant to the Administrative Measures for Outbound Investment by Enterprises (企業境外投資管理辦法) promulgated by NDRC on 26 December 2017 and effective from 1 March 2018, domestic enterprises (the "**investors**") in the PRC making an outbound investment shall go through verification and approval or record-filing or other procedures applicable to outbound investment projects (the "**Projects**"), report relevant information, and cooperate with the supervision and inspection. Sensitive Projects carried out by the investors directly or through overseas enterprises controlled by them shall be subject to the management of verification and approval; non-sensitive Projects directly carried out by the investors, namely, non-sensitive projects involving the investors' direct contribution of assets or rights and interests or provision of financing or security, shall be subject to the management of record-filing. The aforementioned sensitive project means a project involving sensitive countries and regions or a sensitive industry. The NDRC promulgated the Catalogue of Sensitive Sectors for Outbound Investment (2018 Edition) (境外投資敏感行業目錄(2018年版)), effective on 1 March 2018 to list the sensitive industries for foreign investment in detail.

According to the "Notice of the State Administration of Foreign Exchange on Further Simplifying and Improving Policies for the Foreign Exchange Administration of Direct Investment" (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) issued by the State Administration of Foreign Exchange on 13 February 2015 and effective from 1 June 2015, the approval of foreign exchange registration for direct investment is canceled. Banks directly review and handle the foreign exchange registration for overseas direct investment. The State Administration of Foreign Exchange and its branches indirectly supervise the registration of foreign exchange for overseas direct investment through banks. On April 3, 2024, the SAFE promulgated the Guidelines of Capital Account Foreign Exchange Business (2024 Version) (《資本項目外匯業務指引(2024年版)》), which came into effective on May 6, 2024, and stipulates guidelines for the capital account foreign exchange business.

Pursuant to the Provisions of the State Council on Outbound Investment (《國務院關於對外投資的規定》), promulgated by the State Council on May 5, 2026 and effective from July 1, 2026, PRC investors shall complete the requisite approval, filing, information reporting, cross-border capital registration or other formalities in accordance with applicable PRC laws and regulations when conducting outbound investment activities.

Our company's existing proceeds investment projects do not currently involve overseas investment, and therefore the above-mentioned regulations concerning overseas investment are not applicable.

LAWS AND REGULATIONS RELATING TO NETWORK SECURITY AND DATA SECURITY

According to the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) promulgated by the Standing Committee of the National People's Congress ("**SCNPC**") on November 7, 2016 and came into effect on June 1, 2017, last revised on 28 October 2025 and became effective on 1 January 2026, the State promotes the construction of a socialized service system for cybersecurity and encourages relevant enterprises and institutions to provide security services such as cybersecurity certification, testing and risk assessment. Critical information infrastructure operators that intend to purchase internet products and services that may affect national security must be subject to the national security review organized by the national cyberspace authority in conjunction with relevant departments under the State Council. Furthermore, operators of key information infrastructure shall, during their operations in the PRC, store the personal information and important data collected and produced within the territory of the PRC. Where cross-border transfer of such data is necessary for business, unless otherwise provided for in laws and administrative regulations, a security assessment shall be conducted in accordance with the measures formulated by the national cyberspace authority in conjunction with the relevant departments under the State Council.

On June 10, 2021, the SCNPC promulgated the Data Security Law of the PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**"), effective from September 1, 2021. According to the Data Security Law, the State establishes a system for the classified and graded protection of data and a catalog of important data, in order to strengthen the protection of important data. Processors of important data shall designate a person in charge of data security and a management body to fulfill the responsibilities for data security protection. The relevant competent authorities are to formulate measures for the security management of outbound transfers of important data. Any entity that provides important data abroad in violation of the Data Security Law may be subject to administrative penalties, including fines, monetary penalties, and/or corrective actions such as suspension of business for rectification or revocation of its business license. Furthermore, the Data Security Law stipulates that a national security review mechanism shall be applied to data processing activities that affect or may affect national security, and that export controls shall be imposed on specific data and information.

On July 30, 2021, the State Council promulgated the Regulations of Security Protection for Critical Information Infrastructure (《關鍵信息基礎設施安全保護條例》), which went into effect on September 1, 2021. According to the Regulations of Security Protection for Critical Information Infrastructure, critical information infrastructure, or the CII, refers to any important network facilities or information systems of important industries and fields such as public communications and information services, energy, transportation, water conservancy, finance, public services, e-government affairs and national defense science, and other important ones whose damage, function loss or data leakage may endanger national security, people's livelihood and public interests. According to the Regulations, the competent departments and supervisory departments, which govern the important industries and fields, shall be responsible for organizing the identification of the CIIs in respective industries or fields, as the departments responsible for the security protection of the CIIs, and such departments should promptly notify the CII operators of the identification results, and notify the public security department of the State Council.

On September 24, 2024, the State Council promulgated the Administrative Regulations for Internet Data Security (《網絡數據安全管理條例》), which provided more detailed guidance on the existing rules in various aspects of data processing activities, including data processors' disclosure of data processing rules, obtaining consent and separate consent, security of important data and outbound data transfers, as well as additional obligations for platform operators.

On December 28, 2021, the Cyberspace Administration of China (中華人民共和國國家互聯網信息辦公室) (the "**CAC**"), the NDRC, the MIIT and several other PRC governmental authorities jointly promulgated the Cybersecurity Review Measures (《網絡安全審查辦法》), these Measures took effect on February 15, 2022 and replaced the former Cybersecurity Review Measures promulgated on April 13, 2020. Pursuant to the Cybersecurity Review Measures, a CII operator that purchases network products and services, or an internet platform operator that conducts data processing activities, which affect or may affect national security, shall be subject to a cybersecurity review according to the Measures. In addition, the internet platform operator which processes the personal information of more than one million users and intends to be listed on a foreign stock exchange must be subject to a cybersecurity review. And the Cybersecurity Review Office under the CAC is responsible for developing institutions and norms on cybersecurity review and organizing cybersecurity reviews.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTY RIGHTS

Patent

Pursuant to the Patent Law of the PRC (the "**Patent Law**") promulgated by the SCNPC on 12 March 1984, last revised on 17 October 2020 and effective from 1 June 2021, and the Implementation Rules of the Patent Law of the PRC promulgated by the State Council on 15 June 2001, last revised on 11 December 2023 and effective from 20 January 2024, there are three types of patents, namely invention, utility model and design. Invention patents are valid for 20 years, while utility model patents are valid for 10 years and design patents are valid for 15 years, all starting from the date of application. After the granting of a patent for an invention or utility model, unless otherwise provided for in the Patent Law, no entity or individual may exploit the patent without the permission of the patentee; after the granting of a design patent, no entity or individual shall, without permission of the patentee, exploit the patent, that is, they shall not make, promise to sell, sell, or import the product incorporating its or his patented design, for production and business purposes.

Trademark

The Trademark Law of the PRC (《中華人民共和國商標法》) (the "**Trademark Law**") promulgated by the SCNPC on August 23, 1982, last amended on April 23, 2019 and came into effect on November 1, 2019, and the Regulation on the Implementation of the Trademark Law of the PRC (《中華人民共和國商標法實施條例》) promulgated by the State Council on August 3, 2002, last amended on April 29, 2014 and came into effect on May 1, 2014 stipulate the application, examination and approval, renewal, modification, transfer, use and invalidation of trademark registration, and protect the exclusive right to use a trademark enjoyed by the trademark registrant. The Trademark Office of China National Intellectual Property Administration (the "**Trademark Office**") is responsible for the registration off trademarks. The valid period of a registered trademark shall be ten years from the date of approval of the registration. Upon expiry of the valid period, the registrant shall go through the formalities for renewal within twelve months prior to the date of expiry as required if the registrant needs to continue to use the trademark. If the registrant fails to do so within the

period, an extension period of six months may be granted. Valid period for each renewal is ten years from the next day after expiry of the previous valid term. The Trademark Office shall announce the trademarks subject to renewal of registration.

Copyright

According to the Copyright Law of the PRC (中華人民共和國著作權法) promulgated by the SCNPC on 7 September 1990, last revised on 11 November 2020 and effective on 1 June 2021, and the Implementation Regulations of the Copyright Law of the PRC (中華人民共和國著作權法實施條例) promulgated by the State Council on 2 August 2002, last revised on 30 January 2013 and effective on 1 March 2013, works of PRC citizens, legal persons or unincorporated organizations, whether published or not, shall enjoy copyright in accordance with law. Works refer to intellectual achievements in the field of literature, art and science that are original and can be expressed in a certain form. A copyright holder shall enjoy a number of personal and property rights, including the right of publication, the right of authorship and the right of amendment.

According to the Regulations on the Protection of Computer Software (計算機軟件保護條例) promulgated by the State Council on 20 December 2001, last revised on 30 January 2013 and effective on 1 March 2013, and the Measures for the Registration of Computer Software Copyright (計算機軟件著作權登記辦法) promulgated by the National Copyright Administration of the PRC on 20 February 2002, computer software refers to computer programs and their associated documentation. Chinese citizens, legal persons or other units shall enjoy the copyright for software they develop, regardless off whether it has been published. Software copyright arises from the date of completion of software development. The protection period of the software copyright of legal persons or other units shall be 50 years, ending on 31 December of the fiftieth year after the first publication of the software. Software which has not been published for 50 years since the date of completion of software development shall not be under protection.

Design of Integrated Circuit Layouts

Pursuant to the Regulations on the Protection of Layout-Designs of Integrated Circuits (集成電路佈圖設計保護條例) (the "**Regulations on the Protection**") issued by the State Council on 2 April 2001, and effective from 1 October 2001, natural persons, legal persons or other organizations in China who create layout-designs shall have exclusive rights to their designs in accordance with the Regulations on the Protection. The exclusive rights to the layout design arise upon registration with the intellectual property administration department of the State Council, and layout designs that have not been registered are not protected by the Regulations on the Protection. The protection period for the exclusive rights of a layout design is 10 years, starting from the date of application for registration off the design or from the date of putting it into commercial exploitation somewhere in the world for the first time, whichever is earlier. However, whether or not the design is registered or commercially used, it is no longer protected by the Regulations on the Protection 15 years after the date of completion of the design.

Domain Names

According to the Measures for the Administration of Internet Domain Names (互聯網域名管理辦法) promulgated by the MIIT on 24 August 2017, which came into effect on 1 November 2017, the MIIT is responsible for the supervision and management of China's domain name services. No organization or individual shall impede the safe and stable operation of the Internet domain name system.

REGULATIONS RELATING TO HOUSE LEASING

Pursuant to the Law on Administration of Urban Real Estate of the PRC (中華人民共和國城市房地產管理法), which was promulgated by the SCNPC on 5 July 1994, was last revised on 26 August 2019 and came into effect on 1 January 2020, in case of house leasing, the lessor and lessee are required to enter into a written lease contract, containing such provisions as the leasing term, usage, rental and repair liabilities, as well as other rights and obligations of both parties, and go through registration and filing procedures with the real estate administration department.

In addition, according to the Administrative Measures for Commodity House Leasing (商品房屋租賃管理辦法), which was promulgated by the Ministry of Housing and Urban-Rural Development of the PRC on 1 December 2010 and came into effect on 1 February 2011, within 30 days after the conclusion of the house leasing contract, the parties involved in the house leasing shall carry out house leasing registration with the construction (real estate) administrative department of the people's government of a municipality directly under the central government of the PRC, city or county where the house leased is located. If individuals or entities are in violation of the above provisions, they may be ordered to make corrections within a specified time limit by the competent construction (real estate) department of the people's government of a municipality directly under the central government, city or county. If any individual fails to do so, a fine of less than RMB1,000 will be imposed, while if any entity fails to do so, a fine of more than RMB1,000 but less than RMB10,000 will be imposed.

LAWS AND REGULATIONS RELATING TO PRODUCT QUALITY

Pursuant to the Product Quality Law of the PRC (中華人民共和國產品質量法) promulgated by the SCNPC on 22 February 1993 and last revised on 29 December 2018, producers and sellers shall establish a sound internal product quality control system and strictly adhere to a job responsibility system in relation to quality standards and quality liabilities together with implementing corresponding examination and inspection measures. The counterfeiting or imitation of quality marks such as certification marks, falsifying the place of origin of products, and falsifying or imitating the name or address of another factory or adulteration of, or mixing of improper elements with products, passing off the sham as the genuine or passing off the inferior as the superior is prohibited.

LAWS AND REGULATIONS RELATING TO IMPORT AND EXPORT TRADE

According to the Customs Law of the PRC (中華人民共和國海關法), which was promulgated by the SCNPC on 22 January 1987 and last revised on 29 April 2021, unless otherwise stipulated, the declaration of import and export goods and the payment of customs duties may be handled by the consignees or consignors of imported or exported goods or entrusted customs declaration enterprises. The consignee or the consignor of imported or exported goods and the customs declaration enterprise shall go through customs declaration and filing procedures at the relevant customs in accordance with the law.

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on 12 May 1994, last revised on 27 December 2025 and effective from 1 March 2026, and the Regulation of the People's Republic of China on the Administration of the Import and Export of Goods (中華人民共和國貨物進出口管理條例) promulgated by the State Council on 10 December 2001, last revised on 10 March 2024 and became effective on 1 May 2024, unless it is clearly provided in laws or administrative regulations to forbid or restrict the import or export of goods, no entity or individual may establish or maintain prohibitive or restrictive measures over the import or export of goods.

In accordance with the Export Control Law of the People's Republic of China (中華人民共和國出口管制法), promulgated by the Standing Committee of the National People's Congress on 17 October 2020, and which came into effect on 1 December 2020, China controls the export of dual-use items, military goods, nuclear and other goods, technologies, services and other items that are relevant to safeguarding the security and interests of China and fulfilling its international obligations in the area off non-proliferation. In accordance with the provisions of the Export Control Law and relevant laws and administrative regulations, and in accordance with export control policies, export control authorities, in conjunction with the relevant departments and in accordance with prescribed procedures, formulate and adjust the export control lists of controlled items, and make them public in a timely manner. In accordance with the need to safeguard national security and interests and to fulfil international obligations such as non-proliferation, and with the approval of the State Council, or with the approval of the State Council or the Central Military Commission, the export control authorities may impose temporary controls on goods, technologies and services not included in the export control lists, and make public announcements thereof.

Pursuant to the Administrative Provisions of the PRC on the Filing of Customs Declaration Entities (中華人民共和國海關報關單位備案管理規定) promulgated by the General Administration of Customs on 19 November 2021 and became effective on 1 January 2022, consignees, consignors or customs declaration enterprises of imported or exported goods only need to file with the Customs, and no longer need to register with the General Administration of Customs. The filing information will be publicized through the credit publicity platform of import and export business of Customs of the PRC.

According to the Foreign Trade Law of the PRC (中華人民共和國對外貿易法) promulgated by the SCNPC on 12 May 1994, last revised on 27 December 2025 and effective from 1 March 2026, the requirement that foreign trade operators engaging in the import and export of goods or technology must register with the competent department for foreign trade of the State Council or its authorized agencies is cancelled.

LAWS AND REGULATIONS RELATING TO LABOR AND SOCIAL INSURANCE

Labor Law and Labor Contract Law

Pursuant to the Labor Law of the PRC (中華人民共和國勞動法) last revised by the SCNPC on 29 December 2018 and the Labor Contract Law of the PRC (中華人民共和國勞動合同法) last revised by the SCNPC on 28 December 2012 and came into effect on 1 July 2013, a labor contract shall be concluded when a labor relationship is established. Employers shall establish and improve labor rules and systems in accordance with the law to safeguard employees' labor rights and fulfillment of labor obligations.

Social Insurance and Housing Provident Fund

In accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法) last revised and put into effect by the SCNPC on 29 December 2018, the Provisional Regulations on Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) last revised and put into effect by the State Council on 24 March 2019, social insurance system has been established for basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance. Enterprises shall register social insurance with local social insurance agency and participate in social insurance. Enterprises and employees shall pay their social insurance premiums in full and in a timely manner.

In accordance with the Regulations on the Administration of Housing Provident Funds (住房公積金管理條例) which was last revised and put into effect by the State Council on 24 March 2019, enterprises shall register at the housing provident fund management center to pay housing provident funds and open housing provident fund accounts for their employees. Enterprises are required to pay housing provident funds on behalf of their employees in full and in a timely manner. With respect to any entity that fails to make deposit registration of the housing provident fund or fails to complete the housing provident fund account establishment procedures for its employees, such entity shall be ordered by the housing provident fund management center to complete such procedures within a prescribed time limit; where failing to do so at the expiration of the time limit, a fine of not less than RMB10, 000 nor more than RMB50, 000 shall be imposed. Furthermore, if an employer is overdue in the contribution of, or underpays, the housing provident fund, the housing provident fund management center shall order it to make the contribution within a prescribed time limit; where the contribution has not been made after the expiration of the time limit, an application may be made to a people's court for compulsory enforcement.

Pursuant to the Interpretation II of the Supreme People' s Court of Issues Concerning the Application of Law in the Trial of Labor Dispute Cases (《最高人民法院關於審理勞動爭議案件適用法律問題的解釋(二)》), which was enacted by the Supreme People's Court and came into effect on 1 September 2025, any agreement or employee undertaking to waive social insurance contributions shall be deemed null and void by the people's court. In the event of an employer's failure to make legal social insurance contributions, the employee shall be entitled to rescind the labor contract and request economic compensation in accordance with the PRC Labor Contract Law.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

Pursuant to the Enterprise Income Tax Law (企業所得税法) and the relevant implementation regulations, the unified enterprise income tax rate is 25%. However, a non-resident enterprise that does not have an establishment or place of business in the PRC, or it has an establishment or place off business in the PRC but the income has no actual connection with such establishment or place off business, shall pay EIT on its income derived from the PRC at an enterprise income tax rate of 10%.

Pursuant to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法) promulgated by the SCNPC and last revised and took effect on 29 December 2018, and the Regulations on the Implementation of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得税法實施條例) promulgated by the State Council on 6 December 2024 and revised and took effect on 20 January 2025, a uniform enterprise income tax rate of 25% is imposed to both foreign invested enterprises and domestic enterprises, but tax incentives are granted to special industries and projects. The enterprise income tax rate is reduced by 20% for qualifying small low-profit enterprises. The Chinese government provides key support to high-tech enterprises, which are subject to a reduced enterprise income tax rate of 15%.

Value-added Tax

Pursuant to the Provisional Regulations of the PRC on Value-Added Tax (中華人民共和國增值税暫行條例), which was promulgated by the State Council, and last revised and became effective on 19 November 2017, and the Rules for the Implementation of the Provisional Regulations of the PRC on Value-added Tax (中華人民共和國增值税暫行條例實施細則), which was promulgated by the Ministry of Finance, and last revised on 28 October 2011 and

effective on 1 November 2011, all entities and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax (the "**VAT**") and shall pay VAT. Unless stated otherwise, for payers who sell or import goods, and provide processing, repairs and replacement services in the PRC, the tax rate shall be 17%, and be, in certain specified circumstances, 11%, 6% and 0%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (財政部、税務總局關於調整增值税税率的通知) which was promulgated on 4 April 2018 and came into effect on 1 May 2018, the original rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Policies for Deepening the VAT Reform (關於深化增值税改革有關政策的公告), which was promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the original rates of 16% or 10% applicable to the general VAT payers' sales activities or imports goods that are subject to VAT are adjusted to 13% or 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the PRC ("**VAT Law**"), which came into effect on 1 January 2026, and the Provisional Regulations of the PRC on Value-Added Tax will be repealed concurrently. Pursuant to the VAT Law, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

Dividend Withholding Tax

Pursuant to the Arrangement between Mainland China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排》), which was promulgated on August 21, 2006 and effective from December 8, 2006, the withholding tax rate of no more than 5% applies to dividends paid by a PRC company to a Hong Kong resident, provided that the recipient is a company that holds at least 25% of the capital of the PRC company. The withholding tax rate of no more than 10% applies to dividends paid by a PRC company to a Hong Kong resident if the recipient is a company that holds less than 25% of the capital of the PRC company.

Furthermore, pursuant to the Circular of the State Taxation Administration on Relevant Issues Concerning the Implementation of Dividend Clauses in Tax Treaties (Guo Shui Han [2009] No. 81) (《國家税務總局關於執行税收協定股息條款有關問題的通知》(國税函[2009]81號), which was promulgated on and effective from February 20, 2009, where a PRC resident company pays dividends to a fiscal resident of the other contracting party to a tax treaty and such fiscal resident of the other party (or dividend recipient) is the beneficiary of such dividends, such dividends received by the fiscal resident of the other party are entitled to the treatment under the tax treaty, provided that all of the following requirements should be satisfied: (1) the taxpayer entitled to the treatment under the tax treaty shall be the fiscal resident of the other contracting party to a tax treaty; (2) the taxpayer entitled to the treatment

under the tax treaty shall be the beneficiary of relevant dividends; (3) dividends entitled to the treatment under the tax treaty shall be the equity investment income such as dividends and bonuses determined under the PRC tax laws; and (4) other requirements provided by the STA.

If the tax resident of the other contracting party to the tax agreement directly owns a certain proportion or more of the capital (usually 25% or 10%) of a Chinese resident company that pays dividends, the dividends obtained by the tax resident of the other contracting party can be taxed at the tax rate specified in the tax agreement. The tax resident of the other contracting party who needs to enjoy the benefits of the tax agreement should meet the following conditions at the same time: (1) such tax resident of the other contracting party who obtains dividends should be limited to a company as provided in the tax agreement; (2) owner's equity interests and voting shares of the PRC resident company directly owned by such tax resident of the other contracting party reaches a specified percentage; and (3) the capital proportion of the PRC resident company directly owned by such tax resident of the other contracting party, at any time during the 12 months prior to the acquisition of the dividends, reaches a specified percentage in the tax agreement.

LAWS AND REGULATIONS RELATING TO FOREIGN CURRENCY EXCHANGE

The Foreign Exchange Control Regulations of the PRC (中華人民共和國外匯管理條例) last revised by the State Council on 5 August 2008, are applicable to all activities related to the foreign exchange receipts and disbursements and transactions of domestic corporations and individuals and to the said activities of overseas corporations and individuals within the territory of the PRC.

According to the Notice on Issues Concerning the Management of Funds Raised by Domestic Enterprises through Overseas Listings (《關於境內企業境外上市資金管理有關問題的通知》), issued by the People's Bank of China and the SAFE on 24 December 2025, and implemented on 1 April 2026, funds raised by domestic enterprises through overseas listings should, in principle, be repatriated to the domestic market in a timely manner. If funds are retained overseas to conduct overseas direct investment, overseas securities investment, overseas lending, or other such business activities, approval or filing documents from the competent authorities must be obtained prior to the completion of the overseas listing offering or the completion of the over-allotment, and such activities must comply with relevant cross-border capital management regulations.

According to the Circular on Reforming and Regulating Policies on the Control over Foreign Exchange Settlement of Capital Accounts (國家外匯管理局關於改革和規範資本項目結匯管理政策的通知) which was promulgated by the SAFE on June 9, 2016, the settlement of foreign exchange receipts under the capital account (including the foreign exchange capital, external debts and funds recovered from overseas listing, etc.) that are subject to discretionary settlement as already specified by relevant policies may be handled at banks based on the domestic institutions' actual requirements for business operation. Where the current regulations contain any restrictive provisions on the foreign exchange settlement of foreign exchange receipts under capital accounts of domestic institutions, such provisions shall prevail.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Management Service in Support of Foreign Business Development (國家外匯管理局關於優化外匯管理支持涉外業務發展的通知) issued by the SAFE on 10 April 2020, enterprises meeting the prescribed requirements are allowed to use income under the capital accounts as capital funds, external debts and overseas listings for domestic payment without providing banks with authenticity certification materials in detail in advance, to the extent that funds are used for true and law-compliant purposes and such enterprises comply with the

in-force administrative provisions on the use of income under the capital accounts. According to the "Notice of the State Administration of Foreign Exchange on Further Deepening Reforming to Facilitate Cross-border Trade and Investment" (國家外匯管理局關於進一步深化改革促進跨境貿易投資便利化的通知) issued by the SAFE on 4 December 2023, the foreign exchange funds raised by domestic enterprises through overseas listing may be directly remitted to the settlement account of capital accounts. Funds in the settlement account off capital accounts may be settled and used at discretion.

The Circular of the State Administration of Foreign Exchange on Further Improving Reform of Foreign Exchange Administration and Optimizing Genuineness and Compliance Verification (Hui Fa [2017] No. 3) (《國家外匯管理局關於進一步推進外匯管理改革完善真實合規性審核的通知》(匯發[2017]3號)) (the "**Circular 3**") promulgated by the State Administration of Foreign Exchange on January 26, 2017 and became effective on the same date stipulates that, several capital control measures with respect to the outward remittance of profits from domestic institutions to overseas institutions. Specifically, a bank that handles outward remittance of profits equivalent to more than US$50,000 for a domestic institution shall, under the principle of genuine transactions, review the resolutions of the Board of Directors on distribution of profits, original tax recordation form and audited financial statements, and stamp and endorse the relevant original tax recordation form with the actual remittance amount and remittance date. Domestic institutions should hold income to account for previous years' losses in accordance with the laws before remitting the profits. Moreover, pursuant to the Circular 3, in addition to providing corresponding materials as required, domestic institutions shall make explanations of the sources and utilization of capital (plans of utilization), and provide board resolutions, contracts and other certification materials for authenticity to the bank when completing the registration and remitting procedures in connection with an outbound direct investment.

LAWS AND REGULATIONS RELATING TO THE ISSUANCE AND LISTING OF SECURITIES OVERSEAS BY DOMESTIC ENTERPRISES

Securities Laws and Regulations

The Securities Law of the People's Republic of China (the "**Securities Law**"), which was last revised by the SCNPC on 28 December 2019 and became effective on 1 March 2020, comprehensively regulates the activities of the securities market in the PRC, including the issuance and trading off securities, acquisitions of listed companies, disclosure of information, investor protection, stock exchanges, securities companies, securities registration and clearing institutions, securities service agencies, securities associations and securities regulatory authorities. The Securities Law further stipulates that domestic enterprises that directly or indirectly issue securities abroad or list their securities abroad shall comply with the relevant provisions of the State Council, and that the specific provisions for subscription and trading of shares of domestic companies in foreign currencies shall be separately stipulated by the State Council. The China Securities Regulatory Commission (CSRC) is a securities regulatory body established by the State Council, which is responsible for supervising and managing the securities market in accordance with the law, maintaining market order and safeguarding the legal operation of the market.

Overseas Listing

On 17 February 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (境內企業境外發行證券和上市管理試行辦法) (the "**Trial Measures**") and related guidelines, which came into effect on 31 March 2023. Pursuant to the Trial Measures, where a domestic enterprise in the PRC directly

or indirectly issues or lists shares overseas, it shall file a report with the CSRC within 3 working days after submitting the application documents for issuance and listing overseas; overseas issuance and listing shall be prohibited under any of the following circumstances: where the issuance and listing is prohibited by laws, administrative regulations or the relevant provisions of the state; where the overseas issuance and listing is recognized by the relevant competent department of the State Council in accordance with the law may jeopardize national security; where domestic enterprises or their controlling shareholders or de facto controllers are involved in criminal offenses of corruption, bribery, misappropriation of property, embezzlement of property, or disruption of the socialist market economy order within the last three years; where domestic enterprises suspected of committing crimes or major violations of laws and regulations are being investigated by the law, and has not yet come to a definitive conclusion of the opinion; where there are significant ownership disputes over the shareholdings held by controlling shareholders or shareholders directed by controlling shareholders or de facto controllers.

Pursuant to the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Issuance and Listing by Domestic Companies (關於加強境內企業境外發行證券和上市相關保密和檔案管理工作的規定) (the "**Provisions on Confidentiality and Archives Administration**"), which was jointly issued by the CSRC together with other relevant authorities on 24 February 2023 and became effective on 31 March 2023, for the activities of overseas issuance and listing of domestic enterprises, the domestic enterprises as well as securities companies and securities service agencies providing corresponding services shall strictly comply with the relevant laws and regulations of the PRC and the requirements off the Provisions on Confidentiality, enhance their legal awareness of the need to protect state secrets and enhance archive management, and establish a sound system for confidentiality and archive management. Necessary measures shall be taken to fulfill the responsibility of confidentiality and archive management, and state secrets and the working secrets of state organs shall not be disclosed, or the state and public interests shall not be jeopardized. Where any domestic enterprise provides or publicly discloses to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listed subjects documents and materials involving state secrets and working secrets of state organs, it shall report the same to the competent department with examination and approval authority for approval in accordance with the law, and submit the same to the secrecy administration department of the same level for filing. Domestic enterprises providing accounting archives or copies thereof to entities and individuals including securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures pursuant to the relevant provisions of the State. Where a domestic enterprise provides or publicly discloses to relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses through its overseas listed subjects' documents or materials the disclosure of which would adversely affect national security or public interests, it shall strictly fulfill the corresponding procedures in accordance with the relevant provisions of the state.

Regulations Relating to Environmental Protection

According to the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") promulgated by the SCNPC on 26 December 1989, and last amended on 24 April 2014 and came into effect on 1 January 2015, any entity that discharges or will discharge pollutants in the course of operation or other activities must implement effective environmental protection measures to control and properly handle hazardous substances such as waste gas, waste water, waste

residues, dust, malodorous gases, radioactive substances, noise, vibration and electromagnetic radiation generated in the course of such activities. China implements a pollutant discharge permit management system in accordance with the law.

Pollution Permit

According to the Environmental Protection Law and the Regulation on the Administration of Pollutant Discharge Licensing (《排污許可管理條例》), which was promulgated by the State Council on 24 January 2021, and came into effect on 1 March 2021, enterprises, business units and other producers and operators that implement the pollutant discharge licensing management shall discharge pollutants according to the requirements of the pollutant discharge license, and shall not discharge pollutants without obtaining the pollutant discharge license. The competent environmental protection authorities impose various administrative penalties on individuals or enterprises in violation of the Environmental Protection Law.

OVERVIEW

The history of our Company can be traced back to December 4, 2012, when our Company was established as a limited liability company under the laws of the PRC with the name of Shenzhen Vergiga Semiconductor Co., Ltd. (深圳市威兆半導體有限公司). Founded by Mr. Li, our Company evolved into a fast-growing provider of power semiconductor devices with an established market presence in China. For details of Mr. Li's biographies, please refer to the section headed "Directors and Senior Management" in this document. In June 2022, our Company was converted into a joint stock limited company and renamed as Shenzhen Vergiga Semiconductor Co., Ltd. (深圳市威兆半導體股份有限公司).

BUSINESS MILESTONES

The following is a summary of our key business development milestones.

Year	Event
2012	We were established in the PRC as a limited liability company.
	We launched planar VDMOS products.
2013	We launched medium/low-voltage trench MOSFET series products.
2014	We launched *VitoMOS I*, a new generation of trench-type MOSFET series products, and marched into the mobile fast-charging industry.
2015	We first designed and developed our own power semiconductor devices in-house.
2017	We released *VitoMOS II*, a new generation of shielded-gate MOSFET series products.
2018	Our super junction MOSFET debuted.
2019	We released chip-scale package (CSP) MOSFET products under our *VitoMOS III* series.
2021	Our CSP series products achieved mass application.
2022	We were converted into a joint stock limited company.
	We launched *Coolwatt I*, our IGBT product series, along with our silicon carbide product series *VitoSiC*.
2023	We launched *Coolwatt II*, our IGBT product series, expanding the application into the new energy sector.
	We released *Coolwatt III*, the new generation IGBT product series, along with our silicon carbide product series *VitoSiC* and the gallium nitride product series *VitoGaN*.
2024	Our Zhuhai factory commenced production, marking our strategic transition from fabless to mixed model.

OUR MAJOR SUBSIDIARIES

The following sets out the principal business activities, place of establishment and date of establishment and commencement of business of our subsidiaries that made a material contribution to our results of operations during the Track Record Period and/or are of strategic importance to us.

Name of subsidiary	Place of establishment	Date of establishment	Equity interest attributable to our Group	Principal business activities
Zhuhai Vergiga	PRC	September 23, 2020	100%	Technology development, manufacturing and provision of wafer fabrication processing and testing services
Vergiga Zhoushan	PRC	September 4, 2025	100%	Manufacturing, packaging and sales of power semiconductor device

As of the Latest Practicable Date, our Company had six subsidiaries, all of which were wholly owned by us. For further details of these subsidiaries, see "— Corporate Structure" in this section. For changes in the registered capital of our subsidiaries, see "Statutory and General Information — A. Further Information about Our Group — 3. Changes in the Share Capital of Our Subsidiaries" in Appendix VI to this document.

OUR ESTABLISHMENT AND CORPORATE DEVELOPMENT

Early History of Our Company

Our Company was established on December 4, 2012, under the laws of the PRC as a limited liability company with an initial registered capital of RMB1 million, which was contributed by Mr. Li and Ms. LIN Suxing (林素杏) ("**Ms. Lin**"), Mr. Li's mother, as to 90% and 10%, respectively. On January 8, 2014 and December 22, 2017, Mr. Li and Ms. Lin subscribed for additional registered capital of our Company at nominal value as to 90% and 10%, respectively. Upon completion of such capital increases, the total registered capital of our Company increased from RMB1 million to RMB5 million and then to RMB10 million, and the equity interests in our Company held by Mr. Li and Ms. Lin remained at 90% and 10%, respectively.

On January 8, 2020, Ms. Lin entered into a share transfer agreement with Mr. Li, pursuant to which Ms. Lin agreed to transfer all her equity interests in our Company to Mr. Li at nominal value. Upon completion of such share transfer, our Company was wholly owned by Mr. Li.

On March 12, 2020, Zhoushan Tuowei was established under the laws of the PRC in order to optimize corporate structure and planning family wealth arrangement. As of the Latest Practicable Date, Zhoushan Tuowei was held as to 88% by Mr. Li as its general partner and 12% by Ms. Wu Shaodan (吴少丹), Mr. Li's spouse, as its limited partner.

On April 20, 2020, to optimize the corporate structure, our then Shareholder passed a resolution approving the subscription of additional registered capital of RMB3,333,333.35 and RMB3,333,333.35 by Zhoushan Tuowei and Zhoushan Jicheng, at a consideration of RMB7.5

million and RMB7.5 million, respectively. The considerations were determined with reference to the then net assets of our Company. The capital increase was completed on April 22, 2020, and the consideration was settled by June 5, 2020. Upon completion of such capital increase, our Company was held by Mr. Li, Zhoushan Tuowei and Zhoushan Jicheng as to 60%, 20% and 20%, respectively, with registered capital increased from RMB10 million to RMB16,666,666.70.

Pre-Series A Financing

On May 14, 2020, our Company, Mr. Li, Zhoushan Tuowei and Zhoushan Jicheng entered into an equity subscription and capital increase agreement with Yancheng Guochuang Venture Capital Partnership (Limited Partnership) (鹽城國創創業投資合夥企業(有限合夥)) ("**Yancheng VC**") and Nanjing Jiangning Development Zone Fenglin Venture Capital Partnership (Limited Partnership) (南京江寧開發區鋒霖創業投資合夥企業(有限合夥)) ("**Fenglin VC**") (together, the "**Pre-Series A Investors**"), pursuant to which the Pre-Series A Investors subscribed for registered capital of RMB1,063,829.79 of our Company at a total consideration of RMB27,000,000 (the "**Pre-Series A Financing**"), which was determined after arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the equity subscription and capital increase agreement after taking into consideration the timing of the investments and the status of our business and operating entities. Further particulars of the subscriptions are set out below:

Name of Pre-Series A Investor[(1)]	Registered capital subscribed for	Percentage of shareholding on enlarged basis[(2)]	Consideration	Date on which the consideration was fully settled
	(RMB)		*(RMB)*	
Yancheng VC	669,818.76	3.78%	17,000,000	May 22, 2020
Fenglin VC	394,011.03	2.22%	10,000,000	May 26, 2020

Notes:

(1) Please refer to the subsection headed "— Pre-[**REDACTED**] Investments — Information on Our Pre-[**REDACTED**] Investors" in this section for details of the Pre-Series A Investors.

(2) Refer to the approximate percentage of registered capital subscribed for by the Pre-Series A Investors upon completion of the Pre-Series A Financing.

Upon completion of the Pre-Series A Financing, the share capital of our Company increased from RMB16,666,666.70 to RMB17,730,496.49. Our Company was held as to 94% by our Controlling Shareholders and 6% by Pre-Series A Investors.

Series A Financing

Our Company, together with, among others, Mr. Li, Zhoushan Tuowei, Zhoushan Jicheng and Pre-Series A Investors, entered into investment agreements with (i) OPPO Guangdong Mobile Communications Co., Ltd. (OPPO廣東移動通信有限公司) ("**OPPO Guangdong**") and Suzhou Fenhuqinhe Venture Investment Center (Limited Partnership) (蘇州汾湖勤合創業投資中心(有限合夥)) ("**Fenhu Qinhe VC**") on February 23, 2021, and (ii) Hubei Xiaomi Yangtze River Industry Fund Partnership (Limited Partnership) (湖北小米長江產業基金合夥企業(有限合夥)) ("**Hubei Xiaomi**", together with OPPO Guangdong, Fenhu Qinhe VC and Hubei Xiaomi, collectively, the "**Series A Investors**") on July 8, 2021, pursuant to which the Series A Investors subscribed for registered capital of RMB2,743,068.99 of our Company in the following manner, at a total consideration of RMB85,090,000 (the "**Series A Financing**"),

which was determined after arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments, the status of our business and operating entities and the money valuation of our Company in the Pre-Series A Financing. Further particulars of the subscriptions are set out below:

Name of Series A Investor[1]	Registered capital subscribed for	Percentage of shareholding on enlarged basis[2]	Consideration	Date on which the consideration was fully settled
	(RMB)		*(RMB)*	
OPPO Guangdong . . .	1,289,168.28	6.30%	39,990,000	March 8, 2021
Fenhu Qinhe VC	838,168.92	4.09%	26,000,000	March 3, 2021
Hubei Xiaomi	615,731.79	3.01%	19,100,000	July 29, 2021

Notes:

(1) Please refer to the subsection headed "— Pre-[**REDACTED**] Investments — Information on Our Pre-[**REDACTED**] Investors" in this section for details of the Series A Investors.

(2) Refer to the approximate percentage of registered capital subscribed for by the Series A Investors upon completion of the Series A Financing.

Upon completion of the Series A Financing, the share capital of our Company increased from RMB17,730,496.49 to RMB20,473,565.48. Our Company was held as to 81.41% by our Controlling Shareholders, 5.20% by Pre-Series A Investors and 13.40% by Series A Investors.

Series A+ Financing

In September 2021, our Company, together with, among others, Mr. Li, Zhoushan Tuowei, Zhoushan Jicheng, Pre-Series A Investors and Series A Investors, entered into an investment agreement with (i) Suzhou Yuanhe Puhua Zhixin Equity Investment Partnership (Limited Partnership) (蘇州元禾璞華智芯股權投資合夥企業(有限合夥)) ("**Yuanhe Puhua**") on September 1, 2021, and (ii) Shanghai Moqin Intelligent Technology Co., Ltd. (上海摩勤智能技術有限公司) ("**Moqin Intelligent**") and Nanjing Dynamic Balance Fengyuan Venture Capital Partnership (Limited Partnership) (南京動平衡鋒元創業投資合夥企業(有限合夥)) ("**Fengyuan VC**", together with Yuanhe Puhua and Moqin Intelligent, collectively, the "**Series A+ Investors**") on September 8, 2021, pursuant to which the Series A+ Investors subscribed for registered capital of RMB1,482,568.53 of our Company at a total consideration of RMB63 million (the "**Series A+ Financing**"), which was determined after arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments, the status of our business and operating entities, and the money valuation of our Company in the Series A Financing. Further particulars of the subscriptions are set out below:

Name of Series A+ Investor[1]	Registered capital subscribed for	Percentage of shareholding on enlarged basis[2]	Consideration	Date on which the consideration was fully settled
	(RMB)		*(RMB)*	
Yuanhe Puhua	705,985.01	3.22%	30,000,000	September 2, 2021
Moqin Intelligent . .	541,255.18	2.47%	23,000,000	September 22, 2021
Fengyuan VC	235,328.34	1.07%	10,000,000	September 23, 2021

Notes:

(1) Please refer to the subsection headed "— Pre-[**REDACTED**] Investments — Information on Our Pre-[**REDACTED**] Investors" in this section for details of the Series A+ Investors.

(2) Refer to the approximate percentage of registered capital subscribed for by the Series A+ Investors upon completion of the Series A+ Financing.

Upon completion of the Series A+ Financing, the share capital of our Company increased from RMB20,473,565.48 to RMB21,956,134.01. Our Company was held as to 75.91% by our Controlling Shareholders, 4.85% by Pre-Series A Investors, 12.49% by Series A Investors and 6.75% by Series A+ Investors.

Series B Financing

On March 11, 2022, our Company, together with, among others, Mr. Li, Zhoushan Tuowei, Zhoushan Jicheng and Weizhuyexin, entered into an investment agreement with Intel Asia-Pacific Research & Development Ltd. (英特爾亞太研發有限公司) ("**Intel Asia**" or "**Series B Investor**"), pursuant to which Intel Asia subscribed for registered capital of RMB679,055.69 of our Company at a total consideration of RMB43,298,969 (the "**Series B Financing**"), which was determined after arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments, the status of our business and operating entities and the money valuation of our Company in the Series A Financing and the Series A+ Financing. The consideration was settled on March 15, 2022.

Upon completion of the Series B Financing, the share capital of our Company increased from RMB21,956,134.01 to RMB22,635,189.70. Our Company was held as to 69.64% by our Controlling Shareholders, 3.99% by Weizhuyexin, 4.70% by Pre-Series A Investors, 12.12% by Series A Investors, 6.55% by Series A+ Investors, and 3% by the Series B Investor.

Conversion into a Joint Stock Limited Company

On June 28, 2022, our Company was converted into a joint stock limited company and renamed as Shenzhen Vergiga Semiconductor Co., Ltd. (深圳市威兆半導體股份有限公司) with a registered capital of RMB22,635,190 divided into 22,635,190 Shares with a nominal value of RMB1.00 each, which were subscribed for by all the then Shareholders in proportion to our Company's then net assets underlying their respective equity interests in our Company immediately before the conversion.

Series C Financing

On September 30, 2022, our Company, together with, among others, Mr. Li, Zhoushan Tuowei, Zhoushan Jicheng, Weizhuyexin, and Series B Investor, entered into an investment agreement with Shenzhen Anpeng Zhida Investment Partnership (Limited Partnership) (深圳安鵬智達投資合夥企業(有限合夥)) ("**Anpeng Zhida**"), Ningde Amperex Technology Co., Ltd. (寧德新能源科技有限公司) ("**Ningde Amperex**"), CICC Pucheng Investment Co., Ltd. (中金浦成投資有限公司) ("**CICC Pucheng**"), Shenzhen Zhongtou Chip Testing Phase I Private Equity Investment Fund Partnership (Limited Partnership) (深圳市重投芯測一期私募股權投資基金合夥企業(有限合夥)) ("**Zhongtou Chip**"), Shenzhen Nanshan Strategic Emerging Industries Little Giant Investment Partnership (Limited Partnership) (深圳市南山戰新投小巨人投資合夥企業(有限合夥)) ("**Nanshan Strategic Investment**"), Kunqiao (Shenzhen) Semiconductor Technology Industry Equity Investment Fund Partnership (Limited Partnership) (昆橋(深圳)半導體科技產業股權投資基金合夥企業(有限合夥)) ("**Kunqiao Semiconductor**"),

Yixing Gaoyi Phase II Venture Capital Partnership (Limited Partnership) (宜興高易二期創業投資合夥企業(有限合夥)) ("**Gaoyi VC**") (together, the "**Series C Investors**"), pursuant to which the Series C Investors subscribed for 2,105,073 Shares at a total consideration of RMB186,000,000 (the "**Series C Financing**"), which was determined after arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments, the status of our business and operating entities and the money valuation of our Company in the Series B Financing. Further particulars of the subscriptions are set out below:

Name of Series C Investor[(1)]	Number of Shares subscribed for	Percentage of shareholding on enlarged basis[(2)]	Consideration	Date on which the consideration was fully settled
			(RMB)	
Intel Asia	316,893	1.28%	28,000,000	October 12, 2022
Anpeng Zhida	565,880	2.29%	50,000,000	October 25, 2022
Ningde Amperex	339,528	1.37%	30,000,000	October 18, 2022
CICC Pucheng	226,352	0.91%	20,000,000	October 14, 2022
Zhongtou Chip	90,541	0.37%	8,000,000	October 17, 2022
Nanshan Strategic Investment	56,588	0.23%	5,000,000	October 14, 2022
Kunqiao Semiconductor	339,528	1.37%	30,000,000	October 13, 2022
Gaoyi VC	169,763	0.69%	15,000,000	October 8, 2022

Notes:

(1) Please refer to the subsection headed "— Pre-[**REDACTED**] Investments — Information on Our Pre-[**REDACTED**] Investors" in this section for details of the Series C Investors.

(2) Refer to the approximate percentage of Shares held by the Series C Investors upon completion of the Series C Financing.

Upon completion of the Series C Financing, the share capital of our Company increased from RMB22,635,190 to RMB24,740,263, divided into 24,740,263 Shares. Our Company was held as to 63.72% by our Controlling Shareholders, 3.65% by Weizhuyexin, 4.30% by Pre-Series A Investors, 11.09% by Series A Investors, 5.99% by Series A+ Investors, 4.03% by the Series B Investor, and 7.23% by other Series C Investors.

Capitalization of Capital Reserve

On November 30, 2022, our then Shareholders passed a resolution and approved the capitalization of the capital reserve of RMB35,259,737 of our Company. The capitalization of capital reserve was completed on December 6, 2022. Upon the completion of such capitalization, the registered capital of our Company increased from RMB24,740,263 to RMB60,000,000, divided into 60,000,000 Shares. The following table sets out our shareholding structure as of the completion of the capitalization of capital reserve.

Name of Shareholders	Number of Shares subscribed for	Percentage of shareholding
Mr. Li	24,251,965	40.42%
Zhoushan Tuowei	8,083,989	13.47%
Zhoushan Jicheng	5,895,498	9.83%
Weizhuyexin	2,188,490	3.65%

Name of Shareholders	Number of Shares subscribed for	Percentage of shareholding
OPPO Guangdong	3,126,486	5.21%
Intel Asia	2,415,372	4.03%
Fenhu Qinhe VC	2,032,725	3.39%
Yuanhe Puhua	1,712,152	2.85%
Yancheng VC	1,624,443	2.71%
Hubei Xiaomi	1,493,271	2.49%
Anpeng Zhida	1,372,370	2.29%
Moqin Intelligent	1,312,650	2.19%
Fenglin VC	955,554	1.59%
Ningde Amperex	823,422	1.37%
Kunqiao Semiconductor	823,422	1.37%
Fengyuan VC	570,717	0.95%
CICC Pucheng	548,948	0.91%
Gaoyi VC	411,709	0.69%
Zhongtou Chip	219,580	0.37%
Nanshan Strategic Investment	137,237	0.23%
	60,000,000	**100%**

Crossover Financing

On December 18, 2022, our Company, Mr. Li, Zhoushan Tuowei, Zhoushan Jicheng, Weizhuyexin, Pre-Series A Investors, Series A Investors, Series B Investor and Series C Investors entered into an investment agreement with Nantong Jinxin Frontier Equity Investment Center (Limited Partnership) (南通金信前沿股權投資中心(有限合夥)) ("**Jinxin Frontier**"), Tianjin TEDA Hengding Venture Capital Partnership (Limited Partnership) (天津泰達恒鼎創業投資合夥企業(有限合夥)) ("**TEDA Hengding**") and Xuzhou Boda Shengshi Equity Investment Partnership (Limited Partnership) (徐州博達盛世股權投資合夥企業(有限合夥)) ("**Boda Shengshi**") (together, the "**Crossover Investors**"), pursuant to which the Crossover Investors subscribed for 1,880,000 Shares at a total consideration of RMB87,720,800 (the "**Crossover Financing**"), which was determined after arm's length negotiations with reference to the pre-money valuation of our Company agreed by the parties to the investment agreement after taking into consideration the timing of the investments, the status of our business and operating entities and the money valuation of our Company in the Series C Financing. Further particulars of the subscriptions are set out below:

Name of Crossover Investor[(1)]	Number of Shares subscribed for	Percentage of shareholding on enlarged basis[(2)]	Consideration	Date on which the consideration was fully settled
			(RMB)	
Nanshan Strategic Investment	420,000	0.68%	19,597,200	December 28, 2022
Jinxin Frontier	620,000	1.00%	28,929,200	December 27, 2022
TEDA Hengding	420,000	0.68%	19,597,200	December 28, 2022
Boda Shengshi	420,000	0.68%	19,597,200	December 29, 2022

Notes:

(1) Please refer to the subsection headed "— Pre-[**REDACTED**] Investments — Information on Our Pre-[**REDACTED**] Investors" in this section for details of the Crossover Investors.

(2) Refer to the approximate percentage of Shares held by the Crossover Investors upon completion of the Crossover Financing.

Share Transfers in 2025 and 2026

From August 2025 to December 2025, TEDA Hengding, Zhongtou Chip and Hubei Xiaomi transferred all or a portion of their Shares to Zhoushan Putuo Jiuzhi Equity Investment Partnership (Limited Partnership) (舟山普陀九智股權投資合夥企業(有限合夥)) ("**Putuo Jiuzhi**"), Shenzhen Qiyuan New Materials Co., Ltd. (深圳奇源新材料有限公司) ("**Shenzhen Qiyuan**"), CHEN Yongyang (陳永陽) and JIANG Changlong (姜長龍) due to their respective investment strategies and fund portfolio management, each of whom is an Independent Third Party.

On February 27, 2026, our Company, Hubei Xiaomi and CEC Haihe Zhihui Phase II Emerging Industry Investment Fund (Tianjin) Partnership (Limited Partnership) (中電海河智慧二期新興產業投資基金(天津)合夥企業(有限合夥)) ("**CEC Zhihui**") entered into a share transfer agreement, pursuant to which Hubei Xiaomi transferred all of its remaining Shares to CEC Zhihui, which is an Independent Third Party.

Following the share transfers in 2025 and 2026, each of Hubei Xiaomi, TEDA Hengding and Zhongtou Chip ceased to be our Shareholder. To the best knowledge of our Company, there were no disputes between TEDA Hengding, Zhongtou Chip, Hubei Xiaomi and the Company, its Shareholders or its members of senior management. Please refer to "— Pre-[**REDACTED**] Investments — Principal Terms of the Pre-[**REDACTED**] Investments and Pre-[**REDACTED**] Investors' Rights — Equity Transfers" in this section for further details.

PRC Legal Advisor's Confirmation

As advised by our PRC Legal Advisor, our Company has made all necessary registrations or filings with the relevant local branch of SAMR in respect of the equity transfers, capital increases and share transfers set out above in all material respects, and such equity transfers, capital increases and share transfers were conducted in compliance with the applicable PRC laws and regulations in all material respects.

ESOP PLATFORMS AND PRE-[REDACTED] EQUITY INCENTIVE PLAN

In recognition of the contribution of our senior management and key personnel and to incentivize them to promote the development of our business, our ESOP Platforms, namely, Zhoushan Jicheng and Weizhuyexin, were established as limited partnerships under the laws of the PRC on March 12, 2020 and December 10, 2021, respectively. On December 13, 2021, Zhoushan Jicheng transferred 902,397 Shares to Weizhuyexin at the consideration of RMB28,759,725, representing approximately 4.11% of the then total issued share capital of our Company. The consideration was determined with reference to the status of our business and operating entities at that time.

As of the Latest Practicable Date, Zhoushan Jicheng, held as to approximately 90.15% by Mr. Li as its general partner, was interested in approximately 9.53% of the total issued share capital of our Company. Weizhuyexin, which was interested in approximately 3.54% of our Company's total issued share capital, was owned by Mr. Li as to approximately 6.99% as one of its limited partners and Mr. ZHANG Xiaoqing (張小青) as its general partner as to approximately 2.43%, who is the chief executive of our principal subsidiaries. As such, the ESOP Platforms collectively held approximately 13.06% of the total issued share capital of our Company. Immediately following the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised), the ESOP Platforms in aggregate will be interested in approximately [**REDACTED**]% of the total issued share capital of our Company.

The Pre-[**REDACTED**] Equity Incentive Plan is not subject to the provisions of Chapter 17 of the Listing Rules as it does not involve any grant of share options or awards or any issuance of new Shares by our Company after the [**REDACTED**]. Under the Pre-[**REDACTED**] Equity Incentive Plan, 36 and 21 awardees have been granted partnership interests of Zhoushan Jicheng and Weizhuyexin, respectively, as of the Latest Practicable Date. For further details of the Pre-[**REDACTED**] Equity Incentive Plan, see "Statutory and General Information — D. Pre-[**REDACTED**] Equity Incentive Plan" in Appendix VI to this document.

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

In October 2025, Vergiga Zhoushan, our subsidiary, entered into a land use rights grant contract with the Natural Resources and Planning Bureau of Zhoushan, Zhejiang Province (the "**NRPB**") to acquire the land use rights for a parcel of state-owned construction land located in Putuo District, Zhoushan, for a total consideration of approximately RMB51.74 million, which is payable in two installments. As of the Latest Practicable Date, we had paid the first installment of approximately RMB25.87 million and expect to pay the second installment of approximately RMB25.87 million by October 2026 with our operating cash flows. Further, in February 2026, Vergiga Zhoushan entered into another land use rights grant contract with the NRPB to acquire the land use rights for a parcel of state-owned construction land located in Putuo District, Zhoushan, for a total consideration of approximately RMB26.75 million which is payable in two installments. As of the Latest Practicable Date, we had paid the first installment of approximately RMB13.38 million and expect to pay the second installment by February 2027 with our operating cash flows. Please see "Business — Properties — Owned Properties" for details. As the land use rights grant contracts were entered into with the same party within a 12-month period, the transactions contemplated under the contracts of land use rights are required to be aggregated pursuant to Rule 14.22 of the Listing Rules. As one or more applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to these acquisitions exceed 5% but all less than 25%, these acquisitions constitute disclosable transaction of the Company under Chapter 14 of the Listing Rules.

Saved for the abovementioned, during the Track Record Period and up to the Latest Practicable Date, we had not conducted any acquisitions, disposals or mergers that we consider material to us.

PRE-[REDACTED] INVESTMENTS

Overview

Since our establishment, we completed series of Pre-[**REDACTED**] Investments through new subscriptions by our Pre-[**REDACTED**] Investors and share transfers between our Pre-[**REDACTED**] Investors, which are summarized below. For further details, see "— Our Establishment and Corporate Development" in this section.

Pre-[REDACTED] Investors[1]	Share capital subscribed for (RMB)						Consideration paid	Number of Shares held as of the Latest Practicable Date	Shareholding percentage as of the Latest Practicable Date	Shareholding percentage immediately following the [REDACTED] (assuming that the [REDACTED] is not exercised)
	Pre-Series A	Series A	Series A+	Series B	Series C	Crossover				
							(RMB)			
Yancheng VC	669,818.76	–	–	–	–	–	17,000,000	1,624,443	2.63%	[**REDACTED**]%
Fenglin VC	394,011.03	–	–	–	–	–	10,000,000	955,554	1.54%	[**REDACTED**]%
OPPO Guangdong	–	1,289,168.28	–	–	–	–	39,990,000	3,126,486	5.05%	[**REDACTED**]%
Fenhu Qinhe VC	–	838,168.92	–	–	–	–	26,000,000	2,032,725	3.28%	[**REDACTED**]%
Yuanhe Puhua	–	–	705,985.01	–	–	–	30,000,000	1,712,152	2.77%	[**REDACTED**]%
Moqin Intelligent	–	–	541,255.18	–	–	–	23,000,000	1,312,650	2.12%	[**REDACTED**]%
Fengyuan VC	–	–	235,328.34	–	–	–	10,000,000	570,717	0.92%	[**REDACTED**]%
Intel Asia	–	–	–	679,055.69	316,893	–	71,298,969	2,415,372	3.90%	[**REDACTED**]%
Anpeng Zhida	–	–	–	–	565,880	–	50,000,000	1,372,370	2.22%	[**REDACTED**]%
Ningde Amperex	–	–	–	–	339,528	–	30,000,000	823,422	1.33%	[**REDACTED**]%
CICC Pucheng	–	–	–	–	226,352	–	20,000,000	548,948	0.89%	[**REDACTED**]%
Nanshan Strategic Investment	–	–	–	–	56,588	420,000	24,597,200	557,237	0.90%	[**REDACTED**]%
Kunqiao Semiconductor	–	–	–	–	339,528	–	30,000,000	823,422	1.33%	[**REDACTED**]%
Gaoyi VC	–	–	–	–	169,763	–	15,000,000	411,709	0.67%	[**REDACTED**]%
Jinxin Frontier	–	–	–	–	–	620,000	28,929,200	620,000	1.00%	[**REDACTED**]%
Putuo Jiuzhi[2]	–	–	–	–	–	–	24,080,200	420,000	0.68%	[**REDACTED**]%
Boda Shengshi	–	–	–	–	–	420,000	19,597,200	420,000	0.68%	[**REDACTED**]%
Shenzhen Qiyuan[3]	–	–	–	–	–	–	10,018,400	219,580	0.35%	[**REDACTED**]%

Pre-[REDACTED] Investors[1]	Share capital subscribed for (RMB)						Consideration paid	Number of Shares held as of the Latest Practicable Date	Shareholding percentage as of the Latest Practicable Date	Shareholding percentage immediately following the [REDACTED] (assuming that the [REDACTED] is not exercised)
	Pre-Series A	Series A	Series A+	Series B	Series C	Crossover				
							(RMB)			
CHEN Yongyang[4]	–	–	–	–	–	–	12,000,000	371,280	0.60%	[**REDACTED**]%
JIANG Changlong[4]	–	–	–	–	–	–	8,000,000	247,520	0.40%	[**REDACTED**]%
CEC Zhihui[5]	–	–	–	–	–	–	28,263,445.38	874,471	1.41%	[[**REDACTED**]%]

Notes:

(1) Former Shareholders who transferred their entire equity interest in our Company to other Shareholders and ceased to be our Shareholders are not regarded as our Pre-[**REDACTED**] Investors.

(2) On August 31, 2025, TEDA Hengding entered into a share transfer agreement with Putuo Jiuzhi, pursuant to which TEDA Hengding transferred 420,000 Shares to Putuo Jiuzhi at a total consideration of RMB24,080,200. Please refer to "— Principal Terms of the Pre-[**REDACTED**] Investments and Pre-[**REDACTED**] Investors' Rights — Equity Transfers" for further details.

(3) On November 18, 2025, Zhongtou Chip entered into a share transfer agreement with Shenzhen Qiyuan, pursuant to which Zhongtou Chip transferred 219,580 Shares to Shenzhen Qiyuan at a total consideration of RMB10,018,400. Please refer to "— Principal Terms of the Pre-[**REDACTED**] Investments and Pre-[**REDACTED**] Investors' Rights — Equity Transfers" for further details.

(4) On December 4, 2025, Hubei Xiaomi entered into a share transfer agreement with CHEN Yongyang and JIANG Changlong, pursuant to which Hubei Xiaomi transferred 371,280 Shares to CHEN Yongyang and 247,520 Shares to JIANG Changlong at a total consideration of RMB12,000,000 and RMB8,000,000, respectively. Please refer to "— Principal Terms of the Pre-[**REDACTED**] Investments and Pre-[**REDACTED**] Investors' Rights — Equity Transfers" for further details.

(5) On February 27, 2026, Hubei Xiaomi entered into a share transfer agreement with CEC Zhihui, pursuant to which Hubei Xiaomi transferred 874,471 Shares to CEC Zhihui at a total consideration of RMB28,263,445.38. Please refer to " — Principal Terms of the Pre-[**REDACTED**] Investments and Pre-[**REDACTED**] Investors' Rights — Equity Transfers" for further details.

Principal Terms of the Pre-[REDACTED] Investments and Pre-[REDACTED] Investors' Rights

Direct Investments

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments[(1)] to our Company made by the Pre-[**REDACTED**] Investors:

	Pre-Series A	Series A	Series A+	Series B	Series C	Cross-over
Date of investment agreement(s)	May 14, 2020	February 23, 2021 July 8, 2021	September 1, 2021 September 8, 2021	March 11, 2022	September 30, 2022	December 18, 2022
Date of completion[(2)]	May 26, 2020	July 29, 2021	September 23, 2021	March 15, 2022	October 25, 2022	December 29, 2022
Amount of consideration (RMB)	27,000,000	85,090,000	63,000,000	43,298,969	186,000,000	87,720,800
Post-money valuation of our Company (RMB)[(3)]	RMB450.0 million	RMB635.0 million	RMB933.0 million	RMB1,443.3 million[(4)]	RMB2,186.0 million[(4)]	RMB2,887.7 million
Approximate cost per Share paid to our Company (RMB)[(5)]	10.47	12.79	17.52	26.29	36.43	46.66
Discount to the [**REDACTED**][(6)]	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%	[**REDACTED**]%
Basis of the consideration	The consideration for the Pre-[**REDACTED**] Investments was determined after arm's length negotiations with reference to an agreed pre-money valuation of our Company after taking into consideration the timing of the investments and the status of our business and operating entities.					
Use of proceeds from the Pre-[**REDACTED**] Investments	As of the Latest Practicable Date, all of the proceeds from the Pre-[**REDACTED**] Investments have been used for the construction of our facilities in Zhuhai, research and development, and general corporate operations.					
Lock-up period	Pursuant to the applicable PRC laws, within the 12 months from the [**REDACTED**], all current Shareholders (including the Pre-[**REDACTED**] Investors) could not dispose of any of the Shares they currently hold.					
Strategic benefits of the Pre-[**REDACTED**] Investors brought to our Company	At the time of the Pre-[**REDACTED**] Investments, our Directors were of the view that in addition to providing working capital for our Group's business expansion, our Group could also benefit from the knowledge and experience, as well as the international and global presence of our Pre-[**REDACTED**] Investors. Our Pre-[**REDACTED**] Investors include well-known companies in the new energy industry, which can help us enhance our business synergies, and professional strategic investors, which can provide professional advice on our Group's development and improve our corporate governance, financial reporting and internal controls. Our Directors were also of the view that our Company could benefit from the Pre-[**REDACTED**] Investments as the Pre-[**REDACTED**] Investors' investments demonstrated their confidence in the operations and development of our Group and served as an endorsement of our Group's performance, strength and prospects.					

Notes:

(1) The Pre-[**REDACTED**] Investments in this table only consist of subscriptions for increased registered capital or new Shares of our Company by the Pre-[**REDACTED**] Investors, for which our Company was a party to such Pre-[**REDACTED**] Investments and received proceeds from such Pre-[**REDACTED**] Investors as detailed in this table.

(2) Date of completion represents the date on which the consideration for each tranche had been fully settled.

(3) The post-money valuation was determined by the relevant Pre-[**REDACTED**] Investors through arm's length negotiations between the parties based on the valuation of our Company at the time of the investment, taking into account the timing of the investment, the background of our founding team, industry prospects and market size, and the outlook and growth potential of our Group.

(4) The significant increase of our market capitalization from Series A+ to Series B and Series C was primarily driven by the expansion in our end-customer base, coupled by the overall uplift in semiconductor industry valuations from 2020 to 2022 that was driven by strong market demand and the ongoing momentum for supply chain localization.

(5) The cost per Share is calculated based on the amount of consideration paid in the respective round of the Pre-[**REDACTED**] Investments divided by the number of Shares acquired by the respective Pre-[**REDACTED**] Investors as if our conversion into a joint stock company had been completed.

(6) Calculated based on the mid-point of the indicative [**REDACTED**] range and the exchange rates set out in the section headed "Information about this document and the [**REDACTED**]" in this document, taking into account the capitalization of capital reserve which was completed on December 6, 2022.

Equity Transfers

The following table summarizes the key terms of the Pre-[**REDACTED**] Investments[(1)] conducted through equity transfers from the former Shareholders to the Pre-[**REDACTED**] Investors:

Pre-[REDACTED] Investor (Transferee)	Former Shareholder (Transferor)[(2)]	Date of agreement(s)	Date of completion[(3)]	Number of Shares transferred	Amount of consideration	Approximate cost per Share	Discount to the [REDACTED][(4)]
					(RMB)	*(RMB)*	
Putuo Jiuzhi . .	TEDA Hengding	August 31, 2025	September 26, 2025	420,000	24,080,200	57.33	[REDACTED]%
Shenzhen Qiyuan	Zhongtou Chip	November 18, 2025	November 28, 2025	219,580	10,018,400	45.63	[REDACTED]%
CHEN Yongyang . .	Hubei Xiaomi	December 4, 2025	December 5, 2025	371,280	12,000,000	32.32	[REDACTED]%
JIANG Changlong . .				247,520	8,000,000	32.32	[REDACTED]%
CEC Zhihui . .		February 27, 2026	February 27, 2026	874,471	28,263,445.38	32.32	[REDACTED]%

Notes:

(1) The Pre-[**REDACTED**] Investments in this table only consist of certain transfers of the registered capital or Shares to the Pre-[**REDACTED**] Investors, for which our Company received no proceeds from such Pre-[**REDACTED**] Investors. To the best knowledge of our Company, the considerations for the Pre-[**REDACTED**] Investments in the form of equity transfers were determined through arm's length negotiations among the parties, taking into account various factors, in addition to those mentioned above in the table detailing Pre-[**REDACTED**] Investments through direct investments, including, among others: (i) the original acquisition cost borne by the transferor for obtaining the relevant equity interests; and (ii) the valuation of our Company in the most recent round of equity financing. The considerations involved vary primarily due to the difference in the original investor's investment principal and timing.

(2) Former Shareholders who transferred their entire equity interest in our Company to other Shareholders and ceased to be our Shareholders are not regarded as our Pre-[**REDACTED**] Investors.

(3) Date of completion represents the date on which the consideration for each tranche had been fully settled.

(4) Calculated based on the midpoint of the indicative [**REDACTED**] range and the exchange rates set out in the section headed "Information about this document and the [**REDACTED**]" in this document.

Special Rights of the Pre-[REDACTED] Investors

Certain Pre-[**REDACTED**] Investors were granted customary special rights in relation to our Company, including, among others, redemption rights, pre-emptive rights, anti-dilution rights, rights of first refusal and co-sale, liquidation rights, Director appointment rights and information rights. The redemption right granted by our Company to such Pre-[**REDACTED**] Investors were terminated on December 30, 2022. The redemption right granted by the Company which was terminated on December 30, 2022 will not be reinstated upon the occurrence of any event beyond the Company's control.

The redemption rights granted by Mr. Li and Zhoushan Tuowei in their capacity as Controlling Shareholders to such Pre-[**REDACTED**] Investors under the relevant shareholders' agreements have been terminated prior to the first submission of the [**REDACTED**] to the Stock Exchange for the purpose of the [**REDACTED**], and shall be restored if the [**REDACTED**] does not take place including, but not limited to, any occurrence of events which would render the withdrawal, rejection, return or lapse of our [**REDACTED**]. All other special rights under the Pre-[**REDACTED**] Investments shall cease to be effective and be discontinued upon the [**REDACTED**] in accordance with Chapter 4.2 of the Guide.

There is no redemption rights granted by the Controlling Shareholders to which our Company is not a party. Our Company has not provided any guarantees or other forms of support, nor are there any side agreements with respect to such redemption rights during the Track Record Period. No liability in respect of such redemption rights was recorded during the Track Record Period. Please refer to Note 36 to the Accountant's Report included in Appendix I for further details.

Sole Sponsor's Confirmation

On the basis that (i) the Pre-[**REDACTED**] Investments were irrevocably settled more than 28 clear days before the date of first filing of the [**REDACTED**], and (ii) the redemption rights granted to the Pre-[**REDACTED**] Investors have been terminated upon the first filing of [**REDACTED**] by our Company submitted with the Stock Exchange and all other special rights granted to the Pre-[**REDACTED**] Investors will be terminated upon [**REDACTED**] on (and inclusive of) the [**REDACTED**], the Sole Sponsor confirms that the Pre-[**REDACTED**] Investments by the Pre-[**REDACTED**] Investors are in compliance with Chapter 4.2 of the Guide.

Information on Our Pre-[REDACTED] Investors

Set forth below are details for each of our Pre-[**REDACTED**] Investors with a shareholding of 1% or above in our Company as of the Latest Practicable Date. To the best knowledge of our Company, all such major Pre-[**REDACTED**] Investors are Independent Third Parties.

OPPO Guangdong

OPPO Guangdong is a limited liability company established in the PRC and is a global leading smart device manufacturer which delivers products including smart phones, IoT products, accessories, audio products, wearables and tablets. As of the Latest Practicable Date, OPPO Guangdong was wholly owned by Guangdong Oujia Holdings Co., Ltd. (廣東歐加控股有限公司) which was in turn owned as to approximately 65.70% by Labor Union Committee of Guangdong Oujia Holdings Co., Ltd. (廣東歐加控股有限公司工會委員會), a company ultimately controlled by Chen Mingyong (陳明永), 33.80% by Glory Hill Holdings Limited (高耀集團有限公司) which was ultimately controlled by an Independent Third Party, and 0.50% by Mr. Jin Leqin (金樂親). To our best knowledge, each of OPPO Guangdong and its beneficial owners is an Independent Third Party.

Intel Asia

Intel Asia is a limited liability company established in China and is indirectly wholly owned by Intel Corporation, a company listed on NASDAQ Stock Market (ticker symbol: INTC). Intel Corporation is a global designer and manufacturer of semiconductor products. To our best knowledge, each of Intel Asia and Intel Corporation is an Independent Third Party.

Fenhu Qinhe VC

Fenhu Qinhe VC is a limited partnership established in the PRC which mainly engaged in the investment in semiconductor, new energy, new materials and information technology. As of the Latest Practicable Date, Fenhu Qinhe VC was held as to 45% by Suzhou Fenhu Innovation Industry Investment Center (Limited Partnership) (蘇州汾湖創新產業投資中心(有限合夥)) ("**Fenhu Innovation**"), 37.5% by Moqin Intelligent, 11.25% by Suzhou Qingshi Hengyuan Venture Capital Partnership (Limited Partnership) (蘇州清石恆源創業投資合夥企業(有限合夥)), 5% by Suzhou Wuyun Shuixiang Venture Capital Center (Limited Partnership) (蘇州吳韻水鄉創業投資中心(有限合夥)) and 1.25% by its general partner Suzhou Qinhe Qingshi Investment Management Partnership (Limited Partnership) (蘇州勤合清石投資管理合夥企業(有限合夥)) ("**Qinhe Qingshi**"). Fenhu Innovation was held as to 99.9% by Suzhou Fenhu Gaoxin Holding Co., Ltd. (蘇州汾湖高新控股有限公司), a state-owned company which was ultimately controlled by Management Committee of Jiangsu Fenhu New & High-tech Industrial Development Zone (江蘇省汾湖高新技術產業開發區管理委員會) ("**Fenhu High-tech Committee**"), and 0.1% by its general partner Suzhou Qingfen Capital Management Co., Ltd. (蘇州清汾資本管理有限公司) ("**Qingfen Capital**"). Qinhe Qingshi was held as to 40% by Qingfen Capital and 35% by Moqin Intelligent, respectively. Qingfen Capital was held as to 35% by Suzhou Fen Investment Capital Management Co., Ltd. (蘇州汾投資本管理有限公司), a state-owned company which was ultimately controlled by Fenhu High-tech Committee, and 65% by Qingshi Asset Management (Shanghai) Co., Ltd. (清石資產管理(上海)有限公司), which was ultimately controlled by WU Weiping (吳偉萍), an Independent Third Party, respectively.

Moqin Intelligent

Moqin Intelligent was wholly owned by Huaqin Technology Co., Ltd. (華勤技術股份有限公司) ("**Huaqin Technology**"). Huaqin Technology is a company listed on the Shanghai Stock Exchange (stock code: 603296), which was ultimately controlled by QIU Wensheng (邱文生), an Independent Third Party.

Yuanhe Puhua

Yuanhe Puhua is a limited partnership established in the PRC which has profound investment experience in semiconductor, chip, electronics, and smart technology. As of the Latest Practicable Date, Yuanhe Puhua was held as to 99.27% by 33 limited partners who are Independent Third Parties and 0.73% by its general partner Suzhou Yuehai Tongxin Enterprise Management Partnership (Limited Partnership) (蘇州越海同芯企業管理合夥企業(有限合夥)) ("**Yuehai Tongxin**")). To our best knowledge, none of the limited partners of Yuanhe Puhua held more than 30% of partnership interest therein. Yuehai Tongxin was held as to 90% by Yuanhe Puhua Tongxin (Suzhou) Investment Management Co., Ltd. (元禾璞華同芯(蘇州)投資管理有限公司) ("**Yuanhe Puhua Management**") and 10% by Suzhou Tonghai Tongxin Enterprise Management Partnership (Limited Partnership) (蘇州同海同芯企業管理合夥企業(有限合夥)) ("**Tonghai Tongxin**"). Yuanhe Puhua Management was held as to 51% by Suzhou Tonghua Enterprise Management Co., Ltd. (蘇州同華企業管理有限公司), a company ultimately controlled by LIU Yue (劉越) an Independent Third Party, and 49% by Suzhou Yuanhe Holdings Co., Ltd. (蘇州元禾控股股份有限公司), a state-owned company which was ultimately controlled by Suzhou Industrial Park Administrative Committee (蘇州工業園區管理委員會). To our best knowledge, Yuanhe Puhua Management and its ultimate beneficial owners are Independent Third Parties.

Yancheng VC

Yancheng VC is a limited partnership established in the PRC which mainly engaged in the investment in emerging companies in the information technology industry. As of the Latest Practicable Date, Yancheng VC was held by Yancheng High-Tech Zone Science and Technology Innovation Group Co., Ltd. (鹽城高新區科技創新集團有限公司) ("**Yancheng Group**") as to 99% and Jiangsu Shenyan Venture Capital Management Co., Ltd. ("**Shenyan VC**"), its general partner, as to 1%. Yancheng Group is indirectly wholly owned by the People's Government of Yancheng City. Shenyan VC is owned as to 85% by Yancheng Juheng Enterprise Management Partnership (Limited Partnership) (鹽城鉅衡企業管理合夥企業(有限合夥)) and 15% by Yancheng Fengrun Enterprise Management Partnership (Limited Partnership) (鹽城鋒潤企業管理合夥企業(有限合夥)), each of which was ultimately owned or controlled by XU Ze'an (許澤安), ZHANG Qian (張茜) and SHI Ying (石瑛), who are Independent Third Parties.

CEC Zhihui

CEC Zhihui is a limited partnership established in the PRC which mainly engaged in the equity investment and asset management. The general partner of CEC Zhihui is China Electronics Intelligent Fund Management Co., Ltd. (中電智慧基金管理有限公司) ("**CEC Fund**"), which was held as to 62.00% by CEC Gold Investment Holding Co., Ltd. (中電金投控股有限公司), a state-owned company ultimately controlled by State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會). To our best knowledge, none of the limited partners of CEC Zhihui held more than 30% of partnership interest therein, and none of the other shareholders of CEC Fund held more than 30% interest therein.

Anpeng Zhida

Anpeng Zhida is a limited partnership established in the PRC which has investment experience in semiconductor, computing systems and information technology. As of the Latest Practicable Date, Anpeng Zhida was held as to 39.25% by Hubei Culture & Tourism Capital Holdings Co., Ltd. (湖北文旅資本控股有限公司), a state-owned company which was ultimately controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Hubei Province (湖北省人民政府國有資產監督管理委員會), 39.25% by Beijing Automotive Group Industrial Investment Co., Ltd. (北京汽車集團產業投資有限公司), a state-owned company which was ultimately controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality (北京市人民政府國有資產監督管理委員會) ("**Beijing SASAC**"), and 21.25% by two limited partners. Shenzhen Anpeng Equity Investment Fund Management Co., Ltd. (深圳市安鵬股權投資基金管理有限公司) ("**Anpeng Fund**"), a state-owned company which was ultimately controlled by Beijing SASAC, was Anpeng Zhida's general partner holding 0.25% partnership interests therein. Each of Anpeng Fund and four limited partners of Anpeng Zhida is an Independent Third Party.

Fenglin VC and Fengyuan VC

Fenglin VC is a limited partnership established in the PRC which mainly engaged in the investment in emerging companies in the information technology industry. Fengyuan VC is a limited partnership established in the PRC which mainly engaged in the equity investment and venture capital. The general partner of Fenglin VC and Fengyuan VC is Nanjing Dynamic Balance Venture Capital Management Co., Ltd. (南京動平衡創業投資管理有限公司), a state-owned company ultimately controlled by State-owned Assets Supervision and Administration

Office of the People's Government of Jiangning District, Nanjing (南京市江寧區人民政府國有資產監督管理辦公室). To our best knowledge, none of the limited partners of Fenglin VC held more than 30% of partnership interest therein. Fengyuan VC has 12 limited partners, including YAN Haobing (嚴浩兵), an Independent Third Party who held 36.79% of its partnership interests, and other 11 limited partners with less than 30% of its partnership interests.

Ningde Amperex

Ningde Amperex is wholly owned by Amperex Technology Limited ("**Amperex**"). To our best knowledge, each of Ningde Amperex and Amperex is an Independent Third Party.

Kunqiao Semiconductor

Kunqiao Semiconductor is a limited partnership established in the PRC which mainly engaged in the investment in smart information technology industry. As of the Latest Practicable Date, Kunqiao Semiconductor was held as to 98.19% by 16 limited partners and 1.81% by its general partner Kunqiao Capital Equity Investment Management (Shenzhen) Co., Ltd. (昆橋資本股權投資管理(深圳)有限公司) ("**Kunqiao Management**"), which was ultimately controlled by ZHAN Jieping (粘傑評), an Independent Third Party. To our best knowledge, none of the 16 limited partners of Kunqiao Semiconductor held more than 30% of partnership interest therein.

Jinxin Frontier

Jinxin Frontier is a limited partnership established in the PRC which mainly engaged in the investment in strategic emerging industries such as information technology, biotechnology and intelligent manufacturing sectors. As of the Latest Practicable Date, Jinxin Frontier was held as to 99.9% by 12 limited partners and 0.1% by its general partner Qingkong Jinxin Yongqing Investment Management (Ningbo) Co., Ltd. (清控金信甬清投資管理(寧波)有限公司) ("**Jinxin Yongqing**"). To our best knowledge, none of the 12 limited partners of Jinxin Frontier held more than 30% of partnership interest therein. Jinxin Yongqing was held as to 50% by Beijing Qingkong Jinxin Investment Management Co., Ltd. (北京清控金信投資管理有限公司) ("**Qingkong Jinxin**"), 30% by Lhasa Ruiqi Huachuang Investment Management Co., Ltd. (拉薩睿祺華創投資管理有限公司) ("**Lhasa Ruiqi**") and 20% by Ningbo Marine Industry Fund Management Co., Ltd. (寧波海洋產業基金管理有限公司), a state-owned company which was ultimately controlled by State-owned Assets Supervision and Administration Commission of the People's Government of Ningbo City (寧波市人民政府國有資產監督管理委員會). Qingkong Jinxin was controlled as to 82% by Beijing Ruidachuangxin Investment Management Co., Ltd. (北京睿達創新投資管理有限公司) ("**Ruida Innovation**"), which also owned 100% equity interests in Lhasa Ruiqi. Ruida Innovation was ultimately beneficially owned by CAO Da (曹達), an Independent Third Party. Each of Jinxin Yongqing and its ultimate beneficial owners is an Independent Third Party.

CAPITALIZATION OF OUR COMPANY

The table below sets forth the shareholding structure of our Company as of the Latest Practicable Date and the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised):

	As of the Latest Practicable Date		As of the [REDACTED]		
Name of Shareholder	**Number of Shares**	**Percentage of shareholding**	**Number of Unlisted Shares**	**Number of H Shares**	**Percentage of shareholding**
Controlling Shareholders					
Mr. Li	24,251,965	39.19%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Zhoushan Tuowei	8,083,989	13.06%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Zhoushan Jicheng	5,895,498	9.53%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Subtotal	***38,231,452***	***61.78%***	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]**%**
ESOP Platform (other than Zhoushan Jicheng)					
Weizhuyexin	2,188,490	3.54%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Pre-*[REDACTED] *Investors					
OPPO Guangdong	3,126,486	5.05%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Fenhu Qinhe VC	2,032,725	3.28%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Intel Asia	2,415,372	3.90%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Yuanhe Puhua	1,712,152	2.77%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Yancheng VC	1,624,443	2.63%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Fenglin VC and Fengyuan VC	1,526,271	2.47%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Anpeng Zhida	1,372,370	2.22%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Moqin Intelligent	1,312,650	2.12%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
CEC Zhihui	874,471	1.41%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Ningde Amperex	823,422	1.33%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Kunqiao Semiconductor	823,422	1.33%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Jinxin Frontier	620,000	1.00%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Nanshan Strategic Investment	557,237	0.90%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
CICC Pucheng	548,948	0.89%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Putuo Jiuzhi	420,000	0.68%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Boda Shengshi	420,000	0.68%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Gaoyi VC	411,709	0.67%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
CHEN Yongyang	371,280	0.60%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
JIANG Changlong	247,520	0.40%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Shenzhen Qiyuan	219,580	0.35%	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Sub-total of Pre-*[REDACTED] *Investors	***21,460,058***	***34.68%***	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]**%**
Other public Shareholders	–	–	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	**61,880,000**	**100%**	[**REDACTED**]	[**REDACTED**]	**100%**

Note:

(1) [**REDACTED**] Unlisted Shares held by our existing Shareholders will be converted to H Shares upon [**REDACTED**].

FULL CIRCULATION

Our Company has applied for H Share full circulation to convert an aggregate of [**REDACTED**] Unlisted Shares held by our existing Shareholders, representing [**REDACTED**]% of the total issued Shares of our Company as of the Latest Practicable Date and approximately [**REDACTED**]% of the total issued Shares of our Company upon completion of the Conversion of Unlisted Shares into H Shares and the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised). For details, please refer to the section headed "Share Capital — Upon Completion of the [**REDACTED**]" in this document.

Details of the Conversion of Unlisted Shares into H Shares are set out below:

Name of Shareholder	Number of Unlisted Shares as of the Latest Practicable Date	Number of Shares upon the completion of the [REDACTED] (assuming that the Conversion of Unlisted Shares into H Shares are completed and the [REDACTED] is not exercised)	
		Number of Unlisted Shares	H Shares converted from Unlisted Shares
Mr. Li	24,251,965	[**REDACTED**]	[**REDACTED**]
Zhoushan Tuowei	8,083,989	[**REDACTED**]	[**REDACTED**]
Zhoushan Jicheng	5,895,498	[**REDACTED**]	[**REDACTED**]
Weizhuyexin	2,188,490	[**REDACTED**]	[**REDACTED**]
Sub-total	***40,419,942***	[**REDACTED**]	[**REDACTED**]
Pre-[**REDACTED**] Investors	21,460,058	[**REDACTED**]	[**REDACTED**]
Total	**61,880,000**	[**REDACTED**]	[**REDACTED**]

PUBLIC FLOAT

Pursuant to Rule 19A.13A(1) of the Listing Rules, (i) where the expected [**REDACTED**] at the time of [**REDACTED**] of our Company's H Shares does not exceed HK$[**REDACTED**], at least [**REDACTED**]% of the total number of H Shares must at the time of the [**REDACTED**] be held by the public. With respect to the indicative [**REDACTED**] Range of HK$[**REDACTED**], HK$[**REDACTED**] and HK$[**REDACTED**] per [**REDACTED**] (being the low-end, mid-point and the high-end, respectively), the expected [**REDACTED**] of our Company's H Shares would not exceed HK$[**REDACTED**]. Therefore, for the purpose of Rule 19A.13A of the Listing Rules, the minimum prescribed public float percentage applicable to the Company is [**REDACTED**]%.

Immediately upon completion of the [**REDACTED**] (assuming that the Conversion of Unlisted Shares into H Shares is completed and the [**REDACTED**] is not exercised) among the [**REDACTED**] H Shares:

(i) the [**REDACTED**] H Shares held by Mr. Li, Zhoushan Tuowei and Zhoushan Jicheng to be converted from Unlisted Shares and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**]) will not be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the [**REDACTED**] as such Shares are held by our Controlling Shareholders and therefore constitute Shares held by core connected persons of our Company;

(ii) the [**REDACTED**] H Shares held by Weizhuyexin to be converted from Unlisted Shares and [**REDACTED**] on the Stock Exchange (representing approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**]) will not be counted towards the public float by virtue of the Note to Rule 8.24 of the Listing Rules;

(iii) the [**REDACTED**] H Shares held by Pre-[**REDACTED**] Investors to be converted from Unlisted Shares (representing approximately [**REDACTED**]% of our total issued Shares upon the completion of the [**REDACTED**]) will be counted towards the public float for the purpose of Rule 19A.13A of the Listing Rules after the [**REDACTED**] as (i) these entities will not be core connected persons of our Company upon the [**REDACTED**] nor are they accustomed to take instructions from our Company (or any of its subsidiaries) or our Company's core connected persons in relation to the acquisition, disposal, voting or other disposition of their Shares and their acquisition of Shares registered in their name or otherwise held by them; and (ii) their acquisition of Shares has not been financed directly or indirectly by our Company (or any of its subsidiaries) or our Company's core connected persons; and

(iv) the [**REDACTED**] H Shares will be issued pursuant to the [**REDACTED**].

In light of the above, the public float of our Company will be approximately [**REDACTED**]% upon the completion of the [**REDACTED**] (assuming that the [**REDACTED**] is not exercised). Therefore, the Company believes that it will comply with the public float requirement under Rule 19A.13A of the Listing Rules.

FREE FLOAT

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

To the best knowledge of our Directors, the [**REDACTED**] H Shares to be issued pursuant to the [**REDACTED**] are expected to be held by the public and will not be subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise). Based on the low-end, mid-end and the high-end of the indicative [**REDACTED**] range, respectively, our Company will satisfy the free float requirements under Rule 19A.13C of the Listing Rules.

PREVIOUS LISTING ATTEMPTS

For the purposes of exploring the opportunity of establishing a capital market platform and receiving guidance from qualified financial advisors to identify suitable listing venues, including, among others, the Shanghai Stock Exchange Science and Technology Innovation Board (SSE STAR Market), the Beijing Stock Exchange and the Hong Kong Stock Exchange, our Company entered into a guidance agreement on December 5, 2022 (which was terminated in January 2026), and a financial advising agreement on March 28, 2025 (collectively, the "**Guidance Agreements**"). Along with the development of our business, and considering that

the Stock Exchange is an internationally recognized and reputable stock exchange, we subsequently decided to seek to list our H Shares on the Stock Exchange in order to provide further capital for the development and expansion of our business, to provide an overseas fundraising platform for our Company, to further strengthen our brand influence and market awareness, to increase our international presence to further enhance our competitiveness, and to improve the internal governance structure and establish a modern enterprise management system.

Since the execution of the Guidance Agreements and up to the Latest Practicable Date, our Company had not submitted any A-share listing application to the CSRC or any stock exchange in the PRC, and had not received any comments or inquiries by the CSRC (including its local offices) or any stock exchange in the PRC in connection with the Guidance Agreements or the previous listing attempts.

Our Directors confirmed, as concurred by the Sole Sponsor based on its due diligence work conducted, that there were no disagreements or disputes with the then professional parties involved in the previous listing attempts. To the best of our Directors' knowledge and belief, our Directors are not aware of any material matter in relation to the previous listing attempts that needs to be brought to the attention of the Stock Exchange. Based on the due diligence works conducted by the Sole Sponsor, the Sole Sponsor is not aware of any material matter in relation to the previous listing attempts that needs to be brought to the attention of the Stock Exchange.

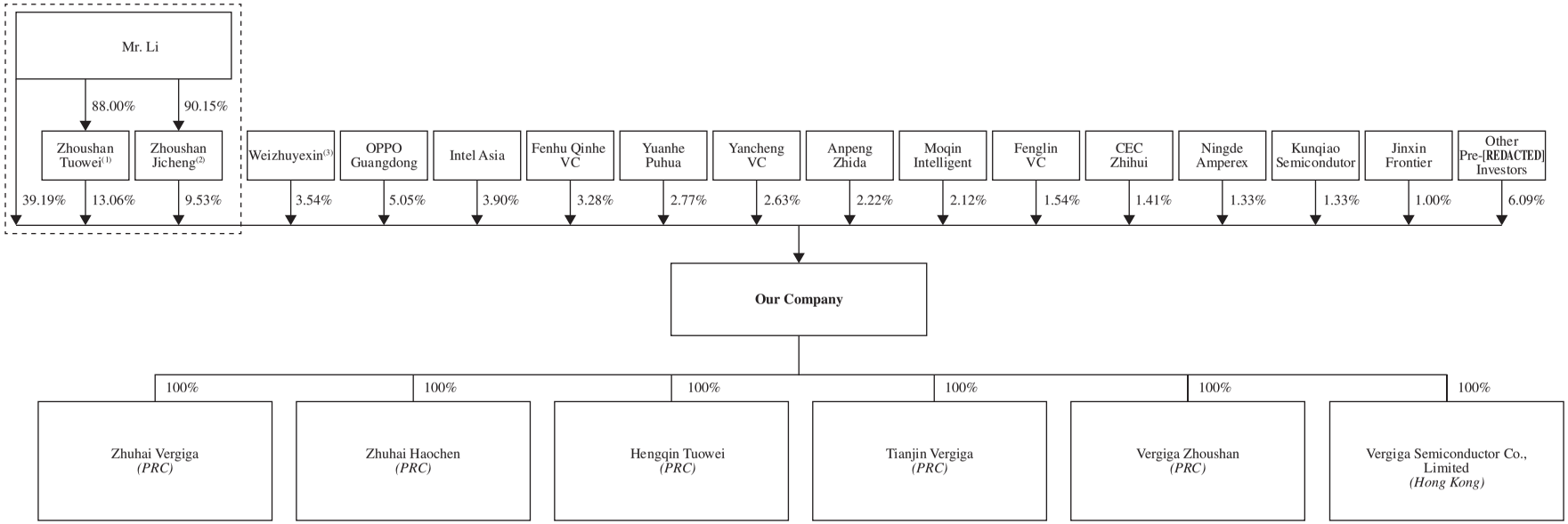
REASONS FOR THE [REDACTED]

Our Company is seeking a [**REDACTED**] of its H Shares on the Stock Exchange in order to establish a financing and capital operation platform in the international capital market, establish diversified financing channels, deepen our brand influence and market awareness, optimize the investor structure, improve the internal governance structure and build a modern enterprise management system. For further details of our future plans, see "Future Plans and Use of [**REDACTED**]."

CORPORATE STRUCTURE

Corporate Structure Immediately Before the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately before the [**REDACTED**], assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and [**REDACTED**].



Notes:

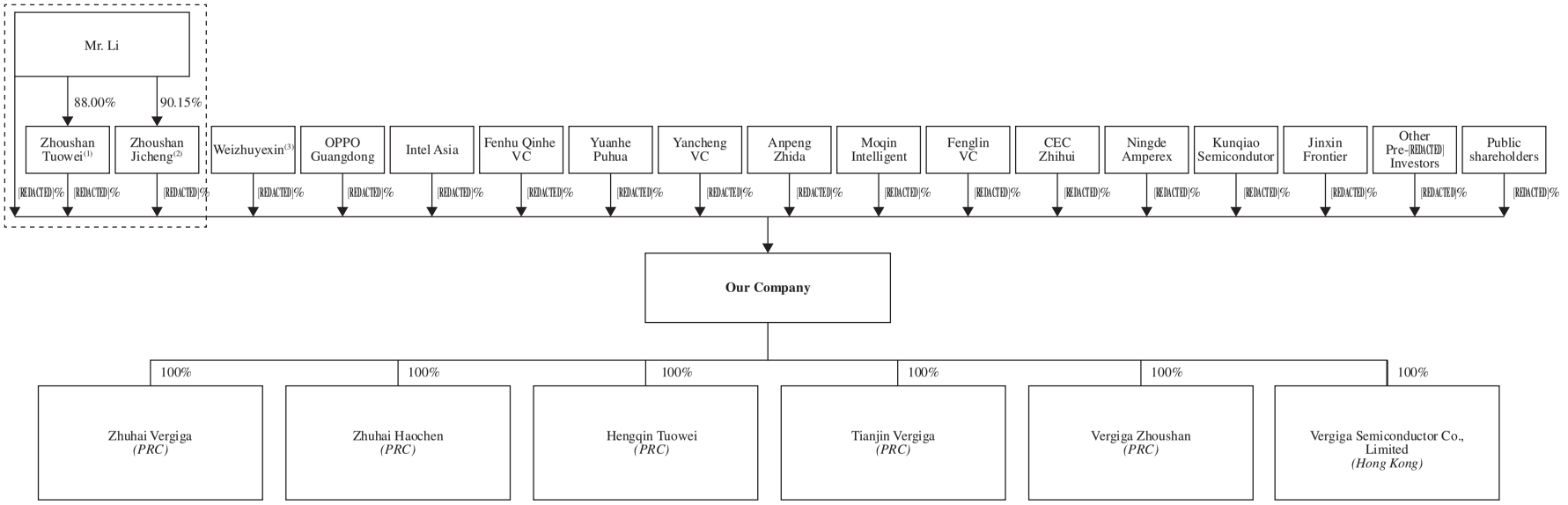
(1) As of the Latest Practicable Date, Zhoushan Tuowei was held as to 88% by Mr. Li as its general partner and 12% by Ms. Wu Shaodan (吳少丹), Mr. Li's spouse, as its limited partner. Pursuant to the partnership agreement of Zhoushan Tuowei, the general partner is responsible for day-to-day management of the partnership and can exercise the voting rights held by Zhoushan Tuowei in our Company.

(2) As of the Latest Practicable Date, Zhoushan Jicheng was held as to approximately 90.15% by Mr. Li as its general partner and approximately 9.85% by 35 limited partners, each of whom is our current employee and an Independent Third Party holding less than 10% of partnership interest of Zhoushan Jicheng. Pursuant to the partnership agreement of Zhoushan Jicheng, the general partner is responsible for day-to-day management of the partnership and can exercise the voting rights held by Zhoushan Jicheng in our Company.

(3) As of the Latest Practicable Date, Weizhuyexin was held as to approximately 2.43% by Mr. ZHANG Xiaoqing (張小青), as its general partner, who is the chief executive of our principal subsidiaries, and 97.57% by 20 limited partners, each of whom is our current employee and an Independent Third Party and none of whom holds more than one-third of partnership interests therein. Pursuant to the partnership agreement of Weizhuyexin, the general partner is responsible for day-to-day management of the partnership and can exercise the voting rights held by Weizhuyexin in our Company.

Corporate Structure Immediately After the [REDACTED]

The following chart sets forth the simplified shareholding and corporate structure of our Group immediately after the completion the [**REDACTED**], assuming that the [**REDACTED**] is not exercised and that no changes are made to our issued share capital between the Latest Practicable Date and [**REDACTED**].



Notes:

(1) — (3) See "— Corporate Structure — Corporate Structure Immediately Before the [**REDACTED**]" in this section.

OVERVIEW

Who We Are

We are a provider of power semiconductor devices with an established market presence in China, focusing on the research and development, design and sales of high-performance power semiconductor devices, especially our WLCSP products, which represent a commonly adopted advanced packaging technology in the semiconductor industry, and one of our key products with advanced semiconductor packaging technology and known for their compact size, strong thermal performance and impact resistance. Our power semiconductor devices are components used to control, convert and manage electrical power, ensuring electricity is delivered at the right voltage and current for different devices, which are consisted of (i) medium-and-low-voltage products, which are further divided, in terms of packaging methods, into WLCSP and non-WLCSP products, and are widely used in consumer electronics, automotive electronics and industrial power supplies, and (ii) high-voltage products, which are designed to withstand higher voltages and operate reliably in more demanding environments, and are widely used in automotive electronics and industrial applications.

We focus on the design, R&D and sales of our products while outsourcing a majority of wafer manufacturing, packaging and testing processes to trusted third-party partners. Meanwhile, we retain in-house capabilities for certain critical wafer manufacturing and packaging and testing processes, which primarily includes (i) key back-end wafer processing steps, mainly including wafer plating, back grinding and backside metallization, that are critical to achieving low on-resistance, efficient heat dissipation and high current-carrying capacity of devices, and directly affect product yield and reliability, and (ii) WLCSP packaging and testing processes, that ensure the autonomy and control of advanced packaging technologies. Based on this model, we are able to identify and address technical issues at an earlier stage of development, implement design and process modifications more efficiently, and reduce reliance on third-party packaging and testing service providers, and therefore can shorten the turnaround time between product design, prototype validation and engineering iterations, thereby accelerating product development and product iteration. Such mixed business model combines the flexibility of outsourcing standardized manufacturing with in-house manufacturing capabilities, allowing us to maintain supply chain flexibility and achieve effective cost and quality control. For further information on our business model, see "Business — Our Business Model."

Our in-house capabilities for certain critical wafer manufacturing and packaging and testing processes are maintained at our Zhuhai factory. The establishment of our Zhuhai factory in 2024 has contributed significantly to our financial performance and profit margins. Following the commencement of mass production at our Zhuhai factory by the end of 2024, we achieved reduced outsourcing costs and improved economies of scale. For example, the per-unit cost of our WLCSP products manufactured in-house was consistently lower than that of outsourced processing. As the proportion of WLCSP products manufactured in-house continuously increased, the overall per-unit cost of WLCSP products decreased by approximately 23.4% from 2024 to 2025, and by approximately 7.7% for the five months ended 31 May 2026 as compared to the corresponding period in 2025. Our gross profit margin of WLCSP products increased from 18.6% in 2024 to 31.7% in 2025. Our gross profit margin decreased from 28.8% in the five months ended May 31, 2025 to 23.9% in the five months ended May 31, 2026, with the improved cost efficiency partially offsetting industry-wide pricing pressure and mitigated the overall contraction in our gross margin. For a detailed discussion, please refer to "Financial Information — Review of Historical Results of Operations — Revenue," "Cost of Sales," and "Gross Profit and Gross Profit Margin." According to CIC, we are one of the few power semiconductor device providers in China that have in-house capabilities for both critical wafer manufacturing processes and advanced packaging and testing. For further information on the typical challenges our business model faces compared with IDM and fabless models, see "Industry overview — Overview of the Power Semiconductor Device industry — Industry Chain of Power Semiconductor Device Industry" and "— Competitive Overview of China's Power Semiconductor Device Industry — Competitive Landscape of China's Power Semiconductor Device Industry."

Our Diversified Product Portfolio and Applications

We have developed a comprehensive portfolio of power semiconductor devices tailored to diverse applications in consumer electronics, automotive electronics and industrial applications:

- ***Medium-and-low-voltage products***: In terms of the power semiconductor device structure, our medium-and-low-voltage products mainly include Trench MOSFETs and SGT MOSFETs. These products are widely used in consumer electronics, automotive electronics and industrial applications. Among the medium-and-low-voltage products, our WLCSP products, known for their compact size, strong thermal performance and impact resistance, which represent a commonly adopted advanced packaging technology in the semiconductor industry, are key components in lithium battery protection for smartphones, tablets and wearables. Our non-WLCSP products are widely applied across consumer, industrial and automotive electronics, including but not limited to mobile phone power management and chargers, drones and automotive domain control systems. While WLCSP products are typically used in compact portable devices, our non-WLCSP products remain essential in high-current, high-power and high-reliability applications in industrial and automotive scenarios.

- ***High-voltage products***: In terms of the power semiconductor device structure, our high-voltage products mainly include IGBT, SJ MOSFETs and Planar MOSFETs. Designed for the need of high-voltage, high-power density and reliability in demanding environments, these products are extensively used in application scenarios such as automotive electronics and industrial applications.

Our WLCSP Technology

We have strategically invested in the WLCSP technology, recognizing its critical role in driving the performance of power semiconductor devices and enabling downstream applications. WLCSP is a packaging technique that uses advanced processes without resin or wire bonding. WLCSP offers several advantages, including compact size, outstanding electrical performance, and excellent heat dissipation capabilities, and is widely used in high performance applications such as intelligent cockpits and wearable devices. According to CIC, our WLCSP products (i) feature a package thickness of as low as 0.095mm, significantly thinner than traditional packaging; (ii) achieve a chip-to-package area ratio close to 1:1, larger than traditional packaging; and (iii) reduce package volume by approximately 66% compared to traditional BGA/QFN packaging.

Our In-house Manufacturing and Packaging Capabilities

Our in-house capabilities for certain critical wafer manufacturing and packaging and testing processes are maintained at our Zhuhai factory, which commenced operations in 2024. Our Zhuhai factory specializes in wafer processing and advanced packaging and testing. Our Zhuhai factory is certified under IATF 16949 for automotive quality management. Equipped with state-of-the-art manufacturing equipment, the Zhuhai factory supports the commercialization of our proprietary technologies.

At our Zhuhai factory, we conduct (i) certain specific back-end wafer processing steps such as wafer plating, back grinding and backside metallization; and (ii) WLCSP packaging and testing processes to support efficient delivery while meeting stringent quality and customization demands.

The factory also includes a high-standard reliability testing laboratory that is accredited by CNAS. Testing conducted at, and certifications issued by our laboratory is recognized by CNAS. According to CIC, this is one of the few most advanced laboratories and with the largest investment among power semiconductor device companies in Southern China. The laboratory primarily conducts long-term stability, environmental adaptability and lifespan testing for our power semiconductor devices to ensure their performance under complex operating conditions.

High-growth Market Opportunities

Power semiconductor devices, as core components for power conversion and circuit control, are closely tied to downstream markets. The industry is experiencing robust growth driven by stable consumer electronics demand, the widespread adoption of new energy vehicles, accelerated deployment of renewable energy and the rise of AI technologies. According to CIC, the Chinese power semiconductor device market grew from RMB80.7 billion in 2021 to RMB109.0 billion in 2025, with a CAGR of 7.8%, and is projected to reach RMB180.4 billion by 2030, representing a CAGR of 10.4% from 2026 to 2030.

Opportunities from Advanced Packaging Technology

The demand for smaller, lighter and higher-performing electronic products continues to drive advancements in packaging technologies, especially the WLCSP technology. With further technological maturity and cost optimization, WLCSP is expected to expand into a broader range of semiconductor products, driving innovation in the industry. According to CIC, the Chinese WLCSP MOSFET industry grew from RMB2.1 billion in 2021 to RMB3.1 billion in 2025, with a CAGR of 9.4%, and is projected to reach RMB5.5 billion by 2030, representing a CAGR of 14.3% from 2026 to 2030.

OUR STRENGTHS

Our recognized Market Position and Track Record in China's Power Semiconductor Industry

We are a provider of power semiconductor devices with an established market presence in China with comprehensive capabilities and a strong market position. According to CIC:

- We ranked sixth among all power semiconductor device providers in China (excluding IDMs) in terms of revenue in 2025.
- We ranked fifth among domestic manufacturers in China's medium-and-low-voltage MOSFET discrete device market and second among non-IDM companies in terms of revenue in 2025.
- We ranked first among Chinese Mainland WLCSP MOSFET product providers in terms of revenue in 2025.

Our leading position stems from our deep industry insight and forward-looking strategy. As both an active industry participant and a driver of innovation, we have a strong understanding of customer needs and future market trends, which guides our technology roadmap and product upgrade capabilities. We have developed an innovative technology framework that spans multiple types of power semiconductor devices and have established ourselves as an industry leader in the field of advanced WLCSP packaging. We also emphasize the deep integration of product design and manufacturing processes, incorporating advanced process technologies into our design planning from the initial product definition stage. This approach provides greater flexibility and innovation in our product designs, ensuring more stable performance and higher yields.

Our products have gained significant customer recognition and brand influence. In the consumer electronics sector, our power semiconductor devices are widely adopted by several of China's leading smartphone and wearable device manufacturers. In the automotive electronics sector, our products have also been integrated into the supply chains of several leading automotive OEMs. Our notable customers include a global leading provider of ICT infrastructure and smart devices, a global leading internet company centered on smart hardware and IoT and a global leading new energy technology company.

Strategic Focus on WLCSP Products to Capitalize on Key Industry Trends

We have a strategic focus on WLCSP products. Our WLCSP technology is among the most advanced in the global power semiconductor packaging field.

WLCSP integrates wafer-level packaging and chip-scale packaging technologies. According to CIC, our WLCSP products (i) feature a package thickness of as low as 0.095mm, significantly thinner than traditional packaging; (ii) achieve a chip-to-package area ratio close to 1:1, larger than traditional packaging; and (iii) reduce package volume by approximately 66% compared to traditional BGA/QFN packaging. This enables higher functional integration, lower power consumption and better thermal management, significantly advancing the miniaturization and lightweighting of electronic devices. As a result, WLCSP products have become a critical component for lithium battery protection in smartphones and smart wearable devices.

Our Strategic Deployment and Advantages in WLCSP Products

We have established advantages in the WLCSP field:

- ***Continuously Enriched and Upgraded Product Portfolio***: We were one of the first manufacturers in China to launch internationally competitive WLCSP MOSFET products. As of May 31, 2026, we had developed a WLCSP product portfolio of over 30 products, which were widely used in end products such as mobile phones, tablets, smart wearable devices, VR glasses and portable power banks. We continuously upgrade our products to enhance their performance. For example, compared to our first-generation WLCSP MOSFET products, our second-generation products have achieved a chip size reduction of approximately 27%, an Rsp reduction of approximately 27%, and significantly lower static device loss while maintaining consistent performance.

- ***Leading Product Design***: Our WLCSP products are characterized by their miniaturized and integrated design, as well as their high reliability and eco-friendliness.

    - *Miniaturized and Integrated Design*: By using a high-density cell design, our WLCSP products can achieve a chip-to-package size ratio of up to 1:1, which effectively saves circuit board space and optimizes application efficiency.

    - *High Reliability and Eco-Friendliness*: Our WLCSP products can meet high industrial reliability and safety standards without additional plastic mold compound for protection. By eliminating the need for materials such as packaging frames, lead wires and molding resin, and avoiding the use of hazardous substances like lead, our products are more environmentally friendly.

- ***In-house Control of Core Production Processes***: We are one of the few power semiconductor device manufacturers in China with a WLCSP product packaging production line that meets international leading standards. Through investments in advanced production equipment and our in-house production line, we have overcome industry bottlenecks such as low standardization in packaging and reliance on a limited number of domestic suppliers. We maintain in-house control over key supply chain resources, ensuring supply stability and customization capabilities, which forms the foundation of our core competitiveness in the WLCSP field.

Strong Performance of Our WLCSP Products

Our WLCSP products have been successfully integrated into the supply chains of several leading Chinese smartphone and wearable device manufacturers and are widely used in areas such as consumer power applications, consistently enhancing our customers' product value. Our WLCSP product sales increased year-on-year during the Track Record Period:

- Our WLCSP product sales volume increased from 255.9 million units in 2023 to 423.3 million units in 2024 and further increased to 604.9 million units in 2025. Our WLCSP product sales volume was 202.1 million units in the five months ended May 31, 2026.

- Our WLCSP product sales revenue grew from RMB161.3 million in 2023 to RMB243.9 million in 2024 and further increased to RMB321.0 million in 2025. We recorded RMB96.7 million of WLCSP product revenue in the five months ended May 31, 2026.

R&D Capabilities Driving Product Performance and Cost Competitiveness

Our Mature R&D System

Through a long-term focus on in-house R&D, we have developed a product-line-driven R&D system that integrates design, process and materials science. Our R&D capabilities are demonstrated in the following areas:

- *Platform-Based Development*: We focus on the development of power semiconductor process platforms including Trench MOSFET, SGT MOSFET, SJ MOSFET and IGBT platforms. This approach enables the reuse of core technologies, facilitates the implementation of new innovations and standardizes our technical frameworks across platforms, which shorten product development cycles and enhance R&D efficiency.

- *Integration of Product Design and Process Technology*: We emphasize on the deep integration of product design and manufacturing processes, from wafer fabrication to packaging and testing. We conduct in-depth research into advanced manufacturing processes and their application in specific scenarios. This allows us to integrate the advantages of different process platforms to achieve a comprehensive optimized product design.

- *Multi-Dimensional Innovation*: We drive innovation across multiple dimensions, including product architecture and application in diverse scenarios. For example, for certain specific SGT MOSFET product series, we can offer multiple packaging options and application-specific designs to meet the varied needs of different customers and use cases.

Product Competitiveness

Our deep technological expertise translates into strong product competitiveness.

- *Specialty Processes Tailored to Customer Needs*: We focus on developing "specialty processes" which allows us to achieve breakthroughs in areas such as reducing device resistance, improving thermal efficiency, increasing switching speeds and lowering power loss. We apply these specialty technologies to our development process to create differentiated manufacturing flows tailored to our customers' end-use applications.

- *Outstanding Product Performance*: According to CIC, the performance of our core products is comparable to international first-tier standards and surpasses major domestic competitors. For example:

  - *Medium-and-low-voltage power semiconductor devices:* Our 100V SGT MOSFET products achieve an on-resistance as low as 1.0 mΩ and an FOM of below 200 mΩ•nC.

  - *High-voltage power semiconductor devices:* Our IGBT products outperform the products of major competitors in several key aspects, including a 13% reduction in conduction voltage drop and a 3% reduction in switching losses.

  Furthermore, we hold key patents related to SGT power semiconductor devices with high voltage stress immunity and shielded-gate MOSFET technology, which significantly enhance device reliability and resilience to voltage fluctuations, addressing the unmet demand for high-performance power semiconductor devices in the consumer electronics sector.

- *Proven Product Reliability*: We focus on product lifespan, functional stability throughout the product lifecycle and performance under various environmental conditions, especially in extreme situations. Our medium-and-low-voltage SGT MOSFET products, with voltage ratings from 30V to 200V, all comply with Joint Electron Device Engineering Council ("**JEDEC**") reliability standards, and multiple products have passed the stringent qualification processes of leading downstream customers.

- *Strong Cost Competitiveness*: We embed cost control principles into the product design through innovative architectures and optimized technologies. We also control manufacturing costs through deep supply chain collaboration and our in-house Zhuhai factory. This allows us to launch high-performance and cost-effective products.

Customer-Centric Approach Driving Long-Term Partnerships with Leading Customers

While the power semiconductor market, according to CIC, has historically been dominated by general-purpose products, we adopt a differentiated strategy focused on customization. Our design teams engage directly with customers to fully understand their end-product performance requirements and to co-define products with customers. We also assist customers in efficiently integrating and testing our devices within their end products, which shortens their validation cycles and help us earn their trust.

Our ability to create value for customer has enabled us to pass the stringent certification requirements typical in the power semiconductor industry and establish long-term partnerships with leading customers, averaging seven years in duration. Our customer base includes top-tier Chinese manufacturers of smartphones, wearable devices, automobiles and industrial equipment.

Leveraging our strong reputation in the consumer electronics sector, we have successfully expanded into high-barrier markets, including automotive electronics and industrial applications, continuously broadening our business scope.

In automotive electronics, several of our self-developed products, including SGT MOSFETs, Trench MOSFETs and IGBTs, have been successfully integrated into the supply chains of several leading domestic automotive OEMs. These products are primarily used in applications such as the intelligent cockpit, powertrain control, body control and chassis control.

In industrial applications, (i) we have successfully become the supplier of a leading manufacturer, supplying products for core components such as the electronic control systems of their small, medium and large electric tools. Furthermore, we supply to several industrial power supply brand customers, and several of our IGBT and SJ MOSFET products for applications such as photovoltaic inverters, energy storage systems and uninterruptible power supplies have achieved mass production and shipment; (ii) we have become the supplier to a leading drone manufacturer, with our products used for the electronic speed controllers, batteries and energy storage applications for their drones; and (iii) we supply a range of power semiconductor device products to customers that are leading companies in the server industry for use in high-performance computing and data center applications.

Our Mixed Business Model Combining Supply Chain Flexibility with In-house Control of Core Manufacturing Processes

Leveraging China's well-established semiconductor supply chain, our mixed business model significantly enhances our product upgrade speed, quality stability and delivery efficiency. It also reduces investment risk, optimizes our cost structure and enables us to respond agilely to market dynamics.

We have established deep and stable cooperative relationships with leading wafer manufacturers in China and also partner with leading overseas wafer manufacturers. Through strategic agreements with our foundry partners, we secure dedicated production capacity for our proprietary process technologies. These arrangements ensure a stable supply of our products.

Our Zhuhai factory includes a high-standard reliability testing laboratory that is accredited by CNAS. It is equipped with advanced reliability testing and failure analysis equipment and is staffed by a highly qualified professional team. According to CIC, this is one of the few most advanced laboratories among power semiconductor device companies and with the largest investment among power semiconductor device companies in Southern China. The laboratory primarily conducts long-term stability, environmental adaptability and lifespan testing for our power semiconductor devices to ensure their performance under complex operating conditions. It also ensures product reliability through failure analysis, which allows us to detect and pinpoint the source of product defects and implement targeted process improvements to reduce the defect rate.

We strategically established our Zhuhai factory, which commenced operations in 2024. The Zhuhai factory is equipped with domestically leading advanced manufacturing equipment, and has the capacity for certain specific wafer manufacturing processes and advanced packaging and testing. Our Zhuhai factory manufactured 634.0 million units of WLCSP products in 2025, and 358.8 million units of WLCSP products in the five months ended May 31, 2026. It also provides integrated processing services, including wafer plating, chip probing, back grinding, backside metallization and dicing, which ensures efficient delivery. By strengthening our in-house production capabilities, we not only meet the demand for precise quality and flexible customization but also further enhance the profitability of our core products.

Seasoned Management Team Building a Smart and Digitalized Business and a Team of Strong Execution Capability

Mr. Li Weicong, our chairman of the Board, possesses the resilience and open-minded vision of a new generation of entrepreneurs. He is driven by a strong commitment to contributing to the Chinese industry, which fuels our continuous advancement in China's domestic power semiconductor sector. With 15 years of experience in the semiconductor industry, Mr. Li has developed deep insights and a unique perspective on the development trends of the power semiconductor industry, leading us to make forward-looking strategic plannings and accurately seize industry opportunities at each stage of our development. Under his guidance, we have established a mature business model built on "differentiated technological advantages, value enhancement for customers, and supply chain autonomy" and validated by the market.

Our management team has extensive experience in the semiconductor industry, with our core members possessing an average of over 15 years of industry experience. They have previously held positions at leading industry companies and have deep expertise across product R&D, design, manufacturing and sales. They have also demonstrated strong loyalty, with our core management team having an average tenure of over 10 years with our Company. Their experience positions them well to lead our stable, long-term development and continuous innovation.

We emphasize the building of a smart and digitalized business, and have established a comprehensive smart and digitalized system covering various aspects of business operations, including product R&D, design, manufacturing, procurement, sales, inventory management and mid-to-back-end management. Our system connects every step of our business operations to achieve quick exchange of data and enhance the efficiency of management and operation.

We have established a sound management system and an effective incentive mechanism, driven by a corporate culture of integrity, diligence, collaboration and innovation. This has allowed us to foster a disciplined business team with strong execution capabilities and a high sense of belonging. This allows us to react swiftly in the fast-paced power semiconductor market and remain at the forefront of the industry.

OUR STRATEGIES

Continue to Invest in the Development and Application of Advanced Packaging Technologies, including WLCSP

As a pioneer in the WLCSP field, we aim to solidify our leadership in this technology and to continuously innovate by exploring further miniaturization applications for our WLCSP products. We intend to use our WLCSP technology as an anchor to establish an integrated manufacturing flow for our WLCSP protection devices, covering key stages from wafer design to packaging, testing and material and equipment. We believe this will allow us to build an end-to-end competitive advantage in this market segment.

At the same time, with the quick development of application scenarios such as 5G communications, the Internet of Things, AI, visual recognition and autonomous driving, the core features of WLCSP products — including miniaturization, high performance, and high integration — will have broader application opportunities and larger market demand. We plan to further expand our product applications into new sectors, including drones, automotive and industrial applications, to create a more diverse WLCSP product portfolio.

Furthermore, we intend to continue exploring advanced packaging technologies and actively push the boundaries of WLCSP and other advanced packaging products. Our plans include exploring the transition from planar WLCSP to 3D WLCSP, as well as new paradigms such as heterogeneous integration and solutions discrete digital logic.

Maintain Our R&D-Driven Strategy and Increase R&D Investment

Our R&D capabilities are fundamental to our ability to consistently meet customer needs. We plan to maintain this strategy by increasing our investment in product platforms and underlying technologies to enhance our product portfolio.

We also aim to continue our investment in manufacturing process R&D. We plan to strengthen our integrated process capabilities, from process technology and packaging and testing to reliability testing, leveraging our process expertise to drive improvements in our product design capabilities and achieve more efficient product development and upgrade cycles.

We also plan to explore the R&D and application of third-generation semiconductor materials. We intend to integrate these materials with our advanced packaging technologies to deliver high-quality products with high frequency, compact size, high reliability and high energy efficiency.

Focus on Core Application Scenarios and Continuously Explore New Application Scenarios

We value our partnerships with customers across diverse downstream sectors. We plan to identify the potential needs of our existing key customers for high-performance, cost-effective and high-value-added products from multiple perspectives, including technology alignment and new application scenarios. This will allow us to deepen and solidify our close and long-term business partnerships.

At the same time, we intend to leverage our strong reputation and technical capabilities in the power semiconductor device market to continually expand our customer base in key industries such as consumer electronics, automotive electronics and industrial applications. We intend to strategically expand our presence in high-voltage, high-power applications and establish competitive barriers. Our focus is intended to include (i) renewable energy generation, high-voltage power transmission and distribution systems and next-generation solid-state transformers; (ii) critical systems of NEVs such as main traction inverters; (iii) advanced industrial systems such as high-power motor drives, rail transit, servo drives, elevator controllers and specialized industrial power supplies and (iv) other applications such as AI servers.

Enhance Our Supply Chain Resilience and Quality through both In-house Development and External Collaboration

We plan to establish a new advanced facility to enhance the depth and breadth of our in-house manufacturing capabilities, optimize our production processes and maximize our in-house capacity for core products to meet growing downstream customer demand.

We also aim to continue deepening our collaboration with wafer foundries and packaging and testing partners. We plan to continue utilizing mechanisms such as dedicated capacity and process exclusivity to strengthen our relationships with supply chain partners. At the same time, we intend to maintain our focus on leading the R&D and design of differentiated products, which not only enhances our market competitiveness but also positions us to more precisely address future trends in the semiconductor supply chain.

We also plan to increase our resource investment in critical stages such as sample testing, product design and product delivery to systematically ensure the reliability and stability of our final products and enhance our quality control capabilities across the entire supply chain.

Prudently Pursue Strategic Partnerships and Investment Opportunities

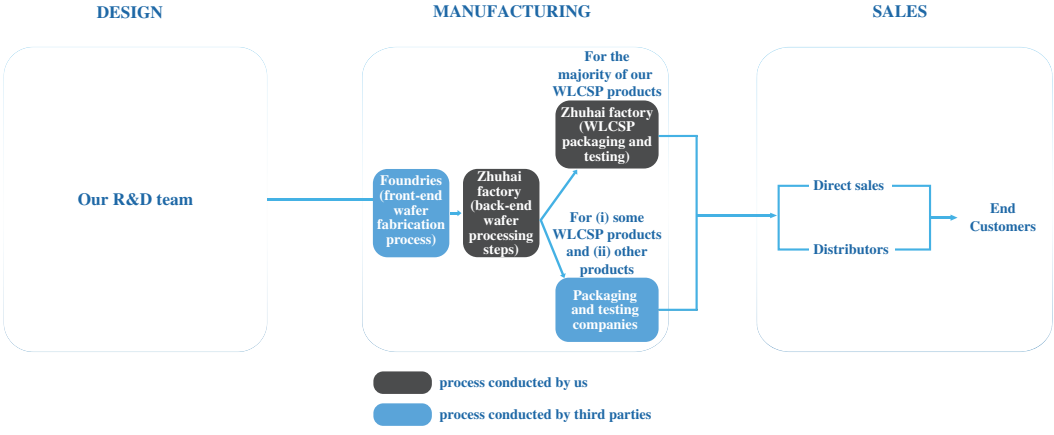
We may seek to enhance our capabilities through strategic partnerships and acquisitions. We intend to seek strategic partnerships with, or make strategic investments in or acquisitions of, target companies or teams that are complementary to our product portfolio and technologies and that can enhance our overall competitive strengths, with the aim to expand our addressable downstream markets and continue our evolution toward becoming a comprehensive semiconductor solution provider with integrated technologies and knowhow in analog, mixed-signal and microcontroller fields to help customers optimize electric energy control and conversion applications.

As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets, nor had we entered into any definitive agreements for such transactions.

OUR BUSINESS MODEL

We focus on the design, R&D and sales of our products while outsourcing a majority of wafer manufacturing, packaging and testing processes to trusted third-party partners. Meanwhile, we retain in-house capabilities for certain critical wafer manufacturing and packaging and testing processes, which primarily includes (i) key back-end wafer processing steps, mainly including wafer plating, back grinding and backside metallization, that are critical to achieving low on-resistance, efficient heat dissipation and high current-carrying capacity of devices, and directly affect product yield and reliability, and (ii) WLCSP packaging and testing processes, that ensure the autonomy and control of advanced packaging technologies. Based on this model, we are able to identify and address technical issues at an earlier stage of development, implement design and process modifications more efficiently, and reduce reliance on third-party packaging and testing service providers, and therefore can shorten the turnaround time between product design, prototype validation and engineering iterations, thereby accelerating product development and product iteration.

Our mixed business model provides the flexibility to balance internal and external manufacturing resources, ensuring that we optimize operational efficiency while maintaining control over critical manufacturing processes. Please refer to the following diagram which illustrates our mixed business model as of the Latest Practicable Date, which demonstrates that we operate under a manufacturing model combining in-house and outsourced production:



Note:

(1) Prior to the commencement of operation of our Zhuhai factory, our WLCSP products were manufactured in an outsourced manner. Since its operation in 2024 and the ramp up of the production capacity, an increasing portion of the packaging of our WLCSP products were conducted at our Zhuhai factory. As of the Latest Practicable Date, the packaging of majority of our WLCSP products were conducted at our Zhuhai factory. In addition, as of the Latest Practicable Date, the back-end wafer processing steps for all of our products were carried out at our Zhuhai facility. We retain the flexibility to outsource the critical process inspection process during periods when our inhouse capacity is at peak utilization.

According to CIC, our business model is consistent with the increasing trend of specialized division of labor within the power semiconductor device industry, allowing companies to maintain more control over operational costs, production capacity and product quality, while fostering competitive advantages by maintaining proprietary knowhow and capability on certain specific manufacturing processes. By concentrating our resources on product design and R&D process, we can swiftly respond to evolving market demands and continuously innovate our product offerings. Such business model allows us to remain agile and adaptable in the rapidly changing semiconductor industry, adjusting our strategies to address emerging trends without the burden of managing capital-intensive manufacturing facilities.

Collaborating with established wafer foundries grants us access to cutting-edge manufacturing technologies and economies of scale, ensuring our products are fabricated using state-of-the-art processes and materials. Additionally, collaborating with packaging and testing companies enhances product performance and reliability while maintaining a lean and agile operational structure and allocating our resources efficiently.

Our mixed business model provides two core differentiators that set us apart from conventional fabless and IDM companies:

- **In-House Packaging and Testing:** We have developed and commercialized advanced packaging and testing technologies for WLCSP products, which had become the strategic core of our product offering as of the Latest Practicable Date. Unlike fabless companies that typically outsource all packaging and testing processes, we possess in-house packaging and testing capabilities for our WLCSP products, allowing us to achieve cost optimization and performance improvement. As of the Latest Practicable Date, the majority of our WLCSP products were packaged and tested in-house at our Zhuhai factory.

- **Control Over Critical Wafer Manufacturing Processes:** Unlike IDM companies that typically operate in an asset-heavy manner to conduct all wafer manufacturing processes on their own, we outsource front-end wafer fabrication processes, which are relatively standardized, to trusted third-party partners to reduce operating costs and selectively retain in-house control over specific, high-value-added back-end wafer processing steps such as wafer plating, back grinding thinning and backside metallization, thereby achieving a balance between the asset-light agility and direct control over these critical wafer manufacturing processes. For the production process of our power semiconductor devices, see "Business — Manufacturing — Our Production Process."

The chart below sets forth the in-house capabilities of business models in the power semiconductor industry:

		Fabrication		
Model	**Design**	**Wafer Manufacturing**	**Packaging**	**Final Test**
IDM	√	√	√	√
Our Company	√	○	√	√
Fabless	√	×	×	×

Note: ○ indicates that, under such a model, the company maintains in-house capabilities to independently carry out certain portions of the relevant process.

Our business model represents a strategically optimized approach that balances the operational control of the IDM model with the capital efficiency of the fabless model. We maintain in-house production capacity for back-end wafer processing steps, primarily including wafer plating, critical process inspection, backside griding, wet etching, backside metallization and dicing. We also have in-house packaging and testing capabilities for WLCSP products. As such, we are able to secure supply chain stability, achieve rigorous quality control and higher product yields, protect proprietary technology know-how from disclosure to external parties, and respond to customers' rapid product refresh requirements with greater agility and faster time-to-market. Our in-house capabilities for critical manufacturing processes are maintained at our Zhuhai factory. For production processes that we possess the capability to conduct in-house for WLCSP products, we have achieved a self-manufacturing rate of over 90% in the five months ended May 31, 2026, which enables us to better manage external supply fluctuations. In addition, the product failure rate at our Zhuhai factory is approximately 11% lower than that of third-party manufacturers in the five months ended May 31, 2026, indicating stable product quality performance. At the same time, by outsourcing standard and mature processes to third-party manufacturers, we are able to leverage their economies of scale and focus our capital expenditure on critical manufacturing equipment and technologies that directly support our product development and competitive positioning. As semiconductor manufacturing technologies continue to evolve, equipment used for certain mature processes may require substantial upgrades or replacement to meet changing technical specifications and production requirements. By outsourcing processes to external manufacturing partners for such processes, we reduce our exposure to the risk that related equipment becomes technologically outdated or economically inefficient before achieving an adequate return on investment, thereby improving overall capital efficiency and asset utilization.

Despite the flexibility comparing to the IDM model and better yield comparing to the fabless model, our mixed business model presents unique operational challenges. Companies adopting such business model generally face complex supply chain management, requiring seamless coordination between in-house facilities and external foundries. Additionally, they remain partially exposed to global foundry capacity constraints during industry cycles and must meticulously manage technology transfers and intellectual property protection.

Nevertheless, the establishment of the Zhuhai factory has contributed significantly to our financial performance and profit margins. Following the mass production of our Zhuhai factory by the end of 2024, we achieved reduced outsourcing costs and improved economies of scale. For example, the per-unit cost of our WLCSP products manufactured in-house was consistently lower than that of outsourced processing. As the proportion of WLCSP products manufactured in-house continuously increased, the overall per-unit cost of WLCSP products decreased by approximately 23.4% from 2024 to 2025, and by approximately 7.7% for the five months ended

31 May 2026 as compared to the corresponding period in 2025. Our gross profit margin of WLCSP products increased from 18.6% in 2024 to 31.7% in 2025. Our gross profit margin decreased from 28.8% in the five months ended May 31, 2025 to 23.9% in the five months ended May 31, 2026, with the improved cost efficiency partially offsetting industry-wide pricing pressure and mitigated the overall contraction in our gross margin. For a detailed discussion, please refer to "Financial Information — Review of Historical Results of Operations — Revenue," "Cost of Sales," and "Gross Profit and Gross Profit Margin." According to CIC, we are one of the few power semiconductor device providers in China that have in-house capabilities for both critical wafer manufacturing processes and advanced packaging and testing. For further information on the typical challenges our mixed business model faces compared with IDM and fabless models, see "Industry overview – Overview of the Power Semiconductor Device industry — Industry Chain of Power Semiconductor Device Industry" and "— Competitive Overview of China's Power Semiconductor Device Industry — Competitive Landscape of China's Power Semiconductor Device Industry."

The power semiconductor device industry value chain spans: (i) upstream (raw materials such as wafers and wide bandgap materials, plus manufacturing equipment), (ii) midstream (chip design, wafer manufacturing, packaging and testing), and (iii) downstream (end-market applications such as automotive, industrial, and renewable energy). Key stakeholders in this value chain include substrate and other raw material suppliers, equipment manufacturers, chip designers, foundries, packaging and test houses and downstream clients. We operate in the midstream segment, along with the fabless and IDM manufacturers. Our mixed business model allows us to achieve a balance between asset-light operations and technological autonomy of the IDM companies by retaining core processes and outsourcing standard manufacturing. See "Industry Overview — Overview of the Power Semiconductor Device Industry — Industry Chain of Power Semiconductor Device Industry."

In addition, we typically carry out product customization through application-driven adaptations rather than fundamental redesigns to satisfy the evolving demands of our customers, with a focus on aligning device characteristics with specific end-use requirements. Our customization typically includes: (i) fine-tuning of electrical performance parameters, such as on-resistance, gate charge, threshold voltage, breakdown voltage and rated current, to match customer system topologies, operating frequencies and efficiency targets; (ii) optimization of dynamic characteristics, including switching speed, switching losses and reverse recovery behavior, to enhance overall system performance; (iii) adjustments to packaging and structural configurations, such as package type, pin layout, thermal pads and dimensions, to accommodate customer PCB layouts, thermal management requirements and space constraints; and (iv) customization of reliability and testing standards, including extended operating temperature ranges, enhanced ESD protection levels and additional screening or testing procedures, to improve product consistency and reliability under specific application conditions.

OUR PRODUCTS

Overview

We offer a comprehensive portfolio of power semiconductor devices, which are categorized into (i) medium-and-low-voltage power semiconductor devices and (ii) high-voltage power semiconductor devices based on a voltage rating of 600V as a general threshold. Our medium-and-low-voltage power semiconductor devices are further divided, in terms of packaging methods, into (i) WLCSP products using advanced WLCSP packaging processing techniques and (ii) non-WLCSP products, which are packaged using other methods, such as PDFN, DFN, TOLL and SOP methods.

The following table provides a comparison of our main product categories:

Product	General Voltage Rating	Key features	Primary Applications
Medium-and-low-voltage power semiconductor devices	Below 600V	Efficient switching and low conduction loss	• Consumer electronics, including chargers, white goods, battery management systems and drones
Including:			
(i) WLCSP products		WLCSP products have compact packaging with the advanced WLCSP technique to enhance performance and size reduction	• Automotive electronics, including cockpit entertainment, power control, chassis control and assisted driving • Industrial applications such as industrial lighting, drones, robots and new energy storage
(ii) non-WLCSP products . . .		Packaged through traditional techniques such as PDFN, DFN, TOLL and SOP packaging, which are mature packaging processes and cost-effective	
High-voltage power semiconductor devices	Above 600V	With voltage ratings typically from 600V to 1,700V, designed for high power density and reliability in demanding, high-voltage environments. Designed with an optimal level of conduction and switching losses, tailored to the performance requirements of specific applications.	• Automotive electronics • Renewable energy infrastructure such as solar inverters, energy storage systems and EV charging • Industrial systems such as industrial power supplies and servo drives • Variable-frequency home appliances

For our revenue generated during the Track Record Period in terms of the products we offered, see "Financial Information — Review of Historical Results of Operations — Revenue."

Our Products

Medium-and-low-voltage Power Semiconductor Devices

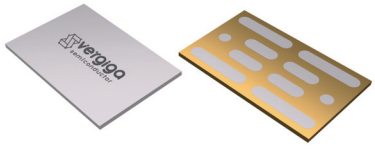
Our medium-and-low-voltage power semiconductor devices are primarily used medium-to-low-voltage scenarios in consumer electronics, automotive electronics and industrial applications. Our medium-and-low-voltage power semiconductor devices feature high cell density, low conduction loss and high witching efficiency. As of May 31, 2026, we had 966 medium-and-low-voltage power semiconductor device models for sale.

In terms of the power semiconductor device structure, our medium-and-low-voltage power semiconductor devices mainly include Trench MOSFETs and SGT MOSFETs:

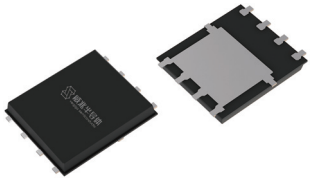
- *Trench MOSFETs:* Our Trench MOSFETs feature a gate structure designed through trench processes, which enables high cell density to achieve low conduction loss. The production process of Trench MOSFETs is relatively simple and cost-efficient, making them competitive in low-voltage and low-frequency applications.

- *SGT MOSFETs:* Our SGT MOSFETs incorporate an additional shielded gate electrode for electric field modulation, compared to the Trench MOSFETs. This design improves the voltage withstand capability and achieve relatively lower on-resistance and lower conduction loss than Trench MOSFETs. These make our SGT MOSFETs more suitable than Trench MOSFETs for a wide range of medium- and low-voltage applications that require relatively higher voltage and switching frequency, such as power supply for CPU and GPU in laptops.

In terms of packaging methods, our medium-to-low-voltage products can be further categorized into (i) WLCSP products and (ii) non-WLCSP products, as further illustrated below:



WLCSP Products



Non-WLCSP Products

WLCSP Products

Our WLCSP products features high-density cell structures and packaging sizes that can achieve a chip-to-package size ratio of up to 1:1, which effectively saves circuit board space and optimizes application efficiency. For certain WLCSP products, we incorporate a back-to-back dual-die structure design, enabling ultra-compact packaging that significantly reduces its size. This design is particularly suitable in applications requiring smaller footprints and high performance.

Our WLCSP products serve as key components in applications such as lithium battery protection for devices such as smartphones, tablets, and wearable electronics.

Prior to the commencement of our Zhuhai factory, the packaging of our WLCSP products was outsourced. Since the Zhuhai factory commenced production in 2024, an increasing portion of the packaging of our WLCSP products had been undertaken in-house as its production capacity ramped up. As of the Latest Practicable Date, the packaging of majority of our WLCSP products were conducted at our Zhuhai factory. Please see "— Manufacturing" in this section for details of the packaging processes conducted by our Zhuhai factory.

The following table presents a comparison of key technical specifications for our WLCSP MOSFET products against industry average:

Metrics	Our Group	Industry Average[1]	Explanation
Package Size (mm^2)	1.21 – 9.00	approx. 1.00 – 10.00	Smaller package sizes are critical for enabling more compact product designs
On-resistance (mΩ)	minimum 1.0	approx. 1.2 – 150	Key indicator of a MOSFET's energy efficiency. A lower value signifies less power is lost as heat, leading to improved energy efficiency
Thermal resistance (°C/W)[2]	36 – 347	50 – 400	Key indicator of how effectively the device dissipates heat into the surrounding environment. A lower value is better, as it means the chip runs at lower temperature, which enhances its reliability, longevity and performance under heavy loads
ESD protection level	ESD protection features incorporated, up to 2kV (human body model)	ESD protection features incorporated, up to 2kV (human body model)	The indicator measures the device's resilience against damage from static electricity. A higher rating is better, indicating a more robust and reliable component
Environmental-friendliness	halogen-free; RoHS Compliant	Generally halogen-free	Adherence to key environmental and safety standards

Notes:

(1) According to CIC.

(2) Under common gate-drive conditions (V_{GS} = 2.5–4.5V)

Non-WLCSP Products

In addition to WLCSP products, we also offer products packaged using other processes, including some mature and widely adopted packaging processes, such as PDFN, DFN, TOLL and SOP packaging, enabling us to cover a broad spectrum of power levels and downstream application requirements:

- *Power Dual Flat No-lead ("**PDFN**") packaging:* PDFN is an enhanced version of DFN packaging designed for higher power applications, typically incorporating an exposed thermal pad at the bottom to improve heat dissipation and current carrying capability. It is mainly used in medium- to high-voltage and medium-power applications, and is widely applied in industrial power supplies, fast-charging devices and automotive auxiliary power systems.

- *Dual Flat No-lead ("**DFN**") packaging:* DFN is a widely adopted, miniaturized leadless surface-mount packaging technology featuring a compact and low-profile structure, low parasitic parameters and a high level of integration. It is primarily used in power semiconductor devices for consumer electronics, small home appliances and low-voltage control applications, and is well suited for space-constrained and lightweight end-use scenarios.

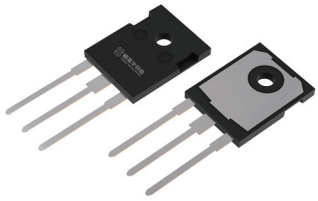
- *TO-Leadless ("**TOLL**") packaging:* TOLL is a high-performance packaging technology for high-power semiconductor devices with relatively high technical barriers. It offers low on-resistance, low parasitic inductance, high current carrying capability and excellent thermal performance, enabling it to meet stringent automotive-grade and industrial-grade requirements. TOLL-packaged devices are primarily used in high-value, high-power applications, such as electric control systems in new energy vehicles, energy storage systems, high-power industrial drives and server power supplies.

- *Small Outline Package ("**SOP**"):* SOP is a mainstream surface-mount plastic packaging technology characterized by its compact size, compatibility with automated assembly and stable electrical performance. It is widely used in consumer electronics, industrial control and new energy applications.

These processes are characterized by their proven reliability, streamlined manufacturing and cost-effectiveness. Traditional packaging methods are well-suited for applications where cost efficiency and standard packaging specifications are key considerations, providing a competitive solution for a wide range of customer needs. Our non-WLCSP products are widely applied across consumer, industrial and automotive electronics, including but not limited to mobile phone power management and chargers, drones and automotive domain control systems. While WLCSP products are typically used in compact portable devices, our non-WLCSP products remain essential across a broader range of application scenarios.

High-voltage Power Semiconductor Devices

Our high-voltage power semiconductor devices are designed for demanding applications requiring high voltage withstand capability, high current density and reliable performance. As of May 31, 2026, we had 125 high-voltage power semiconductor device models for sale.



High-voltage Power Semiconductor Devices

In terms of the power semiconductor device structure, our high-voltage power semiconductor devices mainly include IGBT, SJ MOSFET and Planar MOSFET models:

- *IGBTs:* Our IGBTs are power semiconductor devices combing the advantages of bipolar transistors and MOSFETs. This design provides a high input impedance for efficient voltage-driven control while also delivering high current density. These attributes make our IGBTs particularly well-suited for high-voltage, high-current applications where performance and power efficiency are critical. Our IGBTs are integrated into a variety of end-markets, including EVs, renewable energy infrastructure such as solar inverters and energy storage systems, industrial servo drives and high-efficiency home appliances.

- *SJ MOSFETs:* The key goals to enhance the performance of SJ MOSFETs are the reduction of on-resistance and achievement of fast recovery feature. As a result, our SJ MOSFETs are developed using two different processes: (i) the multi-layer epitaxy process or (ii) the deep trench process to achieve these goals. Furthermore, we design these devices with characteristics tailored for specific applications, such as enhanced pulse avalanche energy tolerance and improved reverse recovery performance of the parasitic diode, to improve the overall performance of our SJ MOSFETs. Our SJ MOSFET product portfolio covers a voltage range from 600V to 800V and is designed for use in a wide array of power systems.

- *Planar MOSFETs:* Our Planar MOSFETs have a planar structure where the source and gate are located on the surface of the silicon body to improve high voltage and high current withstand capability. They are mainly used in high-voltage applications. They have a voltage range of 500V to 1,500V, which can be applied to consumer electronics and industrial power supply.

Others

During the Track Record Period, revenue from others primarily included revenue from

- sales of wafers, the revenue from which occurs where we sold our processed wafers directly to certain customers, rather than providing fully packaged devices. These sales were typically made at the request of customers who required our power semiconductor products in wafer form to facilitate their own packaging processes. This is common in applications where our customers integrate power semiconductor wafers provided by us with their own components, such as driver ICs, into a single module to achieve combined functionalities;

- provision of (i) processing services, and (ii) reliability testing services, which include long-term stability, environmental adaptability and lifespan testing designed to evaluate the performance, durability and stability of semiconductor devices under complex operating conditions, for certain customers.

Key Operating Data

The table below sets forth the sales volume and average selling price of our power semiconductor devices during the Track Record Period:

	For the year ended December 31,						For the five months ended May 31,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	items'000	*RMB*	*items'000*	*RMB*	*items'000*	*RMB*	*items'000*	*RMB*	*items'000*	*RMB*
Medium-and-low-voltage power semiconductor devices	860,947	0.62	1,046,388	0.54	1,457,627	0.53	570,153	0.56	714,762	0.48
WLCSP products	255,853	0.63	423,331	0.58	604,864	0.53	289,729	0.55	202,132	0.48
Non-WLCSP products	605,094	0.62	623,057	0.51	852,763	0.52	280,424	0.58	512,630	0.48
High-voltage power semiconductor devices	1,282	5.31	3,155	3.19	5,752	2.28	3,122	2.12	2,660	1.60
Others[(1)]	138,311	0.24	265,591	0.20	235,461	0.15	107,624	0.17	61,139	0.10
Total	1,000,540	0.58	1,315,134	0.47	1,698,840	0.48	680,899	0.51	778,561	0.45

Note:

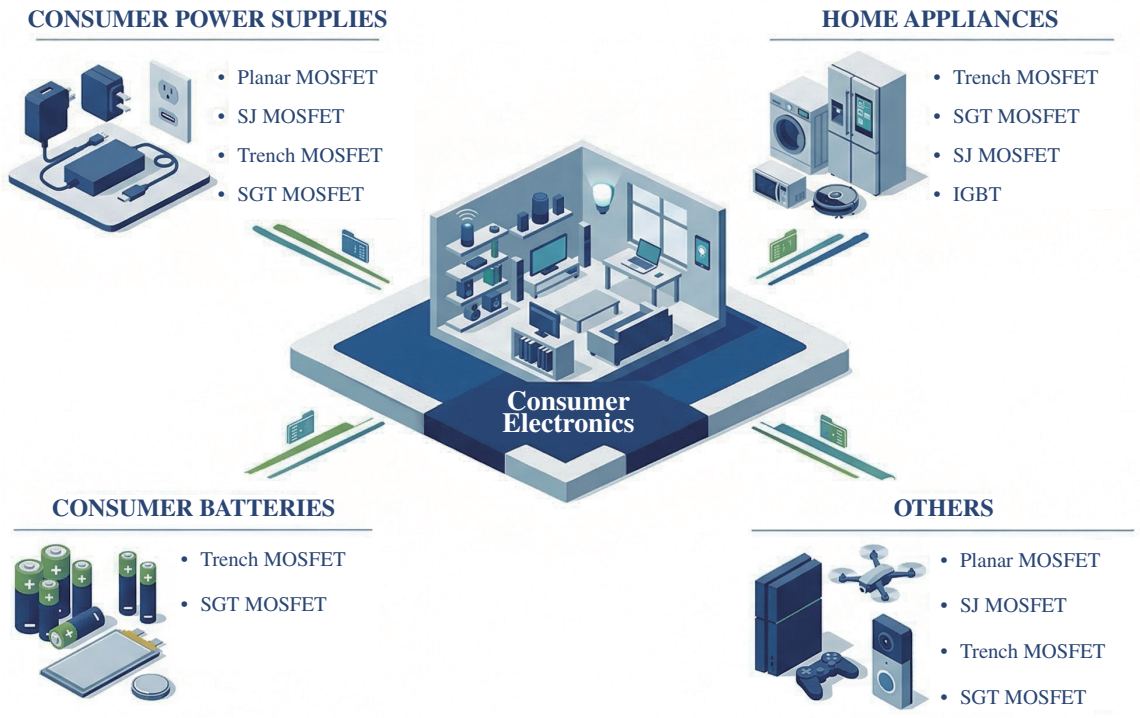
(1) Others primarily include sales of wafers and provision of processing services and reliability testing services. The majority of the wafers sold are based on our own designs, which are processed by our foundry partners under our supervision and delivered to customers in wafer form for their own packaging and module integration. A small portion of the wafers are procured from external third-party suppliers and resold to customers to supplement our product portfolio.

We price our products considering a variety of factors, including costs, gross margin and market conditions. We adjust the final pricing based on the specific client on a case-by-case basis. The average selling prices of our products during the Track Record Period could span a wide range as a result of various factors, such as their technical specifications, packaging formats and materials and sizes. For instance, products with more complex manufacturing processes, smaller on-resistance or higher applicable voltage tend to be more expensive. During the Track Record Period, the average selling prices for the year/period of medium-and-low-voltage power semiconductor devices ranged between approximately RMB0.48 and RMB0.62, and that for high-voltage power semiconductor devices ranged between approximately RMB1.60 and RMB5.31.

APPLICATIONS OF OUR PRODUCTS

Our products find widespread application across a diverse range of scenarios, catering to the needs of multiple industries and end customers. Our product offerings are extensively utilized in consumer electronics, automotive electronics and industrial applications, as further illustrated in the table below:

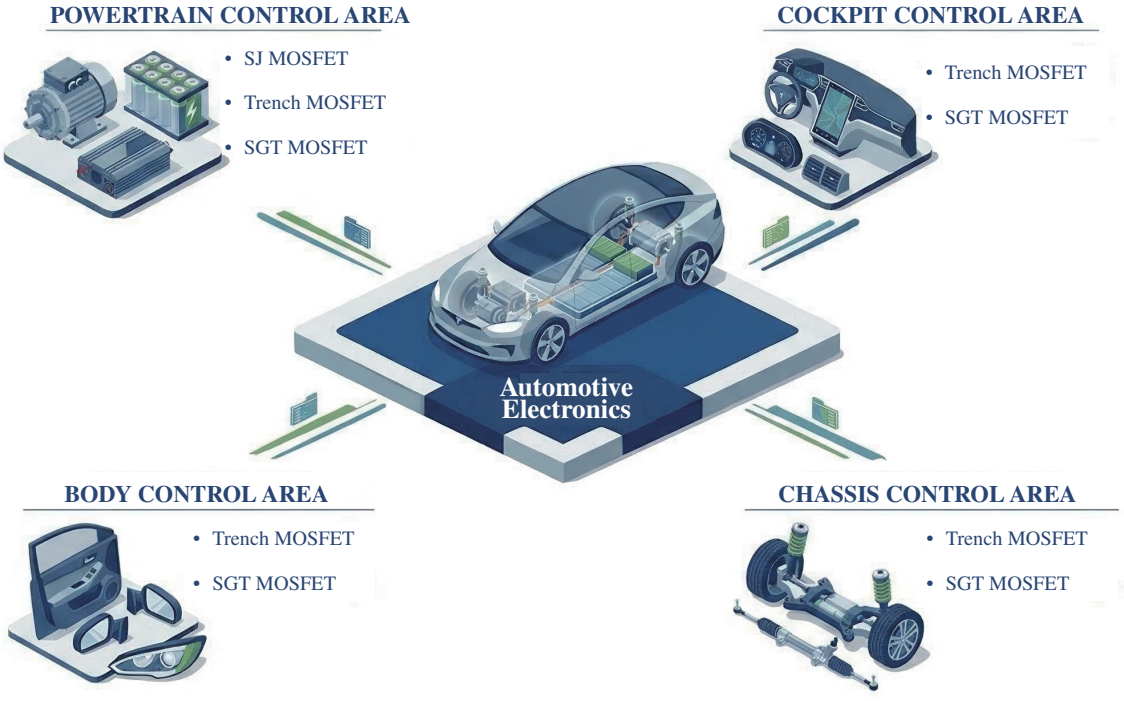
Consumer Electronics



Application Scenarios	Key Applications
Smart Device Power Management	Our products are used in smartphones and tablets to manage power-path control, providing functions such as overvoltage protection and load switching to ensure safe and efficient power utilization.
Fast Charging Devices	In fast charging adapters and USB Power Delivery chargers, our products are used for synchronous rectification and switching control to increase charging efficiency and enable more compact designs by reducing thermal output.

Application Scenarios	Key Applications
Laptop Power Supply Systems	Our products support efficient voltage conversion and power delivery on the mainboards of laptop computers, enabling stable power delivery under heavy workloads and contributing to extended battery life.
Smart Wearable Devices	We provide low-power conversion solutions for compact devices such as smartwatches and wireless earphones.
White Goods and Home Appliances	Our products are integrated into the power modules for compressors and motors, as well as for control boards, in home appliances and white goods like air conditioners, refrigerators and washing machines to enhance overall system efficiency and reliability.

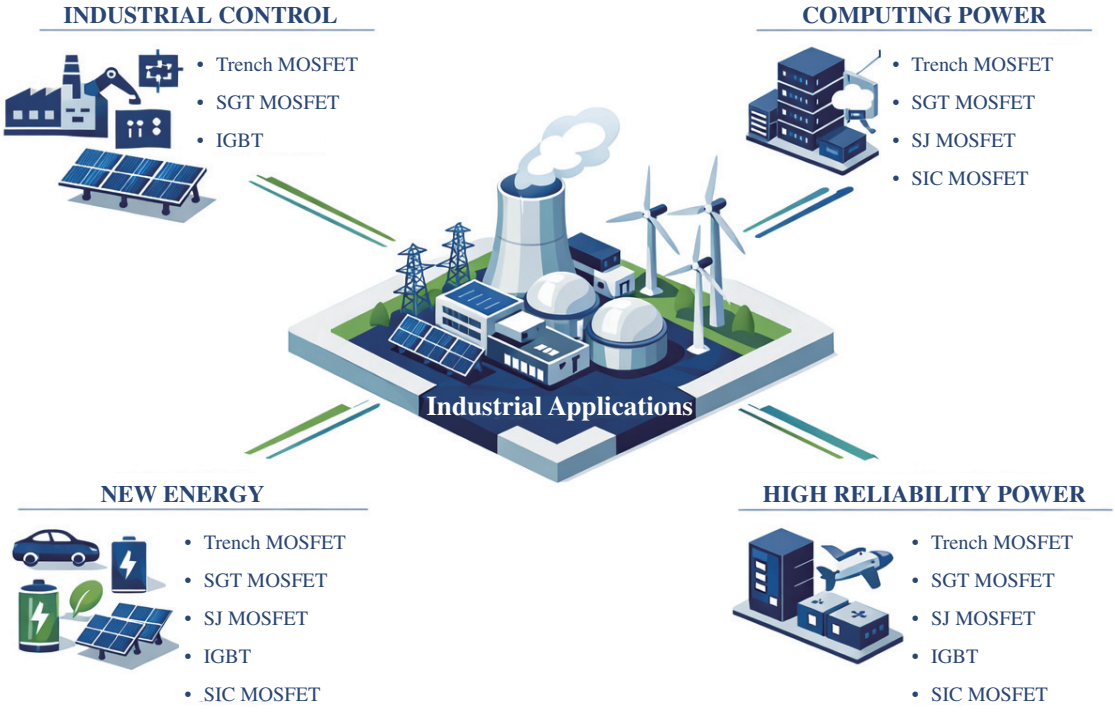
Automotive Electronics



Application Scenarios	Key Applications
On-Board Power Systems	In On-Board Chargers (OBCs) and DC-DC converters, our products perform high-voltage to low-voltage DC-DC conversion to power systems such as vehicle lighting, infotainment and dashboard.

Application Scenarios	Key Applications
Battery Management Systems (BMS) and Protection	Our products are used for critical functions such as current control within the BMS of EVs, enabling electronic relay replacement, cell balancing and overall battery pack protection.
Automotive Body Control Modules	Our products are integrated into body comfort control modules, including those for electronic rear-view mirrors, power seats, windows and tailgates.
Electric Auxiliary Systems	Our products are used to drive low-power motors in applications such as electric water pumps, cooling fans and electric oil pumps, thereby improving energy efficiency and operational lifespan.
ADAS and Infotainment Systems	Our products provide stable power delivery and support EMI mitigation for critical systems such as ADAS and central infotainment consoles.

Industrial Applications



Application Scenarios	Key Applications
Industrial Automation	Our products perform power switching, motor drive and power inversion functions in core modules such as servo drives and other industrial controllers.
Renewable Energy and Energy Storage Systems	Our high-voltage products such as IGBT and SJ MOSFET products enable high-voltage power conversion and DC-AC inversion in solar inverters, portable power stations, and large-scale energy storage systems to improve overall system conversion efficiency.
Drones	Our products are used to control the start/stop, speed and directional functions of motors in drones. We have become the supplier to a leading drone manufacturer, with our products used for the electronic speed controllers, batteries and energy storage applications for their drones.
Electric Tools	Our products manage power conversion and thermal performance in the control modules of lithium-ion battery-powered tools like electric drills and saws. We have become a key supplier to several leading brands in the electric tool industry, providing support for the electronic control systems of their products.
High-Performance Power Supplies	Our products enable high-efficiency, low-loss power rectification in demanding applications such as server power supplies, data centers and 5G telecommunication base stations.
Server Power and Computing Infrastructure	We supply a range of power semiconductor device products to customers that are leading companies in the server industry for use in high-performance computing and data center applications. Our products, with low on-resistance and outstanding high-frequency performance, are used in core components such as server power management modules, DC-DC converters, and cooling system drives.
Battery Formation and Testing	We provide high-current drive and precise switching control for industrial systems used in the manufacturing process of battery cell formation and testing, helping to ensure process accuracy and safety.

The table below sets forth the sales volume and average selling price of our power semiconductor devices during the Track Record Period in terms of the downstream application sectors:

	For the year ended December 31,						For the five months ended May 31,			
	2023		2024		2025		2025		2026	
	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price	Sales volume	Average selling price
	items'000	*RMB'000*	*items'000*	*RMB'000*	*items'000*	*RMB'000*	*items'000*	*RMB'000*	*items'000*	*RMB'000*
Consumer Electronics	700,930	0.60	883,638	0.46	1,166,390	0.42	472,304	0.46	593,253	0.37
Automotive Electronics	45,591	1.22	66,781	1.00	49,213	1.00	22,514	1.03	24,350	0.70
Industrial Applications	115,708	0.60	99,124	0.98	248,048	0.96	78,457	1.10	100,698	1.11
Others[(1)]	138,311	0.24	265,591	0.20	235,189	0.15	107,624	0.17	60,260	0.10
Total	1,000,540	0.58	1,315,134	0.47	1,698,840	0.48	680,899	0.51	778,561	0.45

Note:

(1) Others primarily include sales of wafers and provision of processing services and reliability testing services.

For a breakdown of our revenue during the Track Record Period in terms of the downstream application sectors, see "Financial Information — Review of Historical Results of Operations — Revenue."

RESEARCH AND DEVELOPMENT

For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, our R&D expenses amounted to RMB37.9 million, RMB47.2 million, RMB59.7 million and RMB28.8 million, respectively, accounting for 6.6%, 7.6%, 7.3% and 8.2% of our total revenue for the respective periods.

As of May 31, 2026, our R&D team consisted of 93 dedicated talents, accounting for 34.2% of our total workforce.

Our Core Technologies

Through years of R&D efforts, we have formed core technologies in power semiconductor devices. As of the Latest Practicable Date, we developed certain core technologies, as further elaborated below.

WLCSP processes

We have developed WLCSP processes that integrate several proprietary design and engineering technologies to deliver high-performance and reliable power semiconductor device products tailored for demanding applications. Key features of our WLCSP processes include:

- *High-Density Chip Design*: in mass production, we are able to achieve a high-density cell layout with cell size as low as 0.5μm to enable a high level of integration and efficiency.

- *Optimized Structural Designs*: we have incorporated our proprietary integrated gate resistance and electrostatic discharge ("**ESD**") structures. These designs enable ultra-low specific on-resistance and high reliability even without external protective molding resin.

- *Advanced Chip Termination Technology:* Our proprietary trench termination design enhances the robustness of the power semiconductor devices under challenging conditions such as industrial environment.

- *Compact Packaging:* By adopting a back-to-back dual-die structure and ultra-compact packaging, we help customers save PCB space, which is particularly suitable for application scenarios such as lithium battery protection circuits which have challenging space constraints.

- *Enhanced performance:* The low on-resistance and enhanced thermal dissipation performance contribute to the overall performance of the system that incorporates our WLCSP products, such as longer battery life and faster charging.

SJ MOSFET design and process

Our SJ MOSFETs are designed and manufactured through either the multi-layer epitaxy process or the deep trench process.

- *Multi-layer Epitaxy Process*: Some of our SJ MOSFETs adopt a 13-layer epitaxial process with graded doping to achieve outstanding charge balance and withstand voltages from 600V to 800V. Some of our products manufactured under the second-generation SJ MOSFET design and process integrate optimized body diodes with fast recovery diode characteristics so as to improve efficiency and heat generation, making them suitable for demanding applications such as high-density chargers, power adapters, and high-power EV charging stations.

- *Deep Trench process*: Some SJ MOSFETs are produced through deep trench process using a high aspect-ratio trench and epitaxial fill process, which is intended to reduce manufacturing complexity. Architecturally, our deep trench SJ MOSFETs incorporate a trench gate structure. This design feature eliminates the JFET resistance effect that can be present in planar gate structures, thereby contributing to a lower Rsp. To optimize performance in switching applications, we have also improved the reverse recovery speed of the parasitic diode. Our technology is engineered to further enhance device reliability by substantially reducing high-temperature leakage current while maintaining fast switching characteristics.

Medium-and-low-voltage SGT MOSFET design and process

Our medium-and-low-voltage SGT MOSFET design and process can deliver high reliability, efficiency and performance for applications requiring ranging from 30V to 250V, meet JEDEC (a globally recognized standard-setting body for the microelectronics industry) reliability standards.

- *Specialized Mask Design:* We have implemented specialized mask design to improve avalanche tolerance and ESD protection through improved device design. SGT MOSFETs produced under our design and process can achieve optimized figure of merit and Rsp performance.

- *Innovative Manufacturing Solution:* Our manufacturing process can minimize wafer warpage and deformation caused by deep trench etching and backside thinning, improving overall manufacturing yield and device stability.

High power density IGBT technology and process

Our trench-type IGBTs adopt carrier-enhancement techniques to improve internal carrier distribution, reduce forward voltage drop, and increase current-carrying capacity. Optimized cell layout expands the reverse and short-circuit safe operating areas. Backside process improvements reduce turn-off losses and switching spikes during high-frequency operation. Enhanced termination designs increase reliability, supporting junction temperatures up to 175°C. These advancements allow our IGBTs to achieve higher power density, better dynamic switching characteristics, and improved thermal stability.

Low-voltage Trench MOSFET devices design and process

We have developed low-voltage Trench MOSFETs using high-density stripe cell designs and a proprietary trench field ring termination to simplify photolithography steps and reduce production cost. This enhances reliability and manufacturing efficiency. We also apply aluminum ribbon bonding or copper clip bonding to improve thermal performance and resistance to electrical stress. These technologies enable devices with extremely low conduction losses and excellent surge endurance.

High-reliability SiC MOSFET technology and process

We have developed a self-aligned planar gate design for SiC MOSFETs, offering low Rsp, strong reliability, and tight parameter consistency. The unique gate oxide nitridation processes reduce interface trap density and improve channel mobility, resulting in lower conduction losses. The layout and process optimization enhance unclamped inductive switching performance, while new termination structures support junction temperatures up to 175°C. This technology facilitates device performance in demanding power applications requiring high efficiency and reliability.

R&D Process

We have established a comprehensive process to ensure strict control and oversight of our R&D activities. This process encompasses four key stages, namely (i) project initiation, (ii) design, (iii) verification and (iv) mass production, and represents collective efforts from various internal departments and teams.

- In the project initiation stage, we engage in continuous communication with customers to accurately understand their needs and requirements for product specifications and applications and then refine these needs and requirements and determine the necessary technologies and solutions. Our R&D team then conducts a technical feasibility analysis, and jointly prepare a project initiation report with our production team. If the project is deemed feasible and approved, our project management team issue a R&D plan to clarify tasks and responsibilities, finalizing the product development plan and specifications;

- In the design stage, we proceed with product design based on the approved specifications and establish testing standards based on the technical architecture. Upon passing design review, the product layout is sent to the wafer foundry;

- In the verification stage, we coordinate with the wafer foundry and packaging service providers to produce samples. Once the samples are produced, we conduct system testing, parameter testing and reliability testing to ensure the samples meet design requirements and perform as intended in specific motor solutions. Upon successful validation, the samples progress to engineering batch trial production. Once the engineering samples pass parameter verification, system verification and reliability verification, a committee consisting of representatives from our R&D, product manufacture, quality control departments conducts a mass production review and approval;

- Upon approval, the product enters the mass production stage, where we provide technical support and optimization, manage quality control, and develop specific application solutions based on product characteristics and customer requirements. When the product meets customer needs and the application solutions are approved by customers, the product transitions to full-scale mass production.

Key Research Projects

During the Track Record Period and up to the Latest Practicable Date, our key research projects included:

Project Name	Project Summary	Target Outcome
Next-Generation SJ MOSFET Technology	Developing a new-generation SJ MOSFET based on a deep-trench epitaxial process. This includes addressing technical challenges associated with pitch reduction and trench-gate structures, improving specific on-resistance ("Rsp") and achieving high performance metrics. The project also aims to complete the development of voltage ratings of 600V and 650V and new product series with different on-resistance ranges.	Establish a next-generation SJ MOSFET process platform with 600V-650V voltage ratings, on-resistance ranges from 30mΩ to 300mΩ, and new products featuring FRD and EMI improvement functions.
High-Density Low-Voltage SGT MOSFET Technology	Developing ultra-high-density SGT MOSFETs for low-voltage applications with optimized designs to reduce chip size, improve Rsp and ensure consistent threshold voltage ("Vth"). The project also focuses on reducing conduction losses and creating simplified mask designs for efficient and compact manufacturing.	Deliver a low-voltage SGT MOSFET platform with low Rsp and small die size, meeting the demands for both cost efficiency and improved energy performance in power management applications.
Trench MOSFET Technology	Improving Trench MOSFET design and manufacturing processes to achieve high reliability, reduced Rsp and enhanced FOM. This project includes optimizing cell structures and process parameters to reduce costs while maintaining outstanding performance for 20V to 60V voltage ranges.	Develop high-reliability Trench MOSFETs that meet market demands for high avalanche tolerance, high performance and high stability and reliability in motor and battery applications.

Project Name	Project Summary	Target Outcome
WLCSP MOSFET Technology . . .	Developing WLCSP MOSFETs with advanced structural design and process optimization. This includes integrating proprietary gate resistance ("Rg") and electrostatic discharge ("ESD") protection structures, as well as addressing challenges in conduction performance and packaging reliability.	Create a reliable WLCSP MOSFET platform with enhanced conduction operation and compact packaging for reliability in challenging application scenarios.
High-Power-Density IGBT Technology	Developing a new-generation IGBTs with a trench structure and carrier enhancement technology. The focus includes reducing forward voltage drops, increasing current conduction capacity, addressing challenges in wafer thinning and trench density and improving switching waveforms under high-frequency conditions.	Deliver new-generation IGBT products with improvement in current density, reduced forward voltage drops and optimized switching performance.
Automotive-Grade High-Reliability N-Channel MOSFET Technology	Developing automotive-grade N-channel MOSFETs to meet stringent reliability standards for vehicle applications, including optimizing chip terminal structures, passivation layers and interconnect processes. This project also focuses on meeting AEC-Q101 certification and ensuring long-term durability.	Deliver high-reliability automotive-grade MOSFETs designed for harsh operating conditions, meeting AEC-Q101 standards and competitive performance requirements for automotive applications.

MANUFACTURING

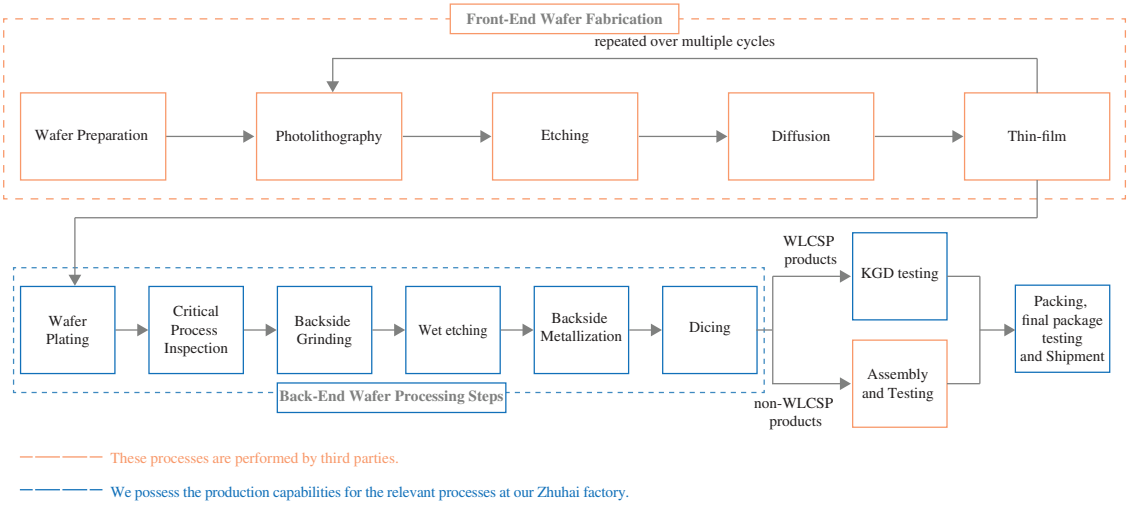
As of the Latest Practicable Date, we primarily adopted two types of manufacturing models with respect to (i) majority of our WLCSP products and (ii) some WLCSP products, and other products, respectively.

- **For majority of our WLCSP products:** except the front-end wafer fabrication processes that are conducted by third-party wafer foundries, the remaining back-end wafer processing steps, such as back-end wafer processing steps wafer plating, backside grinding and backside metallization, as well as the packaging and testing of our WLCSP products, are conducted in-house at our Zhuhai factory, which started operation in 2024. In addition, we have a laboratory at our Zhuhai factory that is certified by China National Accreditation Service for Conformity Assessment to conduct product testing and analysis.

- **For some WLCSP products, as well as other products:** the front-end wafer fabrication processes are conducted by third-party wafer foundries, the remaining back-end wafer processing steps are conducted in-house at our Zhuhai factory, and the packaging and testing processes are conducted by third parties.

Our Production Process

The following chart illustrates the typical production process of our power semiconductor devices:



- *Front-end Wafer Fabrication.* This process comprises the core front-end manufacturing processes performed on wafers to form integrated circuits and device structures. Through repeated patterning, material modification and layer formation, this process enables the creation of transistors, interconnect features and other functional structures on the wafer, thereby laying the foundation for subsequent wafer testing, assembly and packaging.

- *Wafer Plating.* This process encompasses various metallization processes, including electroplating, electroless plating and sputtering, and is primarily used to deposit functional metal layers on the wafer surface. It helps ensure strong adhesion, uniform film thickness and excellent electrical performance, thereby providing a reliable metal interface for subsequent interconnection, bump formation and advanced packaging applications.

- *Critical Process Inspection*. We conduct electrical testing procedures to ensure wafer quality and process integrity at critical stages, helping to identify and address potential defects early in the flow.

- *Backside Grinding*. The wafer is grounded and polished to achieve the desired thickness, which is essential for advanced packaging and thermal performance.

- *Wet Etching*. The wafer undergoes a wet etching process to roughen the wafer surface to enhance adhesion during subsequent metallization and bonding processes. On the other hand, it enables controlled chemical thinning of the wafer to achieve the desired thickness.

- *Backside Metallization*. A conductive metal layer (typically titanium (Ti), nickel (Ni) or silver (Ag)) is deposited on the backside of the wafer to improve electrical connectivity, reduce thermal resistance, and prepare the wafer for die attach and packaging.

- *Dicing*. The wafer is diced into individual dies using a combination of mechanical blade cutting and laser cutting techniques, which typically vary between WLCSP and non-WLCSP products.

- *Known Good Die ("**KGD**") testing*. Each die is electrically tested to ensure full functionality before packaging.

- *Assembly and Testing*. Each die is packaged into semiconductor products and subjected to electrical, functional and reliability tests to ensure compliance with performance and quality standards.

- *Packing, final package testing and Shipment*. The finished products are packaged and tested and prepared for delivery to customers.

Production Base in Operation

The table below sets forth details of our Zhuhai factory:

Production Base	Location	Gross Floor Area	Time of Commencing Production	Key Functions
Zhuhai factory	Zhuhai, China	33,670 square meters	September, 2024	(i) back-end wafer processing steps (ii) WLCSP (iii) packaging and testing

Set forth below are the production capacity, production volume and utilization rates (based on the volume of packaging) of our Zhuhai factory for the periods indicated since it commenced operation in 2024:

	Year ended December 31,						Five months ended May 31,					
	2024			2025			2025			2026		
	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]	Production Capacity[1]	Production Volume[2]	Utilization Rate[3]
	(million)	*(million)*	*(%)*	*(million)*	*(million)*	*(%)*	*(million)*	*(million)*	*(%)*	*(million)*	*(million)*	*(%)*
Zhuhai factory .	96.6	23.3	24.2[4]	634.0	545.0	86.0	186.1	178.6	96.0	358.8	194.9	54.3

Notes:

(1) The production capacity for each period is calculated based on (i) regular operational days in a period, and (ii) 24 operating hours per day. The production capacity for the five months ended May 31, 2025 was relatively low, primarily because we were still in the production capacity ramp-up phase.

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

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

(4) The low capacity utilization rate in 2024 was primarily attributable to the ramp-up stage of the factory, during which only small-scale trial production was conducted and the production lines were mainly used for equipment calibration, process optimization and product yield verification. As the production lines became fully operational, the capacity utilization rate increased significantly from 24.2% in 2024 to 86.0% in 2025. Our capacity utilization rate was relatively low in the five months ended May 31, 2026, primarily due to weaker downstream demand from smartphone manufacturers.

The establishment of the Zhuhai factory has contributed significantly to our financial performance and profit margins. For a detailed discussion, please refer to "Financial Information — Review of Historical Results of Operations — Revenue," "Cost of Sales," and "Gross Profit and Gross Profit Margin."

Besides our Zhuhai factory, we plan to set up a new production base in Zhoushan with a site area of 74,801 square meters, as compared to the site area of 9,490 square meters of our Zhuhai factory. The products to be manufactured at the Zhoushan facility represent an extension of our existing product portfolio, which primarily include power modules and automotive-grade components to meet the increasing demand for power devices, bundled solution offerings and higher-reliability automotive applications. See "Future Plans and Use of [**REDACTED**]."

The establishment of the Zhoushan production base represents a vertical extension of our existing offerings to further provide integrated, system-level power semiconductor solutions, and is aligned with our overall long-term business strategy. Specifically,

- The products to be manufactured at the Zhoushan production base, in particular the power modules and automotive-grade components, are complementary to our existing power semiconductor product portfolio and enable us to evolve from a discrete device supplier to a subsystem solution provider. By integrating power semiconductor devices with power modules and automotive-grade components into bundled solutions, we enhance performance optimization at the system level, deepen vertical integration and increase customer stickiness and value contribution per customer. This represents a natural extension of our existing product strategy rather than a change in business direction.

- We continue to focus on power semiconductor design and R&D, maintain in-house packaging and testing capabilities aligned with market demand, and outsource wafer fabrication to third-party foundries. The Zhoushan facility serves as dedicated packaging and testing capacity for power modules and automotive-grade components and does not alter our core operating framework.

- The new products are developed based on the same core technology platform and system-level application expertise as our existing power semiconductor devices. Their target applications and customer base substantially overlap with our existing markets, allowing us to leverage established customer relationships, sales channels and supply chain infrastructure.

Production Equipment and Machinery

The material equipment and machinery used in our production processes include (i) electroless plating machines for surface metallization, (ii) wafer testing machines for inline inspection, (iii) tape laminators and wafer thinning machines for backside grinding, (iv) cleaning and evaporation tools for backside metallization, (v) blade dicing machines, laser dicing systems, and automated optical inspection tools for die separation and inspection and (vi) automated die sorters and high-precision visual inspection systems for KGD processes.

We regularly inspect and maintain the material equipment and machinery used in our production processes and replace worn consumable parts and components. Our major production equipment and machinery have an estimated average useful life of three to ten years. We also regularly inspect and maintain the production environment.

SUPPLY CHAIN

During the Track Record Period, we primarily procured (i) foundry-manufactured wafers, (ii) packaging and testing services, and (iii) raw materials and equipment for packaging and testing.

Our typical procurement process primarily include:

- *Procurement planning*. Our procurement team is primarily responsible for formulating procurement plans based on the anticipated sales amount provided by our sales and marketing team, the manufacturing lead time and production schedules.

- *Outsourced manufacturing*. Pursuant the procurement plans, our procurement team places purchase orders to our foundry suppliers. The foundry suppliers then manufacture wafers and deliver the wafers to our warehouses.

- *Packaging and testing*. We arrange subsequent packaging and testing with our packaging and testing partners. Upon completion, the finished products are delivered to us for sales.

- *One-stop procurement:* We may arrange one-stop procurement with our foundry suppliers with both wafer manufacturing and packaging and testing services. Upon completion of packaging and testing, the finished products are directly delivered to us.

OUR SUPPLIERS

Supplier Selection and Management

During the Track Record Period, our suppliers primarily consisted of (i) foundries, (ii) companies that provide packaging and testing services, and (iii) companies that provide raw materials and equipment for packaging and testing. We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include technological expertise, product quality, responsiveness and delivery speed. We also conduct periodic supplier review to assess their performance. In addition, we also implement measures to continuously monitor the final product quality. See "— Quality Control" for further details.

Following the establishment of our Zhuhai factory and the establishment of our in-house wafer fabrication, WLCSP and testing capabilities, we reduced our reliance and cooperation with third-party packaging and testing providers. In addition, we procured an increased proportion of wafers in our total procurement, and cooperated with a broader range of wafer suppliers so as to ensure stable supply.

We generally enter into framework agreements with our suppliers, which set forth the general terms and conditions of purchase. Set forth below are salient terms of our framework agreements:

- ***Term and termination.*** We generally enter into framework agreements with our suppliers with a fixed term (generally one to three years), which may be automatically renewed upon expiration.

- ***Product specifications.*** We generally specify quantity, price, specification, delivery timeline and other detailed contractual terms in the purchase orders we send to our suppliers.

- ***Pricing and Payment.*** We generally provide payments based on mutually agreed prices and terms specified in the purchase order.

- ***Delivery and logistics.*** Product delivery and logistics terms are generally specified in the purchase orders, typically including picking up at the supplier's facility or delivery to our designated locations.

- ***Risk transfer.*** The risk transfers to us upon delivery to us. Suppliers shall indemnify us for direct losses arising from quality defects attributable to them, including costs of replacement or recall.

- ***Product warranty and returns.*** We are generally granted a warranty period of one year. We are entitled to reject, replace or return products which fail to conform to the quantity, quality or specifications as provided in the purchase order.

Our Major Suppliers

For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2026, purchases from our five largest suppliers amounted to RMB359.8 million, RMB397.3 million, RMB493.3 million and RMB218.8 million, respectively, representing 80.5%, 81.1%, 71.3% and 70.1% of our total purchases, respectively. In addition, purchases from our largest supplier in each year accounted for 29.5%, 47.7%, 21.7% and 19.9% of our total purchases for the years ended December 31, 2023, 2024, 2025 and five months ended May 31, 2026, respectively. All of our five largest suppliers during each year of the Track Record Period were Independent Third Parties. None of our Directors and their respective associates or our Shareholders who hold more than 5% of our total issued Shares had any interest in our five largest suppliers during each year of the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/ services provided	Credit terms	Year of commencement of business relationship	Location
		(RMB'000)	*(%)*				
For year ended December 31, 2023							
1 . . .	Supplier A[(1)]	131,943	29.5	wafers, photomasks and packaging	100% prepayment	2019	China
2 . . .	Supplier B[(2)]	104,814	23.5	wafers and photomasks	100% prepayment	2020	China
3 . . .	Supplier C[(3)]	51,885	11.6	packaging	60 days	2016	China
4 . . .	Supplier D[(4)]	50,491	11.3	wafers and photomasks	30 days	2020	China
5 . . .	Supplier E[(5)]	20,641	4.6	wafers and photomasks	30% prepayment and credit terms of 30 days for the remaining	2022	China

Notes:

(1) Supplier A is a public semiconductor company headquartered in Shaoxing, Zhejiang, China and listed on the Shanghai Stock Exchange, that primarily engages in wafer fabrication and packaging services.

(2) Supplier B is a public semiconductor company headquartered in Taiwan, China and listed on the Taiwan Stock Exchange, that primarily engages in wafer fabrication services.

(3) Supplier C is a private semiconductor company headquartered in Shanghai, China with a registered capital of US$69.0 million, that primarily engages in semiconductor packaging and testing services. It is the subsidiary of a public company in Taiwan, China.

(4) Supplier D is a private semiconductor company headquartered in Guangzhou, Guangdong, China with a registered capital of approximately RMB2.4 billion, that primarily engages in wafer fabrication services.

(5) Supplier E is a private semiconductor company headquartered in Qingdao, Shandong, China with a registered capital of approximately RMB10.1 billion, that primarily engages in wafer fabrication services.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/ services provided	Credit terms	Year of commencement of business relationship	Location
		(RMB'000)	*(%)*				
For year ended December 31, 2024							
1 . . .	Supplier A	233,565	47.7	wafers, photomasks and packaging	100% prepayment	2019	China
2 . . .	Supplier B	52,899	10.8	wafers and photomasks	100% prepayment	2020	China
3 . . .	Supplier C	48,102	9.8	packaging	60 days	2016	China
4 . . .	Supplier D	43,340	8.8	wafers and photomasks	30 days	2020	China
5 . . .	Supplier F[(1)]	19,421	4.0	wafers and photomasks	30% prepayment and credit terms of 30 days for the remaining	2023	China

Note:

(1) Supplier F is a public semiconductor company headquartered in Shanghai, China with a registered capital of US$1,290.0 million, that primarily engages in wafer fabrication services. It is the subsidiary of a public company headquartered in Shanghai, China.

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/ services provided	Credit terms	Year of commencement of business relationship	Location
		(RMB'000)	*(%)*				
For year ended December 31, 2025							
1 . . .	Supplier F	150,320	21.7	wafers and photomasks	30% prepayment and credit terms of 30 days for the remaining	2023	China
2 . . .	Supplier C	88,913	12.9	packaging	60 days	2016	China
3 . . .	Supplier D	86,887	12.6	wafers and photomasks	30 days	2020	China
4 . . .	Supplier B	84,512	12.2	wafers	100% prepayment	2020	China
5 . . .	Supplier A	82,714	12.0	wafers, photomasks and packaging	100% prepayment	2019	China

Rank	Supplier	Purchase Amount	Percentage of total purchase	Type of product/ services provided	Credit terms	Year of commencement of business relationship	Location
		(RMB'000)	*(%)*				
For five months ended May 31, 2026							
1 . . .	Supplier F	62,241	19.9	wafers	30% prepayment, 70% T/T 30 Days against billing date	2023	China
2 . . .	Supplier D	53,492	17.1	wafers and photomasks	30 days	2020	China
3 . . .	Supplier C	49,053	15.7	packaging	60 days	2016	China
4 . . .	Supplier G[(1)]	34,044	10.9	wafers	50% advance payment upon order placement, with the balance of 50% due prior to delivery.	2022	China
5 . . .	Supplier B	19,960	6.4	wafers and photomasks	100% prepayment	2020	China

Note:

(1) Supplier G is a private semiconductor company headquartered in Shanghai, China with a registered capital of RMB20,460.9 million, that primarily engages in wafer fabrication services. It is the subsidiary of a public company headquartered in Shanghai, China.

Reliance on Certain Suppliers

Overview of Relationship with Major Suppliers

During the Track Record Period, we primarily procured foundry-manufactured wafers from Supplier A, Supplier B and Supplier F. We generally issue purchase orders to these suppliers based on our demand forecast, and the supplier confirms and signs the order upon receipt.

In 2023, 2024, 2025 and the five months ended May 31, 2026, our purchases from Supplier A were RMB131.9 million, RMB233.6 million, RMB82.7 million and RMB2.6 million, respectively, representing 29.5%, 47.7%, 12.0% and 0.8%, respectively, of our total purchases for the same periods. The percentage of our purchases from Supplier A increased from 29.5% in 2023 to 47.7% in 2024, primarily because Supplier A has been our major supplier for wafers, photomasks and packaging since 2023, and as the sales volume of our WLCSP products increased significantly from 2023 to 2024, our purchases from Supplier A increased correspondingly. The percentage of our purchases from Supplier A further decreased from 47.7% in 2024 to 0.8% in the five months ended May 31, 2026, primarily due to (i) the commencement of mass production at our Zhuhai factory by the end of 2024, which reduced our procurement demand from third-party suppliers, and (ii) our efforts to diversify our supply chain by increasing procurement from Supplier F, taking into account its sufficient production capacity and stable delivery performance. Our purchases from Supplier B were RMB104.8 million, RMB52.9 million, RMB84.5 million and RMB20.0 million, respectively, representing 23.5%, 10.8%, 12.2% and 6.4%, respectively, of our total purchases for the same periods. The percentage of our purchases from Supplier B decreased from 23.5% in 2023 to 10.8% in 2024, primarily due to increased procurement from domestic wafer foundries for supply chain diversification and cost optimization. Our purchases from Supplier F were RMB0.2 million, RMB19.4 million, RMB150.3 million and RMB62.2 million, respectively, representing nil, 4.0%, 21.7% and 19.9%, respectively, of our total purchases for the same periods.

According to CIC, Supplier A, Supplier B and Supplier F are leading wafer foundries in China. In addition, to ensure consistently quality products and centralized management of manufacturing demands, it is commonly seen and in line with industry practice for semiconductor design companies to rely on a limited number of foundry partners for procurement of most of the wafers to ensure product quality consistency. As we source a significant portion of foundry-manufactured wafers from these suppliers, if our relationship with any of these suppliers is terminated, interrupted, or modified in any way adverse to us, there may be material interruptions to our operations and business.

Please see "Risk Factors — Risks Relating to Our Business and Industry — We depend on a limited number of third-party wafer foundry partners to manufacture our products."

By the end of five months ended May 31, 2026, around 150 wafer foundries controlled by around 30 entities operate in Chinese Mainland. According to CIC, the wafer foundry market in China is experiencing robust growth, characterized by a concentrated top tier of leading manufacturers in advanced nodes alongside numerous specialized regional players. The majority of these Chinese foundries possess highly mature and globally competitive manufacturing capabilities in legacy nodes used for power semiconductors. We are not aware of any existing or potential limits prevents us from leveraging on these wafer-foundries. Consequently, our wafer-foundry suppliers are highly replaceable. Based on the above, we believe that alternative suppliers offering comparable quality and similar commercial terms are readily available in the market.

We have continued to expand our procurement network to include other wafer manufacturers to ensure the stability and flexibility of our wafer supply capacity. During the Track Record Period, we had established stable cooperation with other wafer manufacturers to meet our operational needs, manufacturing capacity and product quality requirements under reasonable commercial terms.

Through our continuous supplier diversification efforts, we continued to expand our supplier network and gradually reduced our reliance on certain supplier. The aggregate purchases from our top five suppliers decreased from 80.5% of our total purchases in 2023 to 70.1% in the five months ended May 31, 2026. In addition, our supplier diversification efforts contributed to the optimization of our cost structure. By introducing competitive cooperation among multiple wafer foundries, we have secured more favorable commercial terms while maintaining product quality and stable supply.

Key Terms of Agreements with Major Suppliers

- ***Term and termination.*** We generally enter into framework agreements with major suppliers with a fixed term of one or three year(s). The agreement shall be automatically renewed upon expiration unless terminated pursuant to the agreed conditions.

- ***Product specifications.*** We generally specify quantity, price, specification, delivery timeline and other detailed contractual terms in the purchase orders we send to major suppliers.

- ***Pricing and Payment.*** We generally provide payments based on mutually agreed prices specified in the purchase order. We generally make upfront payment before planned production, or as otherwise specified in the purchase order.

- ***Delivery and logistics.*** Product delivery and logistics terms are generally specified in the purchase orders, typically including picking up at the supplier's facility or delivery to our designated locations.

- ***Risk transfer.*** The risk transfers to us upon our acceptance after inspection of the products received. Suppliers shall indemnify us for direct losses arising from quality defects attributable to them, including costs of replacement or recall.

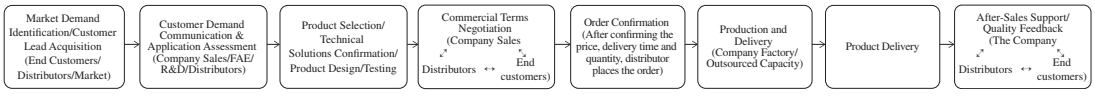
- ***Product warranty and returns.*** We are generally granted a warranty period from six months to one year. We are entitled to reject, replace or return products which fail to conform to the quantity, quality or specifications as provided in the purchase order.

SALES AND MARKETING

Our Sales Network

During the Track Record Period, a substantial portion of our sales were carried out through distributors. We engage distributors under two primary circumstances. In certain cases, we engage distributors to streamline our customer management and enhance financial flexibility. In other cases, in accordance with the end customers' specific requirement, we sell products to them through distributors. Distributors purchase products from providers like us, which allows them to coordinate our production schedule with the timing of the end customers' demand, and to provide in-time delivery to end customer to ensure timely product access. Although we typically directly liaise with certain key end customers regarding product specifications and other technical requirements, the distributorship network helps us streamline our administration, efficiently maintain good relationships with the large number of end customers across various industries and improve our financial flexibility and efficiency, and allows us to focus on the R&D and design. For certain key end customers, we directly communicate with them using the contact information reported by the distributors in our CRM system to discuss product requirements in detail including participating in product solution design, confirming product specification and providing technical support. For other end customers, we generally provide products in accordance with the requirements communicated to us by the distributors. According to CIC, engagement of distributors for the sales of products are in line with the industry norm in the semiconductor industry.

The following table sets forth our sales flow and interactions with various stakeholders in the sales process:



During the Track Record Period, a majority of our revenue was generated from sales to our distributors. The table below sets forth a breakdown of revenue contribution by sales channels for the periods indicated.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Distribution	523,599	91.0	507,338	81.3	699,945	86.0	294,897	84.9	322,039	91.2
Direct sales	51,878	9.0	116,921	18.7	114,190	14.0	52,290	15.1	31,228	8.8
Total	**575,477**	**100.0**	**624,259**	**100.0**	**814,135**	**100.0**	**347,187**	**100.0**	**353,267**	**100.0**

During the Track Record Period, our products were mainly sold in the Chinese Mainland and, to a lesser extent, overseas. The table below sets forth our revenue by sales region during the Track Record Period.

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Chinese Mainland	522,822	90.9	585,541	93.8	795,009	97.7	338,839	97.6	328,645	93.0
Hong Kong	44,455	7.7	34,097	5.5	10,900	1.3	4,356	1.3	21,754	6.2
Taiwan	6,917	1.2	1,194	0.2	3,219	0.4	1,838	0.5	2,162	0.6
South Korea	1,270	0.2	3,427	0.5	5,007	0.6	2,154	0.6	706	0.2
Others[(1)]	13	0.0	–	–	–	–	–	–	–	–
Total	**575,477**	**100.0**	**624,259**	**100.0**	**814,135**	**100.0**	**347,187**	**100.0**	**353,267**	**100.0**

Note:

(1) Others mainly include Philippines.

Our Distribution Channels

Overview

The relationships between distributors and us are categorized as seller-buyer relationships — they buy our products from us and then resell the products to end customers. To the best of our knowledge, we did not have any sub-distributor during the Track Record Period. Historical sales generated by these distributors were generally recurring in nature except in cases where we discontinued our business relationships with certain distributors as detailed below.

As of May 31, 2026, we had 103 distributors. The following table sets forth the movement in the number of our distributors during the periods indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
Distributors at the beginning of period	642	658	152	135
Addition of new distributors	33	33	30	7
Termination of existing distributors	17	539	47	39
Distributors at the end of period	658	152	135	103

We engaged 33, 33, 30 and 7 new distributors in 2023, 2024 and 2025 and the five months ended May 31, 2026, respectively. Concurrently, we discontinued our partnership with 17, 539, 47, and 39 distributors in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. The majority of these terminations were due to failure to meet our performance criteria, while a limited number were attributable to the violation of our contractual arrangements and regional sales restrictions by making unauthorized sales beyond their designated geographical scope. For terminated distributors in 2023, 2024, 2025 and the five

months ended May 31, 2026, our sales to them in the preceding periods amounted to nil, RMB45.9 million, RMB68.5 million and RMB42.9 million, respectively. The fluctuations in the number of our distributors during the Track Record Period reflect an evolution of our sales channel strategy. For distributors that have terminated their business relationship with us, their inventory levels were generally low and not expected to have a material impact on the market. If our terminated distributors still have remaining inventory, we will not accept their product return. Instead, we typically coordinate the transfer of such products to other nearby distributors to facilitate continued market circulation. To mitigate potential reputational and intellectual property risks, we seek to ensure the orderly and legitimate transfer of such inventory, and prevent unauthorized sales of our products through contractual arrangements and authorization management with regard to our trademark and brand use.

Prior to 2023, our primary objective was to accelerate market penetration and expand our regional coverage. To achieve this, we actively recruited a large number of new distributor partners to quickly build out our distributor network.

Beginning in 2023, as our sales system matured, our strategic focus shifted from scale expansion to structural optimization. To implement this, we established a dynamic evaluation mechanism to systematically assess our distributors. This ongoing process involves two parallel workstreams: (i) selectively onboarding new distributors with strong sales resource advantages, market capabilities and professional service standards; and (ii) adjusting our existing network by terminating partnerships with distributors whose business focus was no longer aligned with ours, who had weaker performance, or whose operational practices did not meet our evolving standards. The significant number of 540 discontinued distributors in 2024 was the result of a focused optimization initiative conducted during that year.

By transitioning from a strategy of rapid expansion to continuous optimization, we believe we are building a higher-quality, more stable and strategically aligned distribution network.

During the Track Record Period and up to the Latest Practicable Date, we did not have any material lawsuits with these departing distributors.

During the Track Record Period, one of our distributors ("**distributor A**") was established and controlled by a former employee of ours, who left our Company in 2020. Distributor A was established in Nanjing, China in 2020, and we had no transactions with Distributor A during his employment with our Company. To the best of our knowledge, the former employee established distributor A out of his own personal business interest and decisions. The terms and conditions of our commercial arrangement were substantially the same with those with other distributors. In 2023, 2024, 2025 and the five months ended May 31, 2026, revenue generated from distributor A amounted to RMB1.0 million, RMB2.7 million, RMB5.2 million and RMB2.1 million, respectively, accounting for less than 1% of our revenue in the respective period. In 2023, 2024, 2025 and the five months ended May 31, 2026, our gross profit with Distributor A amounted to RMB86 thousand, RMB367 thousand, RMB877 thousand and RMB235 thousand, and the gross profit margin were 8.9%, 13.6%, 17.0% and 11.0% during the same periods, respectively, which is generally in line with those of other distributors of the same type of products.

One of our distributors during the Track Record Period became beneficially owned by a shareholder of one of the Company's minority shareholders in February 2026 following a change in our shareholding structure. In 2023, 2024, 2025 and five months ended May 31, 2026, revenue generated from such distributor was nil, RMB9.7 million, RMB6.8 million and RMB1.9 million, respectively, accounting for nil, 1.6%, 0.8% and 0.6% of our total revenue in

the respective periods. The terms and conditions of our commercial arrangement with such distributor were substantially the same with those with other distributors. Such distributor is subject to all of our Group's internal rules and policies in connection with the distributorship without preferential treatment.

To the best of our knowledge, during the Track Record Period and up to the Latest Practicable Date, all of our distributors were Independent Third Parties, and, save as disclosed above, besides the ordinary course distribution arrangement with us, there was no other relationship between the distributors and each of our Company, our subsidiaries, our shareholders, directors or senior management or any of their respective associates.

Principal Contractual Terms with Distributors

During the Track Record Period, we generally entered into distribution agreements with each of our distributors. The key terms of our distribution agreements included the following:

- *Term and Renewal*. The term of the distribution agreement is typically one year and renewal shall be negotiated 30 days prior to the expiration of the current distribution agreement, unless either party gives prior written notice of non-renewal.

- *Product Purchase*. The purchase amount is specified in purchase orders. Purchase order reflects the distributors' sales forecast and actual end customer demand.

- *Selling Price*. We sell our products to distributors at mutually agreed price. We negotiate prices with distributors on a per-order basis, taking into account market conditions and specific requirements from end customers.

- *Payment and Credit Term*. We require some distributors to make full payment prior to shipment, and we grant some distributors with a credit term ranging from 30 to 60 days on a case-by-case basis.

- *Product Warranty and Return*. We generally provide a warranty period of 12 months. We generally do not allow our distributors to return products to us except for product defects.

- *Confidentiality.* The distributors are required to strictly protect the confidential information and files it has gained access to under the agreement.

Management of Distributors

Our distributor management covers criteria for selection, pricing mechanisms, logistics, return and exchange policies, and inventory management systems.

- *Selection process*. We have established a rigorous, multi-dimensional selection process for the selection of prospective distributors. Key assessment areas include the breadth of their sales network coverage, their relationships with end customers and their overall market management and service capabilities. We also take into account prospective distributor's corporate governance structure, commercial reputation and financial stability.

- *Inventory management*. We proactively monitor inventory levels across our distribution channels to optimize channel turnover and mitigate inventory obsolescence risks. Specifically, we monitor the inventory level of our major

distributors through our CRM system, where distributors are required to report their inventory data, typically monthly. In addition, we reserve the right to conduct periodic inspections to verify the accuracy of their reported inventory data. If we identify imbalanced inventory structures or potential slow-moving stock, we will coordinate with the relevant distributor to optimize their inventory utilization.

- *Channel stuffing risks*. Our sales model is designed to align production with genuine end-customer demand, thereby mitigating the risk of channel stuffing. Our sales to distributors are primarily conducted on a back-to-back basis, where distributor purchase orders are initiated based on specific product requirements from their end customers. We do not offer general rights of return for unsold products. We do not engage in consignment or other speculative sales arrangements. These measures are designed to prevent the buildup of excess inventory in the channel and ensure that our sales are aligned with genuine end-market demand.

- *Anti-cannibalization management*. To maintain channel integrity and prevent disruptive cannibalistic competition, we have implemented a centralized system for end customer registration and order management. All distributors are required to register their end customers in our CRM system before a sale can be initiated. Orders are then processed through this system, which provides clear mapping of end customers to their designated distributor. Distributors are prohibited from selling our products to end customers that are not registered and mapped to them in our system without our prior written consent. This policy helps to mitigate channel conflict, protect the business interests of our distributor partners and ensure a stable and orderly distribution network.

- *Pricing with end customers.* For the resale price to end customers, while we strictly control the minimum selling price, we typically do not intervene in the price-setting process, and grant our distributors autonomy in price determination based on their own business strategies and cost structures. Under certain circumstances, we may communicate with our distributors and provide non-binding pricing suggestions, including (i) providing pricing guidance for key end customers to facilitate the implementation of our sales strategies, and (ii) where the expected gross margin may fall below the anticipated level, offering reasonable suggestions on the resale price to support stable cooperation and reasonable margins across the supply chain.

Our Direct Sales

To a lesser extent, we also conducted direct sales to certain customers, which are primarily in the form of sales of (i) power semiconductor devices to certain customers that prefer to procure directly from us, and (ii) wafers to selected customers that undertake packaging through their own arrangements. For instance, certain customers may integrate our power semiconductor devices with their own products together in a packaged form, and therefore choose to procure our products in unpackaged wafer form directly.

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

- *Term and Renewal*. The term of the wafer sales agreement is typically one year and shall be automatically renewed for an additional period of one year thereafter, unless either party gives prior written notice of non-renewal. We also enter into long-term agreements with undetermined term with certain direct sales customers.

- *Product Purchase*. The purchase amount is specified in purchase orders which are proposed by customers based on their demand.

- *Selling Price*. We sell our products at mutually agreed price. We negotiate prices with distributors on a per-order basis, taking into account market conditions.

- *Payment and Credit Term*. We grant some customers with a credit term ranging from 30 to 60 days on a case-by-case basis.

- *Product Warranty and Return*. We generally provide a warranty period of at least one year. We generally do not allow product return except for product defects.

- *Confidentiality.* The customers are required to strictly protect the confidential information and files it has gained access to under the agreement.

Customer Service and Technical Support

We are committed to providing high-quality customer service, delivered through our team of highly skilled application engineers. Our engineers collaborate closely with end customers at every stage of their projects. This engagement spans from initial product selection and system design through to development, debugging and final validation and delivery. At each stage, we provide customized, solutions-oriented support tailored to our customers' specific requirements. Our technical support includes:

- *Accelerating Customer Development*: We assist customers with the development and debugging of their application circuit boards and provide turn-key samples. This support is designed to improve our customers' own product development efficiency and shorten their time-to-market.

- *Resolving Complex System Challenges*: We collaborate closely with our end customers to help them resolve technical challenges encountered during system integration, feature implementation and performance optimization.

- *Providing Specialized Design Expertise*: In core application areas, such as motor control systems, we provide expert technical consulting and design optimization recommendations.

During the Track Record Period, we did not experience any material customer complaint.

Marketing

As of May 31, 2026, our sales and marketing team consisted of 60 members. Our sales and marketing department is responsible for enhancing our brand awareness, promoting new and existing products, and working closely with our distributors and direct customers to implement our marketing strategies.

We have established long-term and in-depth collaborations with leading companies across various industries, which have contributed to the development of a strong brand reputation and growing industry influence. Through regular and close engagement with our customers, we are able to gain deep insights into their evolving needs and the dynamics of the competitive landscape. This customer-oriented approach allows us to position our products more precisely, promote joint development projects, promptly address technical issues arising during the production process, and provide responsive after-sales support, thereby strengthening customer satisfaction and long-term cooperation.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of distributors. For the years ended December 31, 2023, 2024, 2025 and for the five months ended May 31, 2026, our five largest customers in each period together generated RMB280.4 million, RMB335.6 million, RMB469.0 million and RMB239.9 million of revenues, respectively, accounting for 48.7%, 53.8%, 57.6% and 67.9% of our total revenue, respectively. In addition, revenues generated from our largest customer in each year or period accounted for 13.8%, 16.6%, 23.1% and 29.7% of our total revenues for the years ended December 31, 2023, 2024, 2025, and for the five months ended May 31, 2026, respectively. All of our five largest customers in each year were Independent Third Parties during the Track Record Period.

To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers. None of our Directors and their respective associates, or Shareholders who own 5% or more of the total issued Shares had any interest in any of our five largest customers during the Track Record Period.

We generally granted credit terms of up to 90 days to our five largest customers in each year of the Track Record Period. For details of salient terms of our agreements with our major customers, please see "— Sales and Marketing — Our Sales Network" in this section. The following table sets forth the details of our five largest customers in each period during the Track Record Period.

Rank	Customer	Customer Type	Sales Amount	Percentage of total revenue	Type of product/services purchased	Profile of end customers	Year of commencement of business relationship
			(RMB'000)	*(%)*			
For year ended December 31, 2023							
1	Customer A[1]	Distributor	79,138	13.8	Trench MOSFET SGT MOSFET IGBT	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for their smartphones.	2019
2	Customer B[2]	Distributor	61,789	10.7	Trench MOSFET	Leading smartphone and tablet manufacturers in the consumer electronics sector. Our products are primarily applied in the lithium battery protection and battery management system (BMS) for their smartphones and tablets.	2021
3	Customer C[3]	Distributor	54,689	9.5	Trench MOSFET IGBT SGT MOSFET	(i) Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast chargers for their smartphones; and (ii) leading UAV manufacturers and new energy storage companies in the industrial applications sector. Our products are primarily applied in the batteries and motor drive systems of their industrial-grade UAVs, and BMS for the energy storage systems, respectively.	2015

Rank	Customer	Customer Type	Sales Amount	Percentage of total revenue	Type of product/services purchased	Profile of end customers	Year of commencement of business relationship
			(RMB'000)	*(%)*			
4	Customer D[4]	Distributor	45,266	7.9	Trench MOSFET SGT MOSFET	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for their smartphones.	2019
5	Customer E[5]	Distributor	39,514	6.9	Trench MOSFET	Leading smartphone and tablet manufacturers in the consumer electronics sector. Our products are primarily applied in the lithium battery protection and BMS for their smartphones and tablets.	2022

Notes:

(1) Customer A is a private company headquartered in Shanghai, China with a registered capital of RMB5.0 million, that primarily engages in sales of power semiconductor devices.

(2) Customer B is a private company headquartered in Guangdong, China with a registered capital of RMB15.0 million, that primarily engages in sales of power devices.

(3) Customer C is a private company headquartered in Guangdong, China with a registered capital of RMB3.0 million, that primarily engages in sales of electronic components.

(4) Customer D is a private company headquartered in Jiangsu, China with a registered capital of approximately RMB38.1 million, that primarily engages in sales of electronic components.

(5) Customer E is a private company headquartered in Guangdong, China with a registered capital of RMB2.0 million, that primarily engages in the research, development and sales of electronic devices.

Rank	Customer	Customer Type	Sales Amount	Percentage of total revenue	Type of product/services purchased	Profile of end customers	Year of commencement of business relationship
			(RMB'000)	*(%)*			
For year ended December 31, 2024							
1	Customer B	Distributor	103,720	16.6	Trench MOSFET SGT MOSFET	(i) Leading smartphone manufacturers in the in the consumer electronics sector. Our products are primarily applied in the fast chargers for their smartphones; and (ii) leading UAV manufacturers. Our products are primarily applied in the batteries and motor drive systems of their industrial-grade UAVs.	2021
2	Customer E	Distributor	98,175	15.7	Trench MOSFET	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for their smartphones.	2022
3	Customer F[1]	Direct customer	52,521	8.4	Trench MOSFET SGT MOSFET	Leading NEV manufacturer in the automotive electronics sector. Our products are primarily applied in the power management and control applications within their NEVs' domain control systems, including body, powertrain and cockpit domains.	2023

Rank	Customer	Customer Type	Sales Amount	Percentage of total revenue	Type of product/services purchased	Profile of end customers	Year of commencement of business relationship
			(RMB'000)	*(%)*			
4	Customer G[(2)]	Distributor	42,683	6.8	Trench MOSFET SGT MOSFET SJ MOSFET	(i) Leading UAV manufacturers in the consumer electronics sector. Our products are primarily applied in the batteries and motor drive systems of their consumer-grade UAVs; and (ii) leading UAV manufacturers and new energy storage companies in the industrial applications sector. Our products are primarily applied in the batteries and motor drive systems of their industrial-grade UAVs, and BMS for the energy storage systems, respectively.	2022
5	Customer A	Distributor	38,465	6.2	Trench MOSFET SGT MOSFET	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for their smartphones.	2019

Notes:

(1) Customer F is a public company headquartered in Guangdong, China and listed on the Hong Kong Stock Exchange and the Shenzhen Stock Exchange, that primarily engages in the design and manufacturing of automobiles.

(2) Customer G is a public company headquartered in Guangdong, China and listed on the Shenzhen Stock Exchange, that primarily engages in the sales of electronic components.

Rank	Customer	Customer Type	Sales Amount	Percentage of total revenue	Type of product/services purchased	Profile of end customers	Year of commencement of business relationship
			(RMB'000)	*(%)*			
For year ended December 31, 2025							
1	Customer E	Distributor	187,886	23.1	Trench MOSFET SGT MOSFET	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for their smartphones.	2022
2	Customer G	Distributor	129,297	15.9	Trench MOSFET SGT MOSFET IGBT SJ MOSFET	(i) Leading UAV manufacturers in the consumer electronics sector. Our products are primarily applied in the batteries and motor drive systems of their consumer-grade UAVs; and (ii) leading UAV manufacturers and new energy storage companies in the industrial applications sector. Our products are primarily applied in the batteries and motor drive systems of their industrial-grade UAVs, and BMS for the energy storage systems, respectively.	2022

Rank	Customer	Customer Type	Sales Amount	Percentage of total revenue	Type of product/services purchased	Profile of end customers	Year of commencement of business relationship
			(RMB'000)	*(%)*			
3	Customer B	Distributor	73,509	9.0	Trench MOSFET SGT MOSFET	(i) Leading UAV manufacturers in the consumer electronics sector. Our products are primarily applied in the batteries and motor drive systems of their consumer-grade UAVs; and (ii) leading UAV manufacturers and new energy storage companies in the industrial applications sector. Our products are primarily applied in the batteries and motor drive systems of their industrial-grade UAVs, and BMS for the energy storage systems, respectively.	2021
4	Customer F	Direct customer	39,616	4.9	SGT MOSFET Trench MOSFET	Leading NEV manufacturer in the automotive electronics sector. Our products are primarily applied in the power management and control applications within their NEVs' domain control systems, including body, powertrain and cockpit domains.	2023
5	Customer H[(1)]	Distributor	38,708	4.8	Trench MOSFET SGT MOSFET	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for their smartphones.	2024
For five months ended May 31, 2026							
1	Customer G	Distributor	104,786	29.7	SGT MOSFET Trench MOSFET	(i) Leading UAV manufacturers in the consumer electronics sector. Our products are primarily applied in the batteries and motor-drive systems of their consumer-grade UAVs; and (ii) leading UAV manufacturers and new-energy storage companies in the industrial applications sector. Our products are primarily applied in the batteries and motor-drive systems of their industrial-grade UAVs, and in the battery-management systems for energy-storage systems, respectively.	2022
2	Customer E	Distributor	71,260	20.2%	CSP MOSFET、Trench MOSFET、SGT MOSFET	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for smartphones.	2022

Note:

(1) Customer H is a private company headquartered in Guangdong, China with a registered capital of RMB30.0 million, that primarily engages in the sales of electronic devices.

Rank	Customer	Customer Type	Sales Amount	Percentage of total revenue	Type of product/services purchased	Profile of end customers	Year of commencement of business relationship
			(RMB'000)	*(%)*			
3	Customer I[(1)]	Distributor	34,950	9.9%	SGT MOSFET、Trench MOSFET、SJ MOSFET	(i) Leading consumer-electronics and smart-device manufacturers. Our products are primarily applied in the batteries and motor-drive systems of their consumer-grade devices; and (ii) leading manufacturers in the communications-terminal and precision-components sectors. Our products are primarily applied in the batteries, motor-drive systems and related power-management modules of their smart-device and communications-terminal products, respectively.	2022
4	Customer H	Distributor	15,213	4.3%	SGT MOSFET、Trench MOSFET	Leading smartphone manufacturers in the consumer electronics sector. Our products are primarily applied in the fast charger for their smartphones.	2024
5	Customer J[(2)]	Distributor	13,736	3.9%	Trench MOSFET、SGT MOSFET	(i) Leading manufacturers in the consumer-electronics and smart-device sectors. Our products are primarily applied in the batteries and motor-drive systems of their consumer-grade devices; and (ii) leading manufacturers in the automation-equipment and intelligent-control-system sectors. Our products are primarily applied in the batteries, motor-drive systems and power-management modules of their industrial-grade devices, respectively.	2019

Note:

(1) Customer I is a private company headquartered in Guangdong, China with a registered capital of RMB180.0 million, that primarily engages in sales of electronic components.

(2) Customer G is a private company headquartered in Guangdong, China with a registered capital of RMB8.9 million, that primarily engages in sales of electronic components.

INTELLECTUAL PROPERTY

Our patents, copyrights, trademarks, domain names, know-how, proprietary technologies, trade secrets and other intellectual property rights are critical to our business operations. As of the Latest Practicable Date, we had 116 granted patents in China and overseas, including 69 invention patents, and 47 applications for patents. As of the same date, we had 107 integrated circuit layout design registrations, four copyright and 54 registered trademarks in China and overseas. For our portfolio of material intellectual property rights for our core technologies of which we are the registered owner, as of the Latest Practicable Date, please see "Appendix V — Statutory and General Information — B. Further Information about our Business — 2. Our Intellectual Property Rights."

We rely primarily on a combination of patents, copyrights, trademarks, trade secret and unfair competition laws and contractual rights, such as confidentially agreement, to protect our intellectual property rights. We clearly define all rights and obligations relating to the ownership, use, and protection of intellectual property in all employment agreements and commercial agreements we enter into. To reinforce our IP protection efforts, we have established a comprehensive internal control system covering the full lifecycle of intellectual property, from creation, registration and maintenance to enforcement and dispute resolution. Our internal policies set out clear procedures for IP reviews, patent filings, trade secret classification and protection and employee obligations regarding confidentiality. We have also clearly defined the responsibility of each department to ensure the effective implementation of these procedures. In addition, we also seek to preserve the integrity and confidentiality of our and technical know-how and trade secrets by maintaining physical security of our premises and physical and electronic security of our information technology systems. These include physical access controls at our premises, tiered permission access to sensitive documents, and encryption protocols for our information technology systems.

As of May 31, 2026, we did not experience any pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business. See "Risk Factors — We may become involved in lawsuits to protect or enforce our intellectual property and our patent rights could be found invalid or unenforceable if being challenged in court or before any related intellectual property agency in any jurisdiction." for further details.

QUALITY CONTROL

Product Quality and Safety

We have implemented a comprehensive quality assurance system that ensures rigorous control from R&D and design to production. We are committed to consistently delivering reliable and outstanding products to our customers.

Quality Management

Our quality management system is established based on the ISO 9001 standard. We systematically analyze customer requirements during product design, and carry out product development with full consideration of performance assurance, reliability, manufacturability, and time to market. We perform quality assurance activities on all products delivered to customers. These activities are governed by documented procedures and managed through a comprehensive and well-organized quality control team, led by our quality director.

Customer Quality

We operate customer quality management to enhance customer satisfaction by analyzing customer requirements, promptly handling complaints, continuously improving defect management, and maintaining effective communication channels. We continuously monitor Key Performance Indicators (KPIs) to drive ongoing improvements in customer quality.

Manufacturing Quality

As certain of our packaging and testing are outsourced, we work closely with trusted outsourcing partners to develop optimized manufacturing processes that minimize quality issues during mass production. We maintain a rigorous standard for selecting the suppliers and conduct periodic review to ensure high and stable manufacturing quality of outsourced production. We monitor process data and use statistical process inspection standards to identify

process variability and assess its impact on product quality. We undertake preventive management activities to continuously improve and prevent quality issues. When quality issues occur, we conduct root cause analysis, implement corrective actions, and establish measures to prevent defect spread. We strictly manage nonconforming products. When process changes arise, we identify risks and manage changes through formal change evaluations.

Certifications

We have established a comprehensive quality management system in accordance with the IATF 16949 automotive standard, covering the full spectrum of manufacturing and quality control processes. In addition, our laboratory has been certified under the China National Accreditation Service for Conformity Assessment, demonstrating our technical competence in testing and reliability evaluation. We also possess full qualification capabilities for AEC-Q101 automotive-grade product certification, supporting the mass production and reliability assurance of our automotive semiconductor products.

Product Returns and Warranty

We typically provide a product warranty period of at least one year. We have implemented a systematic return and warranty policy to ensure prompt response to customer feedback and to maintain long-term customer satisfaction.

When a customer requests a product return, our sales personnel will engage with the customer to understand the reason for the return. In the case of quality-related issues, our quality management department will promptly arrange for inspection and issue a formal customer complaint report. Our team will work with the customer to address the issue and provide appropriate solutions. If a return is deemed necessary following communication with the customer, the responsible sales representative will submit a return application via email, which is subject to internal approval by the relevant department head. Upon approval, the return process will be executed accordingly. For non-quality-related matters, such as incorrect shipments, we handle the situation through negotiation with the customer based on the specific circumstances.

In 2023, 2024, 2025 and for the five months ended May 31, 2026, product returns from our distributors amounted to RMB4.0 million, RMB0.2 million, RMB1.1 million and RMB0.2 million, respectively, and product returns from our end customers amounted to RMB0.1 million, RMB0.2 million, RMB0.2 million and nil, respectively. Such returns were mainly due to mismatches between the technical specifications of our products and customers' actual requirements, and the products can generally be resold after inspection. During the Track Record Period, we did not experience any material product recall, return or liability claims.

INVENTORY

Our inventories primarily consist of raw materials, work in progress, outsourced processing materials, finished goods, dispatched goods and goods in transit. We place great emphasis on inventory management and have established end-to-end procedures to ensure both the security and efficiency of our inventory. Our inventories are stored at designated locations and issue on a first-in, first-out basis. We also strictly control our warehouse temperature and humidity according to different inventory types. From receipt to dispatch, we have in place rigorous verification procedures to monitor every steps. Besides, we conduct regular inventory check to maintain accuracy and transparency, thereby ensuring the stable operation of our warehousing and logistics system. We also periodically analyze slow-moving inventories and promptly implement appropriate management plans.

INFORMATION SECURITY AND DATA PRIVACY

We have adopted a series of measures to secure the privacy of our customers, including maintaining the register of our data processing activities, adopting security mechanism such as encryption for our data storage, and deploying antivirus solutions and network accessibility restrictions. Besides, we have established data backup and disaster recovery plans for our IT applications and servers.

During the Track Record Period and up to the Latest Practicable Date, as advised by our PRC Legal Advisor, we had not been subject to any material claim or penalty or accident in relation to data privacy and security, and we had been in compliance with the relevant PRC Data privacy and protection laws and regulations in all material aspects.

COMPETITION

The power semiconductor device industry in which we operate is intensely competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and services and constant emergence of new industry standards and practices.

According to CIC, the Chinese power semiconductor device industry remains relatively concentrated, with the top ten participants accounting for over half of domestic market share in terms of revenue. These companies lead in core power technologies covering silicon, silicon carbide and gallium nitride and have long dominated high-end applications such as consumer electronics, automotive electronics, industrial applications, and emerging AI sectors, thus forming a stable supply framework.

Meanwhile, Chinese companies, although relatively smaller in scale, have rapidly expanded their market share by leveraging their technological innovation capabilities, driven largely by domestic demand and growth of the downstream industry. While most Chinese companies remain focused on the low- to mid-end segments, their role in the global landscape is expected to grow as localization advances and investments in process upgrades and packaging technologies deepen. Bridging the technological gap with established overseas companies remains a key priority, particularly as China pushes for greater self-sufficiency and competitiveness in core power semiconductor device components. See "Industry Overview" for more information about the competitive landscape we face.

INSURANCE

We maintain insurance policies to cover various aspects of our business and operations, such as employee accident insurance, compulsory traffic accident liability insurance and commercial vehicle accident insurance to secure our business continuity. We review our insurance policies timely to ensure its compliances with the statutory PRC laws and regulations. We believe that our existing insurance coverage is adequate for our business operation and is in line with industry standards in the countries where we operate.

During the Track Record Period, we were not subject to any material claim of insurance. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage. See "Risk Factors — Our insurance coverage may not be sufficient to cover all losses or potential claims, which would affect our business, financial condition and results of operations."

EMPLOYEES

As of May 31, 2026, we had a total of 366 full-time employees. A majority of our employees were based in China during the Track Record Period and up to the Latest Practicable Date. The table sets forth a breakdown of our employees by function as of May 31, 2026.

Function	Number	Percentage of Total Number
		(%)
R&D	93	25.4
Sales and marketing	60	16.4
Procurement	24	6.6
Production	140	38.3
Finance	7	1.9
Administrative	42	11.5
Total	**366**	**100.0**

We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition, in particular, the noncompetition provision and confidentiality provision.

We highly value the potential of our employees and have invested substantial efforts and resources in recruiting and training our employees. In addition to regular recruitment program through specialized recruiting firms and other third-parties, we have also implemented internal referrals policy to attract potential talents to join us. In light of the long-term benefits of talent cultivation, we provide internal training programs to our employees periodically to enhance their technical know-how and solid their knowledge and expertise for the industry.

None of our employees are currently represented by labor unions. We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

Social Insurance and Housing Provident Funds

As required by applicable laws and regulations, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds.

During the Track Record Period, we did not make full contributions to social insurance and housing provident fund for our employees as required by the relevant PRC laws and regulations. In 2023, 2024, 2025 and five months ended May 31, 2026, the shortfall of our social insurance contributions and housing provident funds was RMB2.3 million, RMB2.6 million, RMB5.3 million and RMB3.2 million, respectively. As advised by our PRC Legal Advisor, pursuant to applicable PRC laws and regulations, if an employer fails to make social insurance contributions in full, the relevant authorities could order the employer to pay, within a prescribed time limit, the outstanding amount with an additional late payment penalty at the daily rate of 0.05%, and if the employer fails to make the overdue contributions within such time limit, a fine equal to one to three times the outstanding amount may be imposed. As such, the maximum amount of penalty is expected to be RMB5.6 million, RMB6.4 million, RMB13.0 million and RMB7.8 million in 2023, 2024, 2025 and five months ended May 31, 2026,

respectively. Additionally, pursuant to applicable PRC laws and regulations, if an employer is overdue in the payment and deposit of, or underpays, the housing provident fund, the relevant authority could order the employer to make the payment and deposit within a prescribed time limit and, failing which, an application may be made to a court in China for compulsory enforcement. Pursuant to the Urgent Notice on Enforcing the Requirement of the General Meeting of the State Council and Stabilizing the Levy of Social Insurance Payment (《關於貫徹落實國務院常務會議精神切實做好穩定社保費徵收工作的緊急通知》) promulgated on September 21, 2018 by the Ministry of Human Resources and Social Security, human resources and social security authorities are prohibited from organizing and conducting centralized collection of enterprises' historical social insurance underpayments.

We have not made provisions for the shortfalls of contributions to the social insurance and housing provident funds during the Track Record Period. Considering that, as of the Latest Practicable Date, (i) we were not aware of any plans by the relevant tax authorities or regulatory bodies to conduct a comprehensive recovery or impose penalties to make the outstanding shortfall, (ii) we had not received any notice from relevant competent government authorities regarding any claim for inadequate contributions of our employees, nor any notification from the relevant competent government authorities requiring us to pay the shortfalls, (iii) if we are required to make such payments, we will promptly settle the outstanding shortfall in social insurance and the housing provident fund, and (iv) the Ministry of Human Resources and Social Security and the State Administration of Taxation have strictly prohibited the centralized collection of historical shortfalls for social insurance and housing provident fund contributions, our PRC Legal Advisor is of the view that, (i) the likelihood that the relevant social insurance and housing provident fund authorities would take initiative to recover the shortfall of social insurance and housing provident fund contributions from us or impose material administrative penalties on us due to our failure to provide full social insurance and housing provident fund contributions for our employees during the Track Record Period is remote, and (ii) the shortfall has no material adverse impact on our business operations and financial performance. According to the prevailing government policies and enforcement practices in the relevant jurisdictions, as advised by our PRC Legal Advisor, in the absence of employee complaints, regulatory authorities generally do not proactively require employers to pay the shortfalls. As of the Latest Practicable Date, we were not subject to any mandatory rectification or additional payments. Notwithstanding the foregoing, we have initiated internal self-assessment procedures to review our social insurance compliance practices and strengthen relevant internal management processes. We will continue to monitor regulatory developments and maintain communication with the relevant authorities. If and when the competent authorities require corrective actions, we expect to implement the necessary rectification measures within the applicable timeframe. Notwithstanding that the maximum potential amount of penalties accounted for approximately 40.0%, 33.0% and 25.7% of our profit for the years ended December 31, 2023, 2024 and 2025, respectively, the maximum potential amount of penalty is expected to be RMB7.8 million for the five months ended May 31, 2026, during which period we recorded a net loss of RMB0.5 million, based on the view of our PRC Legal Advisor, and taking into account (i) the absence of any historical penalties or ongoing investigations by the relevant authorities, (ii) prevailing enforcement policies and practices, and (iii) the measures we have implemented to strengthen our management of social insurance compliance, our Directors are of the view that the likelihood that we would be required by relevant authorities to pay the shortfall for social insurance and housing provident fund contributions and/or be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote. Thus, the shortfall would not have a material adverse impact on our business operations or financial performance.

PROPERTIES

Owned Properties

As of Latest Practicable Date, we owned four buildings or units in Guangdong, China, with an aggregate GFA of over 33,000 sq.m., which were mainly used as our factory and warehouses. As of Latest Practicable Date, we had obtained all building ownership certificates for all buildings we owned.

In October 2025, Vergiga Integrated Circuit (Zhoushan) Co., Ltd. (威兆集成電路(舟山)有限公司) ("**Vergiga Zhoushan**"), our subsidiary, entered into a land use rights grant contract with the Natural Resources and Planning Bureau of Zhoushan, Zhejiang Province. Pursuant to the contract, Vergiga Zhoushan agreed to acquire the land use rights for a parcel of state-owned construction land located in Putuo District, Zhoushan, for a total consideration of approximately RMB51.74 million. The consideration is payable in two installments and funded by cash from our business operations. As of the Latest Practicable Date, we had paid the first installment of approximately RMB25.87 million in accordance with the contract terms. We have also completed the preliminary title registration (預告登記) for the property with the relevant PRC real estate registration authority. We expect to settle the final installment by October 2026 with our operating cash flows. We intend to use this property to build a new production base.

In February 2026, Vergiga Zhoushan entered into another a land use rights grant contract with the Natural Resources and Planning Bureau of Zhoushan, Zhejiang Province. Pursuant to the contract, Vergiga Zhoushan agreed to acquire the land use rights for a parcel of state-owned construction land located in Putuo District, Zhoushan, for a total consideration of approximately RMB26.8 million. The consideration is payable in two installments and funded by cash from our business operations. As of the Latest Practicable Date, we had paid the first installment of approximately RMB13.4 million in accordance with the contract terms. We have also completed the preliminary title registration (預告登記) for the property with the relevant PRC real estate registration authority. We expect to settle the final installment by February 2027 with our operating cash flows. We intend to use this property to build a new production base.

Lease Properties

As of Latest Practicable Date, we leased seven main properties across China, with an aggregate GFA of 3,867.8 sq.m., which were mainly as our offices. For two of these leased properties, we had not received real estate ownership certificates or proof of authorizations from the lessors or the property owners as of the Latest Practicable Date. As advised by our PRC Legal Advisor, these defects would not have material adverse effect on our use of the properties for our business. Our leases generally have a term ranging from one to three years. We are generally allowed to terminate lease agreements with a prior notice, which provides us with operational flexibility, albeit usually at the cost of forfeiting deposits and/or paying a termination fee.

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not completed lease registration for four of the properties we leased in China. The failure of obtaining lease agreement registration was primarily because (i) owners of two properties have not obtained ownership certificates; (ii) owner of one property fails to cooperate in providing the relevant ownership certificate and (iii) the lease registration of one lease is expected to complete in due course. According to the

relevant PRC laws and regulations, we may be ordered by the relevant government authorities to register the relevant lease agreements within a prescribed period, failing which we may be subject to a fine ranging from RMB1,000 to RMB10,000 for each non-registered lease, and a maximum of RMB40,000 for our four non-registered leases. As advised by our PRC Legal Advisor, the lack of registration of the lease agreements does not affect the validity of such lease agreements, nor materially and adversely affect the operations of our Company and the Group.

Property Valuation

As of the Latest Practicable Date, no single property interest forming part of our Group's property activities had a carrying amount of 1% or more of our total assets and we had no single property with a carrying amount of 15% or more of our total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this document any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong), this document is exempted from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which requires a valuation report with respect to all of our interests in land or buildings.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We emphasize on long-term value creation and social responsibility, being fully aware that factors such as environmental, social and governance ("**ESG**") have a profound impact on our long-term sustainable development. Therefore, we have thoroughly embedded ESG principles within our strategic planning and day-to-day operations, committed to creating long-term positive value in the ESG area for our stakeholders including customers, suppliers and communities affected by our operations.

ESG Governance Framework

In order to effectively manage and promote our ESG efforts, we have established a structured ESG governance framework that is aligned with our long-term strategic objectives. The framework is divided into three levels: strategy, tactics and execution, covering the Board, the ESG working group, management and executives:

- **The Board:** The Board is responsible for formulating our ESG strategies and policies, overseeing the ESG governance system, and evaluating our overall ESG performance.

- **ESG Working Group:** This cross-departmental group is responsible for implementing ESG strategy, setting targets, assessing ESG-related risks, and reporting progress to the Board.

- **Management and Executives:** Our management and executive teams are responsible for executing ESG plans and integrating ESG requirements into our daily business operations.

ESG Risk Management and Strategy

We have established a risk management and internal control system to identify, assess, and manage material ESG-related risks. Our primary ESG risk management strategies focus on the following areas:

- **Environmental:**
  - We are committed to addressing climate change and improving energy efficiency by optimizing our energy structure, exploring renewable energy sources, and implementing energy-saving measures. We also manage waste in compliance with applicable laws and regulations, and seek to reduce waste generation through recycling and other initiatives.
- **Social:**
  - We are committed to employee health, safety and development by providing a safe working environment, protecting employee rights, and offering training and career development opportunities. In product responsibility, we manage quality throughout the product lifecycle and maintain a customer complaint mechanism to protect customer rights. For data security, we have established a comprehensive information security management system tailored to our semiconductor design business, including data classification, access controls and encryption to protect R&D data and customer information. We also integrate ESG principles into our R&D process, focusing on developing environmentally friendly products for strategic areas such as automobile and photovoltaic energy storage.
- **Governance:**
  - We uphold business ethics through our compliance management system and regular employee training. In supply chain management, we have established supplier admission, review and evaluation procedures that require suppliers to disclose their environmental certifications and quality management systems.

ESG Environment

Indicator

We proactively promote carbon reduction and environmental protection principles and have implemented a series of measures to address environmental risks, including climate change and energy shortages. Through environmental impact assessments, we ensure that our products meet sustainable development standards.

Our main business is the research and development, design and sales of high-performance power semiconductor devices. In addition, we operate our Zhuhai factory to undertake a portion of manufacturing activities.

During the Track Record Period, our main energy consumption details were as follows:

Indicator	Unit	For the year ended December 31,			For the five months ended May 31,
		2023	2024	2025	2026
Gasoline consumption	Liter	7,062.82	8,071.67	7,942.64	3,021.21
Power consumption	Megawatt hour	2,053.29	6,849.32	9,120.54	4,754.36
Total water consumption	Ton	6,191.00	39,166.00	123,736.50	69,780.00
Exhaust emissions	Ton	–	0.24	2.05	0.30
Total amount of hazardous waste	Ton	–	23.35	160.58	134.09

Note: Our Zhuhai factory commenced trial operations in July 2024. No exhaust gases, waste materials, or packaging material consumption were generated from 2023 up to May 31, 2026.

In terms of greenhouse gas emissions, we categorize our emissions into Scope 1, Scope 2 and Scope 3 in accordance with the Greenhouse Gas Accounting System — Enterprise Accounting and Reporting Standards. Scope 1 emissions relate to direct emissions from fuel combustion, primarily gasoline consumed by our operations. Scope 2 emissions represent indirect emissions from purchased electricity. Scope 3 emissions mainly relate to indirect emissions generated from business travel.

During the Track Record Period, the breakdown of our principal greenhouse gas emissions is as follows:

Indicator	Unit	Year ended December 31,			For the five months ended May 31,
		2023	2024	2025	2026
Total greenhouse gas emissions	tCO_2e	1,351.47	3,929.53	5,231.90	2,692.16
Scope 1 greenhouse gas emissions	tCO_2e	16.67	19.05	18.74	7.13
Scope 2 greenhouse gas emissions	tCO_2e	1,101.79	3,675.35	4,894.08	2,551.19
Scope 3 greenhouse gas emissions	tCO_2e	233.01	235.13	319.08	133.84
Intensity of greenhouse gas emission	tCO_2e/million units	1.76	3.76	3.28	3.88

Note: Total greenhouse gas emissions are the sum of Scope 1, Scope 2 and scope 3 greenhouse gas emissions.

Energy saving and emission targets

Reduction in carbon emissions intensity in 2050 relative to 2024	30%
Decrease in electricity intensity[(1)] in 2030 compared to 2024	1%

Note:

(1) Electricity intensity = MWh/million units.

Emissions

Our factory has obtained the IECQ HSPM QC080000 Hazardous Substance Management System Certification.

The waste we generate is divided into hazardous waste (such as mixed acid waste liquid, nickel-containing waste liquid, gold-containing waste liquid, palladium-containing waste liquid, waste engine oil, composite wastewater sludge and spent activated carbon) and non-hazardous waste (such as cardboard, wood and scrap metal). The hazardous waste generated in our daily operations is handled by qualified third-party waste disposal companies.

In terms of exhaust gas emissions, the packaging and testing plants mainly produce non-methane hydrocarbon (NMHC). To ensure that the exhaust gas meets the emission standards, we adopt a treatment process that combines water spray tower adsorption with secondary activated carbon adsorption. After this process, harmful substances in the exhaust gas can be effectively removed, thereby reducing harmful effects. At the same time, the exhaust gas emissions are monitored through regular testing to ensure that the exhaust gas emission concentration and the total amount of pollutants meet regulatory requirements.

Clean Energy and Energy Efficiency

We are committed to low-carbon operations, with our core business deeply integrated into the new energy ecosystem, serving key areas such as new energy vehicle power systems, smart charging stations, and photovoltaic energy storage. We are also advancing a comprehensive green office system to enhance resource efficiency through energy-saving habits, water conservation, and standardized vehicle management, including timely recording of mileage and fuel consumption to reinforce fuel control.

Green Products

Our WLCSP products can meet high industrial reliability standards without additional plastic mold compound for protection. By eliminating the need for materials such as packaging frames, lead wires and molding resin, and avoiding the use of hazardous substances like lead, our products exhibit comparatively lower material usage in the packaging process. We plan to further develop and broaden the application of WLCSP technologies and gradually increase the contribution of such products to our revenue mix. We will also continue to optimise our manufacturing processes with a focus on resource efficiency and environmental performance, and explore the adoption of similar technologies across more product categories to support differentiated competitiveness and contribute to the industry's low-carbon development.

Employment

We are committed to talent introduction and development, ensuring equal rights in employment terms, training, promotion and compensation, and prohibiting discrimination and all forms of child or forced labor. As of May 31, 2026, we had a total of 366 employees, consisting of 241 males and 125 females. In terms of age distribution, 12 employees were aged 50 and above, 197 were between 30 and 50 years old, and 157 were under 30.

Employee Communication, Health and Safety

We have established communication channels including management-employee symposia, anonymous suggestion boxes, and cross-departmental project groups to facilitate business exchanges. In occupational health and safety, we comply with the PRC Law on the

Prevention and Control of Occupational Diseases and the ISO 45001:2018 standard. We provide annual health check-ups, emergency medical kits, on-site gym facilities, and business travel accident insurance for employees. During the Track Record Period, we recorded no significant occupational safety incidents, demonstrating our success in fostering a safe and compliant working environment.

Employee Cultivation and Development

In terms of employee training, we have formulated a comprehensive training system to ensure the orderly and efficient implementation of employee training and lay a solid foundation of talents for the long-term development of our Company.

In terms of career development, we have established a dual-track promotion system of "Technical+ Managerial" to provide employees with multi-dimensional career growth space.

Supply Chain Management

As a semiconductor design company, we recognized that upstream processes within our supply chain, particularly wafer fabrication and packaging and testing, involve high levels of energy consumption and may give rise to environmental impact. To ensure environmental compliance and promote sustainability across our supply chain, we have implemented the following measures:

(1) we require all third-party wafer foundries and packaging and testing service providers to comply with the environmental protection laws and regulations applicable to their operations, including requirements relating to wastewater and exhaust emissions and hazardous waste management. We monitor the environmental compliance records of our suppliers on an ongoing basis and take such performance into account in our supplier risk assessments, as any non-compliance may expose us to potential liabilities or otherwise affect the stability of our supply chain.

(2) In selecting and evaluating suppliers, we assess their environmental management systems and capabilities.

(3) We continue to enhance the environmental performance of our Zhuhai factory, which operates in strict accordance with the Environmental Protection Law of the PRC and the Regulations on the Administration of Pollutant Discharge Permits. We also use our internal practices as benchmarks and actively encourage our major suppliers to improve energy efficiency and reduce emissions, with the aim of jointly mitigating environmental risks and supporting the green and sustainable development of our industry value chain.

Anti-Bribery and Anti-Corruption

In order to build an honest and compliant business operation system and to maintain a strong business reputation and ethical standards, we have formulated strict management policies for anti-corruption and anti-bribery, which expressly prohibit any forms of corruption, bribery and unfair benefit transmission.

We have set up a physical complaint box and established a safe and confidential whistle-blowing process. Complaints are directly handled and investigated by designated personnel, and a comprehensive whistle-blower protection mechanism has been established. Prior to cooperating with business partners, we carry out compliance assessments, prohibit the

transfer of improper benefits, and clearly specify the liquidated damages clause in the cooperation agreement. Additionally, our management implements regular supervision of key business areas through internal audit and third-party compliance inspections, ensuring that anti-corruption standards are embedded throughout the operational chains.

During the Track Record Period, we did not receive any material investigation in relation to anti-corruption matters.

Charity and Public Welfare

We are concerned about public welfare issues such as environmental protection, rural revitalization and community construction, and proactively fulfil our corporate social responsibility by actively engaging in social welfare through various forms and making charitable donation activities.

In 2025, we made a charity donation of RMB10,000 for the project to construct a new drinking water cistern in Daluping Group, Qianjin Village, Longxing Town, Daozhen Gelao and Miao Autonomous County, Zunyi City.

AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

Award/Recognition	Award Year	Awarding Institution/Authority
National High-tech Enterprise (國家高新技術企業)	2023	Shenzhen Science and Technology Innovation Commission
National Little Giant Enterprise (國家專精特新小巨人企業)	2024	PRC Ministry of Industry and Information Technology
Guangdong Engineering Technology Research Center (廣東省工程技術研究中心)	2024	Guangdong Science and Technology Department
Shenzhen Technologically Advanced Small and Medium-sized Enterprise (深圳市專精特新中小企業)	2024	The Service Bureau for Small and Medium-sized Enterprises of Shenzhen
China IC Design Fabless 100 Ranking — Top 10 Power Device Company (中國IC設計Fabless100排行榜—TOP10功率器件公司)	2023, 2024, 2025 and 2026	ASPENCORE

During the Track Record Period and up to the Latest Practicable Date, we had also participated in the drafting of several national standards for semiconductors.

LEGAL PROCEEDINGS AND COMPLIANCE

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

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

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

INTERNAL CONTROL AND RISK MANAGEMENT

We are committed to establishing and maintaining a robust risk management and internal control framework. We have adopted and continuously enhance our internal control mechanisms, including policies and procedures tailored to our business operations. And our comprehensive risk management policies address potential risks arising across various aspects of our operations, covering R&D, production, procurement, sales, human resources, finance, legal and compliance, among other areas.

Operational Risk Management

We face operational risks in our daily operations, primarily arising from inadequate internal controls and systems, human error, IT system failures or external events. We consider these operational risks to be our principal business risks and believe that they can be controlled and mitigated through appropriate operational policies and procedures. We have established a sound risk management system to monitor and address risks in our daily operations, including the management of: (i) internal financial records; (ii) corporate seals and signatures; and (iii) business records.

Financial Reporting Risk Management

We have established a set of accounting policies to manage financial reporting risks, including accounting records management, invoice management, budget management, cash management, financial statement preparation, and financial department and staff management. To implement these policies, we have developed corresponding procedures, and our finance department regularly reviews our management accounts in accordance with those procedures.

Information System Risk Management

We have implemented relevant internal procedures and controls to ensure that data is protected, and that leakage and loss of such data is avoided. During the Track Record Period and up to the Latest Practicable Date, we did not experience any information leakage or loss of data that would have a material and adverse effect on our operations. We have instituted and implemented stringent information system monitoring procedures. We also dedicated information system administrators to review the security situation to maintain high standards of data integrity and security. This review process includes examining authorized access, privileged operations, attempts at unauthorized access, system failures, and anomalies.

Internal Audit

We have established an audit committee to monitor the implementation of our risk management policies across our Group on an ongoing basis to ensure that our internal control system is effective in identifying, managing and mitigating risks involved in our business operations. The audit committee consists of three members, namely Ms. JI Xingdan, Dr. CHEN

Yu and Mr. YUAN Wei. Ms. JI Xingdan is the chairperson of the audit committee. For the professional qualifications and experiences of the members of our audit committee, see the section headed "Directors and Senior Management" for details.

We also maintain an internal audit department which is responsible for reviewing the effectiveness of internal controls and reporting to the audit committee and senior management on any issues identified. Our internal audit department members are required to report to management to discuss any internal control issues we face and the corresponding measures to implement toward resolving such issues. The internal audit department reports to the audit committee to ensure that any major issues identified are channeled to the committee on a timely basis. The audit committee then discusses the issues and reports to the board of directors, if necessary.

Internal Control Risk Management

We have designed and implemented stringent internal control procedures to ensure compliance with all applicable laws and regulations. Under these procedures, our legal department reviews contract terms, examines relevant business documents, and secures any required government approvals or consents in advance. We strictly prohibit employees from accepting kickbacks, bribing others, secretly collecting commissions, or obtaining any other personal benefits.

Human Resources Risk Management

We have implemented a comprehensive human resources management system to enhance operational efficiency as well as safeguard the lawful rights and interests of both parties to the employment relationship. Our internal human resources framework covers every stage of the employment lifecycle from recruitment and probation, to performance appraisal, promotion, review, and termination. We have in place an employee handbook and code of conduct approved by our management, and distribute them to all our employees. The handbook sets out internal rules and guidelines on professional ethics, fraud prevention, misconduct, and corruption. Besides, we also provide regular training and resources to help our employees understand the guidelines set out in the handbook.

BUSINESS ACTIVITIES IN RELATION TO PRODUCTS AND ENTITIES SUBJECT TO U.S. EXPORT CONTROLS AND INTERNATIONAL SANCTIONS

During the Track Record Period, we have procured thermal sensors ("**Procured Items**") classified under the Export Control Classification Number ("**ECCN**") of EAR99. We procured the Procured Items in 2023, with a minimal transaction amount of USD7,800. The Procured Items were only used for testing purposes, in particular, junction temperature testing, thermal resistance parameter measurement, and device reliability verification of certain semiconductor samples, and were not involved in the our production process nor incorporated into products for external sales. Save for the Procured Items, we have not procured other components subject to the EAR. These Procured Items classified as EAR99 are generally low-technology consumer goods that do not require a license in most situations, including our procurement, since we are not designated on the Specially Designated Nationals and Blocked Persons List, the Entity List or the Military End-User List during the Track Record Period and up to the Latest Practicable Date. After consultation with our U.S. Foreign Investment and International Sanctions Legal Advisor and taking into account its view, after performing the procedures it considers necessary, our Directors are of the view that, on such basis, export licenses are not required for our procurement of such Procured Items.

During the Track Record Period, we have sold Trench MOSFET in chip scale packaging ("**CSP**") and wafer to two customers listed on the Entity List ("**EL Customers**") maintained by the BIS. Provision of items subject to the EAR without a licence from BIS to the EL Customers is prohibited. We transacted with the two EL Customers only in 2025. The revenue generated from such sales was approximately RMB33.3 million, representing approximately 4.1% of our total revenue in 2025. Our transactions with the EL Customers (i) were denominated solely in RMB; (ii) did not incorporate or contain 10% or more of technology or items subject to the EAR nor are a direct product of controlled U.S. technology or subject to the applicable foreign direct product rule pursuant to the § 734.9 of the EAR ("**FDPR**") and (iii) all our products sold to the EL Customers were not of U.S.-origin. After consultation with our U.S. Foreign Investment and International Sanctions Legal Advisor and taking into account its view, after performing the procedures it considers necessary, our Directors are of the view that, given the nature of the transaction involving the EL Customers, these transactions did not represent a violation of the U.S. export controls applicable to the EL Customers. Going forward, we expect to continue to transact with the EL Customers, provided that these transactions remain compliant with the EAR.

We had engaged with four suppliers listed on the Entity List during the Track Record Period as foundries to manufacture our Trench MOSFET and epitaxy domestically in China, and we also procured epitaxy from one supplier listed on the Entity List (these five suppliers are collectively referred as the "**EL Suppliers**"). The BIS regulates exports to entities listed on the Entity List. Provision of items, technologies or materials subject to the EAR to entities listed on the Entity List without a license from the BIS is prohibited. Items, technologies or materials will be subject to the EAR if they are (i) of U.S. origin, (ii) incorporate more than the de minimis threshold of U.S. origin components, or (iii) a direct product of U.S. origin item, technology or materials. Our business activities with the EL suppliers were limited to procurement, i.e., no sales whether or not subject to the EAR were made to the EL Suppliers. As advised by our U.S. Foreign Investment and International Sanctions Legal Advisor, since no items, technologies or materials subject to the EAR were exported to the EL Suppliers (i.e. limited to procurement) which may otherwise represent a violation to the applicable U.S. export control regulations, these transactions did not represent a violation of the U.S. export controls regulations applicable to the EL Suppliers.

Our purchases from the EL Suppliers were approximately RMB20.9 million, RMB35.2 million, RMB175.7 million and RMB75.7 million, representing approximately 4.3%, 6.8%, 28.2% and 26.1% of our cost of sales in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively. The increase in our purchases from the EL Suppliers was due to the higher demand of Trench MOSFET. We have explored alternative sources of supply and may adjust our supply chain as needed. However, since these EL Suppliers deliver consistent product quality and our transactions with the EL Suppliers did not represent a violation of the U.S. export controls, we expect to continue to transact with these EL Suppliers to the extent that our transactions with them continue to remain compliant with the EAR. To mitigate potential sanctions risks, we will incorporate contractual provisions on sanctions and export controls requiring these EL Suppliers to comply with all applicable import, export, and sanctions laws and regulations — including, for example, a prohibition on transferring any items subject to the EAR. In addition, since our wafer procurement relies on mature process technologies and does not involve advanced nodes. Our supply chain is highly stable and easily substitutable as this sector is technically mature and has ample market capacity. Therefore, we do not expect any material risk of supply disruptions due to technical bottlenecks. To reduce dependency on any single supplier and to mitigate the supply chain risk, we have been perusing a diversified sourcing strategy by conducting small-scale trial productions with various compatible

foundries to expand our verified vendor list and ensure long-term production stability. We do not expect any material adverse impact on our business operation regarding the continuing transactions with the EL Suppliers or any supply chain adjustment if deemed to be more favorable for our business.

To ensure compliance with the relevant sanctions and export control laws and regulations, we have implemented the following key measures to strengthen the adequacy and effectiveness of our internal control system:

- *Establishment of Policies and Systems:* We have established anti-money laundering and counter-terrorist financing policies, including sanctions screening obligations, procedures for identifying potential sanctions and export control risks, and risk reporting requirements.

- *Customer and supplier screening:* When establishing new business relationships with customers or suppliers, we conduct qualification assessments and screen them against applicable restricted party lists.

- *Monitoring updates on sanctions and export controls:* We closely monitor updates to applicable sanctions and export control laws, regulations and relevant restricted party lists on an ongoing basis to ensure adherence to the latest regulatory requirements.

- *Contractual safeguards:* We incorporate sanction and export control-related provisions into our contracts, requiring counterparties to comply with applicable import/export and sanctions laws and regulations, and providing that counterparties shall be liable for damages in the event of any breach.

- *Independent professional assessment:* We have engaged our legal advisor as to U.S. foreign investment and international sanctions to conduct an independent assessment of our compliance with applicable sanctions and export control laws and regulations, including a comprehensive review of our current and historical business operations for potential sanctions risks.

Based on the above, and after consultation with our internal control consultant, our Directors are of the view that our Company's enhanced internal control measures in relation to sanctions and export control are adequate and effective.

LICENSES, APPROVALS AND PERMITS

During the Track Record Period and up to the Latest Practicable Date, we and our subsidiaries in China had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in China and overseas. We are required to renew such certificates, permits and licenses from time-to-time, and we are continuingly overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

The following table sets forth our material licenses, approvals and permits for our business operations as of the Latest Practicable Date:

License/Approval/Permit	Holder	Issuing Authority	Grant Date	Expiration Date
Registration Certificate for Customs Declaration Entities of the PRC (中華人民共和國海關報關單位註冊登記證書)	The Company	Shenzhen Customs of the PRC	January 9, 2018	Long-term
Filing Receipt for Consignees and Consignors of Import and Export Goods (海關進出口貨物收發貨人備案回執)	Zhuhai Vergiga	Shenzhen Customs of the PRC	April 27, 2021	Long-term
Filing Receipt for Consignees and Consignors of Import and Export Goods (海關進出口貨物收發貨人備案回執)	Zhuhai Haochen	Shenzhen Customs of the PRC	June 23, 2020	Long-term
Certificate of Registration for Consignees and Consignors of Import and Export Goods (海關進出口貨物收發貨人備案證明)	Vergiga Zhoushan	Hangzhou Customs of the PRC	March 3, 2026	Long-term
Pollutant Discharge Permit (排污許可證)	Zhuhai Vergiga	Zhuhai Municipal Bureau of Ecology and Environment	August 7, 2025	August 6, 2030
Radiation Safety Permit (輻射安全許可證)	Zhuhai Vergiga	Zhuhai Municipal Bureau of Ecology and Environment	April 2, 2024	April 1, 2029

You should read the following discussion and analysis in conjunction with our consolidated financial statements included in the Accountants' Report in Appendix I to this document, together with the respective accompanying notes. Our consolidated financial information has been prepared in accordance with IFRS Accounting Standards. You should read the entire Accountant's Report and not merely rely on the information contained in this section.

The following discussion and analysis contain forward-looking statements that reflect our current views with respect to future events and financial performance that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical events, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. In evaluating our business, you should carefully consider all of the information provided in this document.

OVERVIEW

We are a provider of power semiconductor devices with an established market presence in China, focusing on the research and development, design and sales of high-performance power semiconductor devices. Our mixed business model strategically combines the flexibility of outsourcing standardized manufacturing with the control of proprietary in-house manufacturing capabilities, allowing us to maintain supply chain flexibility and achieve effective cost and quality control.

For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our revenue amounted to RMB575.5 million, RMB624.3 million, RMB814.1 million, RMB347.2 million and RMB353.3 million, respectively.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Demand from downstream market and our customer relationship

Our business performance is affected by the downstream market size and customer demand for more efficient power semiconductor devices. The overall growth of China's power semiconductor device market is mainly driven by the growing demand from downstream applications, technological advancements such as AI that are reshaping downstream applications, process innovations and yield improvements and favorable government policies. According to CIC, the China's power semiconductor device market increased from RMB80.7 billion in 2021 to RMB109.0 billion in 2025, with a CAGR of 7.8%. The market is expected to further reach RMB180.4 billion in 2030, with a CAGR of 10.4% from 2026 to 2030. Downstream market demand could be affected by number of factors including macroeconomic conditions, technological advancements, and the evolving needs of end customers across various sectors. Furthermore, the power semiconductor device industry is experiencing trends such as increasing domestic substitution, higher integration level and development towards more advanced packaging processing techniques.

We have established long-term and stable relationships with key customers, including leading consumer electronics and industrial device manufacturers. Our customer development strategy focuses on early-stage design-in and collaborative development to secure long-term orders. Our financial performance relies on our ability to innovate and develop products that align with the latest technological trends and customer preferences. We believe that our diverse and comprehensive product portfolio, proven track record of business growth, and our ability

to constantly innovate and adapt to evolving technological advancements, combined with our strong R&D capabilities in power semiconductor device design well position us to capture the market opportunities in global and China's growing power semiconductor device industry.

Our ability to continue to innovate and enrich our product and solution offerings

Our ability to offer our comprehensive portfolio of power semiconductor devices is one of the primary factors influencing our financial conditions and results of operations. During the Track Record Period, our primary product categories included (i) medium-and-low-voltage power semiconductor devices, which can be further divided, in terms of packaging methods, into (a) WLCSP products and (b) non-WLCSP products, and (ii) high-voltage power semiconductor devices based on voltage rating of 600V as a general threshold. Our products are well recognized for their strong performance and stable quality. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, we achieved an aggregate sales volume of 862.2 million units, 1,049.5 million units, 1,463.4 million units, 573.3 million units and 717.4 million units for our medium-to-low-voltage and high-voltage power semiconductor devices, respectively. Our future success depends on our ability to anticipate industry trends and develop products with high-performance and differentiated design that meet the evolving demand of downstream customers in various application fields.

During the Track Record Period, we primarily derived our revenue from the sales of medium-and-low-voltage power semiconductor devices, and, to a lesser extent, high-voltage power semiconductor devices. We price each product based on a variety of factors, including gross margin and market conditions. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our gross profit margin was 15.2%, 17.4%, 23.6%, 22.4% and 17.9%, respectively. Our gross profit margin improved in 2025, primarily because of the increase in both the proportion and the gross profit margin of our WLCSP products, as a result of economies of scale driven by the ramp-up of our Zhuhai factory and cost optimization measures including technical upgrade and more favorable terms from suppliers. In particular, our gross profit margin decreased from 22.4% in the five months ended May 31, 2025 to 17.9% in the five months ended May 31, 2026, primarily due to market-driven pricing adjustments. In addition, our product mix changed during the relevant periods, with WLCSP products accounting for a relatively lower proportion of sales as a result of decreased demand from downstream industries. Our product mix may also fluctuate in response to the technological changes in the industries and markets to which our products are sold. If there are any significant changes in our product mix, our gross profit margin will be affected by the changes in gross profit margin attributable to each type of product.

We aim to further enrich our product portfolio, broaden our customer base, and maintain a strong focus on high-margin product categories. By continuously refining our product mix and leveraging technological innovation, we are committed to sustain our financial performance and drive long-term growth. However, fluctuations in product demand, shifts in market dynamics, and evolving competitive pressures may impact our financial performance.

Upstream supply and production capacity

Our ability to maintain stable business relationship with our suppliers to obtain quality and price-competitive raw materials and services on a timely basis is crucial for our business and results of operations. We believe our efficient supply chain management enables us to quickly launch and upgrade products in response to customer demand. We also seek to enhance our bargaining power in supply purchases by leveraging our growing procurement scale.

We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include technological expertise, product quality, responsiveness and delivery speed. We also conduct periodic supplier review, annually, or at key project milestones, to assess their performance. However, the quality of our products or services provided by our suppliers is beyond our control, which in turn would lead to reduced or canceled orders. Please see "Risk Factors — Risks Relating to Our Business and Industry — We may not be able to fully maintain quality control over our products" for more details. During the Track Record Period, we were not subject to shortages in the supply of raw materials or services from our suppliers. We do not anticipate any supply chain constraints that would materially and adversely affect our business and results of operations.

Continued investment in R&D, technology and product development

Our ability to continue R&D activities, develop new technologies, design new products and enhance existing products is critical to our operating results. We have historically dedicated significant resources towards R&D. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, we recorded R&D expenses of RMB37.9 million, RMB47.2 million, RMB59.7 million, RMB20.3 million and RMB28.8 million, representing 6.6%, 7.6%, 7.3%, 5.9% and 8.2%, respectively, of our total revenue during the same periods. Specifically, the progress of our technology and product development depends largely on our R&D talents. As of May 31, 2026, our R&D team consisted of 93 dedicated members, approximately 25.4% of whom held a master's degree or above. These resources allow us to address increasingly complex customer specifications, improve product performance, and enter strategic growth areas such as WLCSP. As we believe our market success and financial performance will significantly depend on our ability to maintain our technological advantage, we will continue to invest in proprietary technology development and innovation to grow our competitive strengths against our peers.

Our ability to maintain and improve operating efficiency

Our profitability depends in part on our ability to manage costs and optimize our operating efficiency. For the years ended December 31, 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, we incurred selling and distribution expenses of RMB21.3 million, RMB24.0 million, RMB33.9 million, RMB13.6 million and RMB14.9 million, representing 3.7%, 3.8%, 4.2%, 3.9% and 4.2% of our total revenue during the same periods, respectively, and our administrative expenses amounted to RMB21.7 million, RMB29.0 million, RMB50.4 million, RMB14.1 million and RMB29.7 million, representing 3.8%, 4.6%, 6.2%, 4.1% and 8.4% of our total revenue during the same periods, respectively. We managed to improve operational efficiency by maintaining a streamlined operational workforce and implementing rigorous cost management practices. Simultaneously, we have sought to enhance the management of our operating expenses through detailed budget management and performance monitoring, enabling us to manage overhead costs effectively.

While we expect the absolute amounts of our research and development expenses, selling and distribution expenses, and administrative expenses will continue to increase along with our business growth in the future, we are committed to further enhancing our operational efficiency through economies of scale, optimized resource allocation, and continuous investment in employee training and development.

Seasonality

Our results of operations are affected by seasonal fluctuations in demand for our products to be used in consumer electronics, as impacted by market trends of the consumer electronics industry. In particular, due to the stocking and sales cycles of customers before or around the public holidays such as the Spring Festival and promotional sales period, we typically experience higher sales in the second half of the year. These seasonal fluctuations may render our results of operations in certain given periods not indicative of our results of operations for the full year.

BASIS OF PREPARATION AND PRESENTATION

The Historical Financial Information has been prepared in accordance with all applicable International Financial Reporting Standards, which comprise all standards and interpretation approved by the International Accounting Standards Board (the "**IASB**"). All IFRS Accounting Standards effective for the accounting period commencing on or before January 1, 2026 have been adopted by the Group 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 of the periods during the Track Record Period, as explained in the accounting policies set out in Note 2 to the Accountants' Report in Appendix I to this document which conform with IFRS Accounting Standards.

MATERIAL ACCOUNTING POLICIES, JUDGMENTS AND ESTIMATES

We have identified certain accounting policies that are material to the preparation of our financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgements relating to accounting items. In each case, the determination of these items requires management judgements based on information and financial data that may change in future periods. There has not been any material deviation from 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 to these estimates and assumptions in the foreseeable future. When reviewing our financial information, you should consider: (i) our selection of accounting policies; and (ii) the results to changes in conditions and assumptions.

We believe that the (i) material accounting policy information in relation to the recognition of revenue, inventories, cash and cash equivalents, property, plant and equipment and depreciation, as detailed in Note 2.3 of the Accountants' Report in Appendix I to this document and (ii) accounting judgments and estimates including research and development expenses, deferred tax assets, net realizable value of inventories and provision for expected credit losses on trade receivables, as set forth in details in Note 3 to the Accountants' Report in Appendix I to this document are critical and/or involve the most important estimates and judgments we used in preparing our financial statements.

REVIEW OF HISTORICAL RESULTS OF OPERATIONS

The table below sets forth a summary of our results of operations in absolute amount and as percentages of our total revenue for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Revenue	575,477	100.0	624,259	100.0	814,135	100.0	347,187	100.0	353,267	100.0
Cost of sales	(488,075)	(84.8)	(515,370)	(82.6)	(621,974)	(76.4)	(269,310)	(77.6)	(290,036)	(82.1)
Gross profit	87,402	15.2	108,889	17.4	192,161	23.6	77,877	22.4	63,231	17.9
Other income and gains	6,806	1.2	9,620	1.5	5,595	0.7	1,407	0.4	5,677	1.6
Selling and distribution expenses	(21,321)	(3.7)	(24,007)	(3.8)	(33,934)	(4.2)	(13,630)	(3.9)	(14,941)	(4.2)
Administrative expenses	(21,690)	(3.8)	(28,958)	(4.6)	(50,353)	(6.2)	(14,118)	(4.1)	(29,654)	(8.4)
Research and development costs	(37,903)	(6.6)	(47,173)	(7.6)	(59,659)	(7.3)	(20,334)	(5.9)	(28,808)	(8.2)
(Reversal of impairment)/impairment losses on financial assets, net	(2,256)	(0.4)	(2,667)	(0.4)	1,515	0.2	(612)	(0.2)	(210)	(0.1)
Other expenses	(76)	(0.0)	(6)	(0.0)	(912)	(0.2)	(381)	(0.1)	(1,301)	(0.3)
Finance costs	(2,173)	(0.4)	(2,965)	(0.5)	(2,822)	(0.3)	(1,617)	(0.4)	(1,700)	(0.5)
Profit/(Loss) before tax	8,789	1.5	12,733	2.0	51,591	6.3	28,592	8.2	(7,706)	(2.2)
Income tax credit/(expense)	5,188	0.9	6,620	1.1	(1,075)	(0.1)	(2,063)	(0.6)	7,196	2.1
Profit/(Loss) for the year/periods	13,977	2.4	19,353	3.1	50,516	6.2	26,529	7.6	(510)	(0.1)
Other comprehensive loss for the year/period, net of tax	(124)	(0.0)	(36)	(0.0)	(88)	(0.0)	(58)	(0.0)	(11)	(0.0)
Total comprehensive income for the year/period	**13,853**	**2.4**	**19,317**	**3.1**	**50,428**	**6.2**	**26,471**	**7.6**	**(521)**	**(0.1)**

NON-IFRS FINANCIAL MEASURE

To supplement our consolidated financial statements presented in accordance with IFRS, we also use adjusted net profit (non-IFRS measure) as additional financial measures. These measures are not required by, nor presented in accordance with IFRS. We believe that such non-IFRS measures facilitate comparisons of operating performance across periods and among companies by eliminating the potential impact of certain items. They provide useful information to [**REDACTED**] and other stakeholders in understanding and evaluating our consolidated results of operations in a manner consistent with how they assist our management. Nevertheless, our presentation of adjusted net profit (non-IFRS measure) and adjusted net profit margin (non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of such non-IFRS measures has limitations as analytical tools, and you should not consider them in isolation from, or as a substitute for analysis of, our results of operations or financial condition as reported under IFRS.

We define adjusted net profit (non-IFRS measure) as profit for the year/period adjusted for share-based payments and [**REDACTED**].

The following table sets forth a reconciliation of our profit/(loss) for the year/period to adjusted net profit (non-IFRS measure) for the years/periods indicated.

	For the year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net profit/(loss) for the year/period	13,977	19,353	50,516	26,529	(510)
Add:					
Share-based payment expenses[(1)]	(2,395)	298	5,357	1,506	3,966
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Adjusted net profit for the year/period (non-IFRS measure)	**11,582**	**19,651**	**67,066**	**28,035**	**9,812**

Note:

(1) We recognized a reversal of share-based payment expense of RMB2.4 million in 2023, primarily due to the departure of core management personnel.

Revenue

During the Track Record Period, our revenue was primarily derived from sales of power semiconductor devices, which can be further classified, based on a voltage rating of 600V as a general threshold, into medium-and-low-voltage power semiconductor devices and high-voltage power semiconductor devices. In terms of packaging methods, our medium-and-low-voltage power semiconductor devices can be further divided into WLCSP and non-WLCSP products. In terms of power semiconductor device structure, our medium-and-low-voltage power semiconductor devices mainly include SGT MOSFETs and Trench MOSFETs; and our high-voltage power semiconductor devices mainly include SJ MOSFETs, Planar MOSFETs, SiC MOSFETs and IGBTs.

Revenue by Product

The following table sets forth a breakdown of our revenue by products, in absolute amounts and as percentages of our total revenue, for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Medium-and-low-voltage power semiconductor devices	536,089	93.1	561,565	90.0	765,658	94.0	321,967	92.7	342,815	97.0
WLCSP products	161,345	28.0	243,872	39.1	321,037	39.4	160,672	46.3	96,686	27.4
– Trench MOSFET	161,345	28.0	243,872	39.1	321,037	39.4	160,672	46.3	96,686	27.4
Non-WLCSP products	374,744	65.1	317,693	50.9	444,621	54.6	161,295	46.4	246,129	69.6
– SGT MOSFET	243,036	42.2	160,371	25.7	284,858	35.0	105,274	30.3	168,264	47.6
– Trench MOSFET	131,708	22.9	157,322	25.2	159,763	19.6	56,021	16.1	77,865	22.0

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
High-voltage power semiconductor devices	6,801	1.2	10,076	1.6	13,113	1.7	6,605	1.9	4,264	1.2
– SJ MOSFET	5,614	0.9	8,045	1.2	10,431	1.3	4,883	1.5	3,554	1.0
– Planar MOSFET	290	0.1	316	0.1	567	0.1	166	0.0	203	0.1
– SiC MOSFET	5	0.0	12	0.0	3	0.0	3	0.0	15	0.0
– IGBT	892	0.2	1,703	0.3	2,112	0.3	1,553	0.4	492	0.1
Others[(1)]	32,587	5.7	52,618	8.4	35,359	4.3	18,615	5.4	6,188	1.8
Total	**575,477**	**100.0**	**624,259**	**100.0**	**814,135**	**100.0**	**347,187**	**100.0**	**353,267**	**100.0**

Note:

(1) Others primarily included our revenue from sales of wafers and provision of processing services and reliability testing services.

Revenue by Downstream Application Sector

The following table sets forth our revenue generated during the Track Record Period in terms of the downstream application sectors:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Consumer electronics	417,920	72.5	407,574	65.3	491,467	60.4	218,954	63.1	218,530	61.9
Automotive electronics	55,563	9.7	66,986	10.7	49,085	6.0	23,096	6.7	17,034	4.8
Industrial applications	69,407	12.1	97,081	15.6	238,224	29.3	86,522	24.8	111,531	31.6
Others[(1)]	32,587	5.7	52,618	8.4	35,359	4.3	18,615	5.4	6,172	1.7
Total	**575,477**	**100.0**	**624,259**	**100.0**	**814,135**	**100.0**	**347,187**	**100.0**	**353,267**	**100.0**

Note:

(1) Others primarily include sales of wafers and provision of processing services and reliability testing services.

During the Track Record Period, we primarily generated revenue from the sales of products, including sales of medium-and-low-voltage power semiconductor devices and high-voltage power semiconductor devices. The overall growth in our revenue during the Track Record Period were primarily attributable to a combination of factors, including: (i) the continuous and significant growth in sales of our WLCSP products, driven by strong demand from customers; (ii) our successful expansion in several application scenarios, such as industrial applications, automotive electronics, industrial drones, new energy and energy storage, following the commercialization of new high-performance products; and (iii) a structural shift in product mix, where demand from certain customers for our products in wafer form for their own module integration contributed to fluctuations in our other revenue while concurrently affecting revenue from certain traditionally packaged products. For example, the increased demand for wafer-form products in 2024 results from our customers' tendency to

conduct packaging and module integration in-house instead of purchasing fully packaged discrete components. This is driven by the push toward miniaturization and higher power density in end applications, which requires higher levels of integration, improved space efficiency, and optimized performance. By sourcing products in wafer form, customers gain greater design flexibility, cost control and supply chain efficiency, while differentiating their solutions. As wafer-level integration becomes more prevalent, demand for certain traditionally packaged products accordingly decreased. To address this shift, we optimized our product mix and expanded our offerings into wafer-form products and other application areas with the expectation that growth in these segments will offset the revenue pressure from traditionally packaged products. Please see below for detailed reasons for our revenue changes during the Track Record Period:

Comparison between the five months ended May 31, 2025 and the five months ended May 31, 2026: Our revenue increased by 1.8% from RMB347.2 million in the five months ended May 31, 2025 to RMB353.3 million in same period in 2026, primarily driven by the increase in revenue from our non-WLCSP products, partially offset by the decrease in revenue from our WLCSP products, high-voltage power semiconductor devices and other products, as detailed below.

- *Medium-and-low-voltage power semiconductor devices:* Our revenue from sales of medium-and-low-voltage power semiconductor devices increased by 6.5% from RMB322.0 million in the five months ended May 31, 2025 to RMB342.8 million in the same period in 2026, primarily due to:

  - *WLCSP product:* Our revenue from WLCSP products, which primarily consisted of Trench MOSFETs, decreased by 39.8% from RMB160.7 million in the five months ended May 31, 2025 to RMB96.7 million in the corresponding period in 2026. This decrease was primarily attributable to a 30.2% decline in WLCSP product sales volume from 289.7 million units in the five months ended May 31, 2025 to 202.1 million units in the corresponding period in 2026. Our WLCSP products are primarily used in consumer electronics, particularly smartphones, and our downstream customers include major domestic smartphone brands. During the period, continuous and significant increases in memory chip prices raised component costs across the smartphone supply chain, while the recovery in downstream consumer demand remained slower than expected amid weak market sentiment. As a result, smartphone manufacturers adopted more conservative production and procurement plans, leading to lower shipment volumes of our major customers and a corresponding decrease in their procurement of our WLCSP products. According to CIC, such decrease was primarily attributable to end-market conditions in the consumer electronics sector and was generally consistent with the prevailing market trend.

  - *Non-WLCSP products:* Our revenue from non-WLCSP products increased by 52.6% from RMB161.3 million in the five months ended May 31, 2025 to RMB246.1 million in the same period in 2026. This increase was primarily attributable to an 82.8% increase in sales volume from 280.4 million units in the five months ended May 31, 2025 to 512.6 million units in the corresponding period in 2026. The increase in revenue was primarily driven by the growth of our SGT MOSFET products. Our revenue from SGT MOSFET products increased by 59.8% from RMB105.3 million in the five months ended May 31, 2025 to RMB168.3 million in the corresponding period in 2026. This increase was primarily driven by growing demand from two high-growth

application markets. First, benefiting from the rapid expansion of the UAV market, our products were adopted into the supply chain of a leading UAV brand, resulting in increases in both sales volume and average selling price. Second, benefiting from the continued growth of the global energy storage market, our products entered the supply chain of a leading domestic energy storage inverter manufacturer, also leading to increases in both sales volume and average selling price. In addition, revenue from our Trench MOSFET products increased by 39.0% from RMB56.0 million to RMB77.9 million, primarily due to increased procurement by an existing customer for consumer-grade UAV applications.

- *High-voltage power semiconductor devices:* Our revenue from sales of high-voltage power semiconductor devices decreased by 35.4% from RMB6.6 million in the five months ended May 31, 2025 to RMB4.3 million in the same period in 2026. The decrease in revenue from high-voltage power semiconductor devices was primarily attributable to our continued optimization of our product portfolio and sales mix, as well as the fact that the sales scale of our high-voltage power semiconductor devices had not yet fully recovered during the period, resulting in a decrease in both the sales volume and the average selling price. We had increased sales of SJ MOSFET products, which were principally used in power conversion and power management applications across the renewable energy, energy storage, electric vehicle charging and data center sectors. Such products were of relatively lower selling price.

- *Others.* Our other revenue decreased by 66.8% from RMB18.6 million in the five months ended May 31, 2025 to RMB6.2 million in the same period in 2026, primarily due to the decrease in sales of wafers. This was primarily due to (i) lower procurement by certain key customers as they were undergoing their own product transitions, coupled with a slower-than-expected recovery in end-market demand for consumer electronics, which resulted in a slower pace of customer procurement of our wafers; and (ii) reduced external wafer procurement by certain customers as they increased the proportion of wafers produced in-house as part of their supply chain strategy. Please see "Business — Our Products — Others" for details.

On a downstream application basis, the change in revenue in the five months ended May 31, 2026 was primarily attributable to (i) an increase in revenue from sales to the industrial applications sector by 28.9% from RMB86.5 million in the five months ended May 31, 2025 to RMB111.5 million in the same period in 2026, primarily due to the increase in sales of our SGT MOSFET products for industrial UAV and energy storage applications; partially offset by (i) a decrease in revenue from sales to the automotive electronics sector by 26.2% from RMB23.1 million to RMB17.0 million, primarily due to certain customer projects entering different stages of their life cycle, resulting in changes in product demand and product mix, combined with our strategic improvements to product mix and pricing. As automotive electronics projects typically involve long qualification and commercialization cycles, newly secured customer projects had not yet made a significant revenue contribution during the period, resulting in a temporary timing mismatch between the wind-down of existing projects and the ramp-up of new projects; and (ii) a decrease in revenue from sales to other sectors by 66.8% from RMB18.6 million to RMB6.2 million, primarily due to the decrease in sales of wafers. Revenue from sales to the consumer electronics sector remained relatively stable at RMB219.0 million in the five months ended May 31, 2025 and RMB218.5 million in the same period in 2026, as the decrease in sales of our WLCSP products for smartphones was largely offset by the increase in sales of our products for consumer-grade UAVs.

Comparison between 2024 and 2025: Our revenue increased by 30.4% from RMB624.3 million in 2024 to RMB814.1 million in 2025, primarily driven by the significant increase in sales volume of medium-and-low-voltage power semiconductor devices and high-voltage power semiconductor devices, as detailed below.

- *Medium-and-low-voltage power semiconductor devices*: Our revenue from sales of medium-and-low-voltage power semiconductor devices increased by 36.3% from RMB561.6 million in 2024 to RMB765.7 million in 2025, primarily due to:

  - *WLCSP product*: Our revenue from WLCSP products, which primarily consisted of Trench MOSFETs, increased by 31.6% from RMB243.9 million in 2024 to RMB321.0 million in 2025, primarily due to a 42.9% increase in WLCSP product sales volume from 423.3 million units in 2024 to 604.9 million units in 2025 driven by continued growth in demand for our WLCSP products from both existing and new customers in consumer electronics, primarily leading smartphone manufacturers, particularly for use in the battery management systems. Such growth in demand was primarily driven by stronger consumer spending, supported by government incentives for electronic purchases, as well as robust sales of high-end and foldable smartphones. Anticipation of potential price increases further encouraged consumers to upgrade their devices. We capitalized on these favorable market dynamics by intensifying our marketing initiatives, strengthening technical support for our customers, and tailoring our solutions to meet the evolving requirements of the smartphone industry. As a result, adoption of our WLCSP products increased among leading smartphone manufacturers. Our WLCSP products, which feature key performance characteristics such as low on-resistance and integrated ESD protection, are designed to meet the stringent demands for efficiency, reliability, and miniaturization in devices such as smartphones, tablets and other portable electronics. Our continuous product iterations and technological upgrades have allowed us to become key suppliers to several major smartphone manufacturers, leading to an increase in sales volume. We retain and acquire customers by delivering value to clients, including through ensuring stable production capacity through Zhuhai factory, maintaining product quality with a low outgoing defect rate, and closely collaborating with customers to adapt our products to new technologies and applications.

  - *Non-WLCSP products*: Our revenue from non-WLCSP products increased by 40.0% from RMB317.7 million in 2024 to RMB444.6 million in 2025, primarily due to a 36.9% increase in sales volume from 623.1 million units in 2024 to 852.8 million units in 2025, mainly due to an increase in revenue from our SGT MOSFET products, primarily attributable to the continued ramp-up of orders from key industrial application customers, primarily a leading UAV brand and a leading new energy technology company, who demanded traditionally packaged medium- and low-voltage power semiconductor devices for application scenarios including industrial UAV, and energy storage systems, following our successful demand creation and customer validation efforts in previous years. See "— Comparison between 2024 and 2023." At the same time, the medium-voltage SGT MOSFET products command higher average selling prices than the low-voltage SGT MOSFET products serving consumer and industrial applications that predominantly comprised our SGT MOSFET sales in 2024, further contributing to the increase in revenue from SGT MOSFET products.

- *High-voltage power semiconductor devices*: Our revenue from sales of high-voltage power semiconductor devices increased by 30.1% from RMB10.1 million in 2024 to RMB13.1 million in 2025, primarily due to a 82.3% increase in sales volume from 3.2 million units in 2024 to 5.8 million units in 2025, mainly driven by the commercialization and sales ramp-up of new products used in certain drones and energy applications. For instance, our high-voltage products, including SJ MOSFET and IGBT products, were successfully used on our end customer's energy storage systems for drones as they helped with enhancing electricity conversion efficiency and reduce system temperature. Also, a SJ MOSFET product was successfully used on our end customer's power factor correction systems, which could help our end customers build efficient and low-loss power management systems by improving power factor and reducing harmonic interference, thereby enabling them to meet stringent power quality standards.

- *Others*. Our other revenue decreased by 32.8% from RMB52.6 million in 2024 to RMB35.4 million in 2025, primarily due to the decrease in sales of wafers, as a result of a reduction in customer procurement volumes caused by industry demand adjustments, as well as a structural shift in certain customers' supply strategies away from externally sourced wafer designs towards in-house developed designs. Please see "Business — Our Products — Others" for details.

On a downstream application basis, the increase in revenue in 2025 was primarily due to (i) an increase in revenue from sales to the industrial applications sector by 145.4% from RMB97.1 million in 2024 to RMB238.2 million in 2025, primarily attributable to the sales of SGT MOSFET products for industrial applications; and (ii) an increase in revenue from sales to the consumer electronics sector by 20.6% from RMB407.6 million in 2024 to RMB491.5 million in 2025, primarily due to an increase in the sales of WLCSP MOSFET products for consumer electronics sector; offset by (i) a decrease revenue from sales to the automotive electronics sector by 26.7% from RMB67.0 million in 2024 to RMB49.1 million in 2025, primarily due to a combination of pricing adjustments we made in the context of the prevailing competitive landscape and automotive OEM's phased changes in procurement demand driven by fluctuations in downstream end-market conditions; and (ii) a decrease in revenue from sales to other sectors by 32.8% from RMB52.6 million in 2024 to RMB35.4 million in 2025, primarily due to the decrease in sales of wafers.

Comparison between 2024 and 2023: Our revenue increased by 8.5% from RMB575.5 million in 2023 to RMB624.3 million in 2024, primarily driven by the continued growth in sales volume of WLCSP products and high-voltage power semiconductor devices.

- *Medium-and-low-voltage power semiconductor devices*: Our revenue from sales of medium-and-low-voltage power semiconductor devices increased by 4.8% from RMB536.1 million in 2023 to RMB561.6 million in 2024, primarily due to:

    - *WLCSP product*: Our revenue from WLCSP products, which primarily consisted of Trench MOSFETs, increased by 51.1% from RMB161.3 million in 2023 to RMB243.9 million in 2024, primarily due to a 65.5% increase in WLCSP product sales volume from 255.9 million units in 2023 to 423.3 million units in 2024, driven by continued growth in demand for our WLCSP products from customers in consumer electronics, particularly for use within the battery management systems in end products such as smartphones, tablets and other portable electronics. The increase in revenue was primarily attributable to our enhanced market competitiveness, driven by continuous improvements in product performance, reliability and parameter consistency,

as well as strengthened technical support and customer service capabilities. Our WLCSP products, which feature key performance characteristics such as low on-resistance and integrated ESD protection, are designed to meet the stringent demands for efficiency, reliability, and miniaturization in devices. In addition, our continued product iteration and technology upgrades in line with customer requirements further strengthened customer relationships and facilitated broader customer adoption of our products. Leveraging our cooperation with key end customers in the smartphone industry, which created positive demonstration and validation effects, we further increased our market share in the relevant market.

  - *Non-WLCSP products*: Our revenue from non-WLCSP products decreased by 15.2% from RMB374.7 million in 2023 to RMB317.7 million in 2024, primarily due to a decrease in revenue from SGT MOSFET products, as (i) there was a reduce in demand from the consumer electronics market, for certain traditionally packaged SGT MOSFET product models, particularly those applied in chargers below 30W. The decrease in demand was primarily driven by technological advancements in the charger market, where integrated packaging solutions combining power semiconductor dies with protocol ICs gradually became the mainstream technology route, reducing customers' demand for our packaged products. On the flip side, for the same reason, customers increasingly procured our power semiconductor wafers for integration with self-developed protocol ICs in their production of chargers. As such, while the technological advancement resulted in a decrease in demand for our SGT MOSFET products, it contributed to the increased demand for our wafer products and accordingly growth in our other revenue. (ii) we adopted the strategy of offering competitive pricing to secure design wins with key industrial anchor customers with a view to leveraging their market presence to generate broader customer acquisition opportunities over the longer term. Such decrease was offset by an increase in revenue from Trench MOSFET, primarily due to the commencement of mass production for leading automotive customers.

- *High-voltage power semiconductor devices*: Our revenue from sales of high-voltage power semiconductor devices increased by 48.2% from RMB6.8 million in 2023 to RMB10.1 million in 2024, primarily due to (i) successful mass production of new SJ MOSFET products designed for leading industrial application customers in the industrial power supply and energy storage sectors and (ii) we experienced an inventory destocking phase to accelerate the clearance of the inventory of certain high-voltage products, including SJ MOSFET and IGBT products. See "Gross Profit and Gross Profit Margin — Gross Profit and Gross Profit Margin by Products."

- *Others*. Our other revenue increased by 61.5% from RMB32.6 million in 2023 to RMB52.6 million in 2024, primarily due to increased sales of wafers as a result of increasing demand for power semiconductor wafers for module integration applications. Please see "Business — Our Products — Others" for details.

On a downstream application basis, the increase in revenue in 2024 was primarily attributable to:

(i) an increase in revenue generated from the industrial applications sector by 39.9% from RMB69.4 million in 2023 to RMB97.1 million in 2024, primarily driven by the ramp-up of mass production for certain relatively higher-priced products, mainly SGT MOSFET products applied in industrial UAVs and battery management system ("BMS") for energy storage systems. Specifically,

- the sales growth from SGT MOSFET products applied in industrial and agricultural UAV applications was primarily attributable to the deepening of our cooperation with a leading UAV brand, which expanded the adoption of our traditionally packaged SGT MOSFET products from consumer-grade UAVs in the previous years to industrial and agricultural UAVs. During the previous years, we primarily supplied lower-voltage 30V SGT MOSFET products for such customer's consumer-grade UAV applications. Recognizing the high parameter consistency, stable quality and reliable performance of our products, together with our responsive customer support capabilities, the customer continued to complete product validation for industrial UAV applications with us, following which the customer commenced procurement of our higher unit-priced 80-100V products for industrial-grade and agricultural UAV applications in 2024, driving the revenue in the industrial applications sector.

- the sales growth from SGT MOSFET products applied in BMS applications for energy storage systems was primarily attributable to the commencement of large-scale mass production of medium- and low-voltage SGT MOSFET products for a leading new energy technology company in 2024, for which design-in had been completed in previous years. Demand for such products was primarily driven by the growing downstream demand for energy storage products in overseas markets, particularly in Europe, Western Asia and Africa.

(ii) an increase in revenue from sales to the automotive electronics sector by 20.6% from RMB55.6 million in 2023 to RMB67.0 million in 2024, primarily due to the commencement of mass production of products following the completion of customer design-in processes; and

(iii) an increase in revenue from sales to the other sectors by 61.5% from RMB32.6 million in 2023 to RMB52.6 million in 2024, primarily due to increased sales of wafers.

Such increase was partially offset by a decrease in revenue from sales to consumer electronics sector by 2.5% from RMB417.9 million in 2023 to RMB407.6 million in 2024, which was primarily due to a decrease in sales of traditionally packaged SGT MOSFET product models to be applied in chargers, attributable to technological advancements in the charger market, which reduced requirements for our packaged products. See "— Non-WLCSP products" above. Such decrease was offset by an increase in revenue from Trench MOSFETs applied in the battery management systems in end products such as smartphones, tablets and other portable electronics. See "— WLCSP product" above.

Especially, our revenue growth from 2023 to 2025 exceeded the overall growth rates of China's medium- and low-voltage power semiconductor device industry and China's WLCSP MOSFET industry during the same period. This outperformance was driven by (i) our capacity expansion. With our Zhuhai factory entering mass production by the end of 2024, we

effectively removed prior production bottlenecks and gained the ability to fulfill a larger demand of WLCSP products. As a result, our WLCSP product sales volume increased by 65.5% in 2024 compared to 2023, continued to increase by 42.9% in 2025 compared to 2024; (ii) our targeting faster-growing application segments. For example, in the consumer electronics segment, our WLCSP products, which feature low on-resistance and integrated ESD protection, are well aligned with the miniaturization and high-performance requirements of battery management systems in smart devices, allowing usto capture opportunities in higher-growth sub-segments within the broad WLCSP market. Furthermore, we expanded into emerging application scenarios such as industrial drones with our non-WLCSP products, achieving incremental growth through product substitution and new scenario penetration; and (iii) enhanced customer penetration backed by our technological competitiveness and key account strategy. Through continuous product iteration and performance enhancement, we were capable of meeting the stringent technical requirements of leading customers and reinforced our role as a core supplier. At the same time, by deepening cooperation with major customers, we not only secured increased order volumes but also captured a greater proportion of their total orders, further accelerating revenue growth beyond overall industry levels. In the five months ended May 31, 2026, our revenue increased by 1.8% as compared to the same period in 2025, while sales volume of our WLCSP products decreased by 30.2%, primarily due to weaker consumer electronics demand and adjustments in customer inventory levels and procurement schedules.

Cost of Sales

Our cost of sales primarily includes (i) material costs, (ii) processing costs, (iii) labor costs, (iv) others, and (v) write-down of inventories. The following table sets forth a breakdown of our cost of sales by nature, in absolute and as a percentage of our total cost of sales, for the year indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Cost of sales										
Material costs	318,158	65.3	335,092	65.1	447,644	72.0	194,963	72.4	200,553	69.2
Processing costs[(1)]	128,997	26.4	142,444	27.6	140,087	22.5	59,147	22.0	67,832	23.4
Labor costs	–	–	86	–	5,152	0.8	1,542	0.6	3,552	1.2
Others[(2)]	9,940	2.0	15,541	3.0	27,817	4.5	11,431	4.2	15,225	5.2
Subtotal	457,095	93.7	493,163	95.7	620,700	99.8	267,083	99.2	287,162	99.0
Write-down of inventories	30,980	6.3	22,207	4.3	1,274	0.2	2,227	0.8	2,874	1.0
Total	**488,075**	**100.0**	**515,370**	**100.0**	**621,974**	**100.0**	**269,310**	**100.0**	**290,036**	**100.0**

Note:

(1) Processing costs primarily comprised costs incurred for outsourced manufacturing processes, including wafer fabrication and packaging and testing.

(2) Others primarily included depreciation and amortization, logistics costs and other manufacturing overhead allocations.

For 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our cost of sales amounted to RMB488.1 million, RMB515.4 million, RMB622.0 million, RMB269.3 million and RMB290.0 million, respectively. Material costs are the largest component of our cost of sales, accounting for 65.3%, 65.1%, 72.0%, 72.4% and 69.2% of our cost of sales for the same periods.

During the Track Record Period, our cost of sales increased (i) by 20.7% from RMB515.4 million in 2024 to RMB622.0 million in 2025, (ii) by 5.6% from RMB488.1 million in 2023 to RMB515.4 million in 2024 which is in line with the revenue growth trend, and (iii) by 7.7% from RMB269.3 million in the five months ended May 31, 2025 to RMB290.0 million in the five months ended May 31, 2026.

During the Track Record Period, we recorded write-down of inventories primarily based on their net realizable value in accordance with the relevant accounting policies and estimates. Our write-down of inventories during the Track Record Period was made for inventories that were (i) slow-moving or obsolete. For example, we individually assessed and fully provided for certain high-voltage products which became less competitive in the market; (ii) impacted by changes in customer demand. For example, materials initially prepared for specific customer requirements were reassessed after customer demand changes, and those determined to have limited or no foreseeable market demand were provided for accordingly; (iii) subject to quality issues; or (iv) held for more than two years. We conducted a prudent assessment of recoverability of such inventory which aligns with market and product trends to ensure that inventory is stated at the lower of cost and net realizable value.

The decrease in our write-down of inventories from 2023 to 2025 was primarily attributable to our proactive inventory management, which aims to address historical slow-moving or long-aged inventory and improve the control of future inventory. For historical inventory, we have established a dedicated task force to develop and implement clearance plans, introduced sales incentives to accelerate turnover, and applied discounted sales for items that were obsolete, over-aged, or had quality defects. For future inventory, we have further strengthened our inventory management to reduce the risk of inventory destocking, by aligning inventory more closely with actual demand and addressing slow-moving inventory at an early stage. We adhere to an order-driven production model, under which most of our products are manufactured based on confirmed customer orders rather than anticipated demand, which reduces the risk of inventory build-up. We strengthen our demand forecasting through regular rolling assessments and closer coordination among our sales, production and procurement teams and with end customers, which enables us to detect changes in market demand earlier and adjust production accordingly. We enhance our product life cycle management and prepare exit plans in advance for products facing declining demand or technological replacement, so that we can phase out such products before significant inventory accumulates. We also monitor inventory turnover days and age structure and designate personnel to follow up on at-risk inventory, which allows us to take timely action, such as sales promotion or controlling production input, before any large-scale clearance becomes necessary. In addition, we enforce strict quality control processes to minimize the risk of defective inventory. We believe that our inventory management and prudent impairment provisions help maintain optimal inventory levels and age structure, preserve recoverable value and support stable and efficient operations. The increase in inventory write-down in the five months ended May 31, 2026 was primarily due to the increase in inventory.

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales, and our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage.

Gross Profit and Gross Profit Margin by Products

The table below sets forth a breakdown of our gross profit and gross profit margin by products for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin	Gross Profit	Gross Margin
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Sales of products										
Medium-and-low-voltage power semiconductor devices	113,011	21.1	122,460	21.8	188,840	24.7	76,518	23.8	63,943	18.7
WLCSP products	32,855	20.4	45,243	18.6	101,660	31.7	46,263	28.8	23,097	23.9
Non-WLCSP products	80,156	21.4	77,217	24.3	87,180	19.6	30,255	18.8	40,846	16.6
High-voltage power semiconductor devices	538	7.9	(2,354)	(23.4)	(5,586)	(42.6)	(1,890)	(28.6)	633	14.8
Others[(1)]	4,833	14.8	10,990	20.9	10,181	28.8	5,476	29.4	1,529	24.7
Subtotal	118,382	20.6	131,096	21.0	193,435	23.8	80,104	23.1	66,105	18.7
Write-down of inventories	30,980		22,207		1,274		2,227		2,874	
Total	**87,402**	**15.2**	**108,889**	**17.4**	**192,161**	**23.6**	**77,877**	**22.4**	**63,231**	**17.9**

Note:

(1) Others primarily included sales of wafers and provision of processing services and reliability testing services.

As a result of the foregoing, our gross profit increased by 24.6% from RMB87.4 million in 2023 to RMB108.9 million in 2024. Our gross profit increased by 76.5% from RMB108.9 million in 2024 to RMB192.2 million in 2025. Our gross profit decreased by 18.8% from RMB77.9 million in the five months ended May 31, 2025 to RMB63.2 million in the five months ended May 31, 2026. Our gross profit margin before write-down of inventories increased from 20.6% in 2023 to 21.0% in 2024, to 23.8% in 2025, while decreased from 23.1% in the five months ended May 31, 2025 to 18.7% in the five months ended May 31, 2026. Please see below detailed reasons for the changes of gross profit margins:

Comparison between the five months ended May 31, 2025 and the five months ended May 31, 2026: Our gross profit margin decreased from 22.4% in the five months ended May 31, 2025 to 17.9% in the five months ended May 31, 2026, primarily due to the decrease in the gross profit margin of our WLCSP products and other products, together with a higher proportion of revenue contributed by non-WLCSP products, which carry a lower gross profit margin than our WLCSP products, partially offset by an improvement in the gross profit margin of our high-voltage power semiconductor devices.

- *Medium-and-low-voltage power semiconductor devices:* Our gross profit margin of sales of medium-and-low-voltage power semiconductor devices decreased from 23.8% in the five months ended May 31, 2025 to 18.7% in the same period in 2026.
  - *WLCSP product:* Our gross profit margin of WLCSP products decreased from 28.8% in the five months ended May 31, 2025 to 23.9% in the same period in 2026, primarily due to a decline in average selling price, which was as a result of the combined effect of fluctuations in end-market demand, adjustments in

customer inventory levels and procurement schedules, and intensified industry price competition, as well as the impact of weaker consumer electronics demand and slower-than-expected market recovery. The decrease in sales volume also contributed to lower revenue, further amplifying the decline in gross profit.

- *Non-WLCSP products:* Our gross profit margin of non-WLCSP products decreased from 18.8% in the five months ended May 31, 2025 to 16.6% in the same period in 2026, primarily due to the decline in the gross profit margin of our Trench MOSFET products, as the proportion of revenue from our lower-margin consumer-grade products increased and the costs on the wafer raw materials increased, partially offset by an improvement in the gross profit margin of our SGT MOSFET products, which was driven by an increase in sales volume and higher average selling prices for energy storage applications.

- *High-voltage power semiconductor devices:* Our gross profit margin of sales of high-voltage power semiconductor devices improved from a negative margin of 28.6% in the five months ended May 31, 2025 to a positive margin of 14.8% in the same period in 2026, primarily due to the normalization of sales following the inventory destocking phase in 2025, resulting in a lower proportion of loss-making discounted sales.

- *Others.* Our gross profit margin of other products decreased from 29.4% in the five months ended May 31, 2025 to 24.7% in the same period in 2026, primarily due to the decrease in revenue from certain higher-margin wafer products, as certain key customers were temporarily undergoing their own product transitions phase and certain customers increased their in-house wafer production.

Comparison between 2024 and 2025: Our gross profit margin increased from 17.4% in 2024 to 23.6% in 2025, primarily due to the increase in gross profit margin for our WLCSP products, partially offset by the decline in gross profit margin of our non-WLCSP products as well as the negative gross margin contribution from high-voltage power semiconductor devices.

- *Medium-and-low-voltage power semiconductor devices*: Our gross profit margin of sales of medium-and-low-voltage power semiconductor devices increased from 21.8% in 2024 to 24.7% in 2025.

  - *WLCSP product*: Our gross profit margin of WLCSP products increased from 18.6% in 2024 to 31.7% in 2025, primarily as a result of the decrease in raw material costs, which was primarily attributable to (i) the ramp-up of our Zhuhai factory, which enabled us to shift a greater portion of production in-house. Increased internal production reduced our reliance on external contractors and lowered outsourcing fees. As production capacity expanded, we benefited from economies of scale, with fixed costs such as depreciation and administrative expenses spread across a larger production volume, thereby reducing per-unit cost of our WLCSP products by approximately 25.6% from 2024 to 2025. The increased capacity also enhanced our cost competitiveness and pricing flexibility, while enabling more reliable supply for large customer orders, faster response times, and shorter lead times compared with outsourced production, which in turn supported higher transaction volumes and strengthened customer relationships; and (ii) cost optimization measures realized by technical upgrades and more favorable terms from suppliers. In addition, as our sales increase and our market position strengthens, we are able to leverage enhanced bargaining power with suppliers, further driving down raw material costs.

- *Non-WLCSP products*: Our gross profit margin of non-WLCSP products decreased from 24.3% in 2024 to 19.6% in 2025, primarily due to our pricing strategy to offer more competitive prices to secure orders and projects from certain leading customers.

- *High-voltage power semiconductor devices*: Our gross profit margin of sales of high-voltage power semiconductor devices decreased from a negative margin of 23.4% in 2024 to a negative margin of 42.6% in 2025, primarily because we experienced an inventory destocking phase to accelerate the clearance of certain high-voltage product inventories. Certain downstream application segments, such as new energy vehicles and industrial control, experienced a relatively sharp demand correction in 2024. This led to industry-wide excess capacity, intensified price competition and a rapid decline in market prices. Against this backdrop, and in conjunction with evolving customer requirements, certain of our legacy high-voltage product specifications primarily of SJ MOSFET and IGBT products, experienced reduced competitiveness, resulting in slower sales and inventory turnover under prevailing market pricing conditions. Given the inherent risks of technological iteration, inventory obsolescence and price erosion associated with power semiconductor products, we adopted a prudent and proactive approach to inventory management by accelerating the disposal of such inventories at adjusted prices, with a view to enhancing inventory turnover, improving cash flow and optimizing our product mix. Sales of such products amounted to RMB5.7 million in 2025, and, as of December 31, 2025, inventories with a carrying amount of RMB0.5 million remained subject to ongoing destocking.

  To improve the performance of our high-voltage power semiconductor devices, we have adopted initiatives designed to enhance cost efficiency and product innovation to strengthen our competitive position and support sustainable business growth. Specifically, (i) we continue to optimize the supply chain for high-voltage power devices, particularly for core products such as SJ MOSFET and IGBT. Our strategy includes deepening collaborations with leading domestic wafer manufacturers to secure a stable supply while capitalizing on the cost advantages and improved delivery efficiency of domestic wafer production, which are expected to help us further reduce unit costs. Further, we continuously invest in ongoing technology upgrades to enhance power density and overall performance, positioning our products to better meet market demands and increase competitiveness; (ii) we accelerate the development of modular solutions with the aim to enhance product integration, increase value and shift our product mix toward higher-margin solutions, supporting long-term revenue growth and strengthening our market position; and (iii) we strengthen team stability and internal management to enhance market responsiveness and execution efficiency.

  Based on the cyclical and product-specific nature of the factors underlying the decrease in gross profit margin, which have moderated, as well as the effectiveness of the measures we have implemented to address such factors as described above, our Directors are of the view that the adverse impact on the gross profit margin of our high-voltage products is transitional in nature and not indicative of a recurring trend. Through this experience, we have further strengthened our awareness of evolving market trends and enhanced our ability to respond to changes in customer demand and industry developments in a timely manner. Accordingly, our Directors believe that such adverse impact is not expected to persist to a material extent going forward.

- *Others*. Our gross profit margin of other products increased from 20.9% in 2024 to 28.8% in 2025, primarily due to the increase in gross margin of wafer sales as we undertook measures to reduce wafer costs.

Comparison between 2024 and 2023: Our gross profit margin increased from 15.2% in 2023 to 17.4% in 2024, primarily due to relatively lower inventory write-down in 2024.

- *Medium-and-low-voltage power semiconductor devices*: Our gross profit margin of sales of medium-and-low-voltage power semiconductor devices remained relatively stable at 21.1% in 2023 and 21.8% in 2024.
    - *WLCSP product*: Our gross profit margin of WLCSP products decreased from 20.4% in 2023 to 18.6% in 2024, primarily as a result of our pricing strategy to offer more competitive prices to maintain our market share amid intense market competition.
    - *Non-WLCSP products*: Our gross profit margin of non-WLCSP products increased from 21.4% in 2023 to 24.3% in 2024, primarily due to the improvement in gross margin of MOSFET products attributable to our enlarged market share at automobile electronics. In addition, our sales model with respect to certain end customer changed from distributorship to direct sales model, which also contributed to the increase in the gross profit margin.
- *High-voltage power semiconductor devices*: Our gross profit margin of sales of high-voltage power semiconductor devices decreased from 7.9% in 2023 to a negative of 23.4% in 2024, primarily because (i) we adopted a proactive low-pricing strategy to clear slow-moving inventory, particularly certain SJ MOSFET and IGBT devices, which became less competitive in the market. This decision was made to expedite inventory turnover, despite the resulting margin impact; and (ii) we faced an unexpected decline in market demand for the intended end applications of our high-voltage power semiconductor products, such as new energy vehicles and industrial control, after an inventory buildup during the industry upcycle from 2022 to 2023. To mitigate excess inventory and improve cash flow, we executed a inventory clearance strategy, selling at prices below cost to accelerate inventory turnover. See above " — Comparison between 2024 and 2025 — High-voltage power semiconductor devices." As the aforementioned adverse factors were primarily industry-wide and only emerged subsequent to 2023, our high-voltage power semiconductor products recorded a gross profit in 2023.
- *Others*. Our gross profit margin of other products increased from 14.8% in 2023 to 20.9% in 2024, primarily due to the increase in gross margin of wafer sales driven by increased sales of wafers as a result of increasing demand for power semiconductor wafers for module integration applications. Please see "Business — Our Products — Others" for details.

Other Income and Gains

Our other income and gains primarily consist of (i) bank interest income, (ii) investment income from financial assets at fair value through profit or loss, (iii) value-added tax additional deduction, (iv) government grants, (v) net foreign exchange gains, (vi) sales of scraped materials, and (vii) others. For 2023, 2024 and 2025 and the five months ended May 31, 2025 and 2026, other income and gains amounted to RMB6.8 million, RMB9.6 million, RMB5.6 million, RMB1.4 million and RMB5.7 million, representing 1.2%, 1.5%, 0.7%, 0.4% and 1.6%, respectively, of our total revenue.

The following table sets forth a breakdown of our other income, both in absolute amounts and as percentages of our total other income and gains for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Other income										
Bank interest income	2,740	40.2	2,622	27.4	1,326	23.7	771	54.8	211	3.7
Investment income from financial assets at fair value through profit or loss[(1)]	1,427	21.0	348	3.6	–	–	–	–	–	–
Value-added tax additional deduction	258	3.8	3,657	38.0	–	–	–	–	–	–
Government grants	2,326	34.2	2,851	29.6	1,142	20.4	262	18.6	1,358	23.9
Gains										
Foreign exchange gains, net	–	–	128	1.3	–	–	–	–	–	–
Sales of scraped materials	–	–	–	–	3,004	53.7	289	20.5	3,990	70.3
Others	55	0.8	14	0.1	123	2.2	85	6.0	118	2.1
Total	**6,806**	**100.0**	**9,620**	**100.0**	**5,595**	**100.0**	**1,407**	**100.0**	**5,677**	**100.0**

Note:

(1) We invest idle funds in low-risk and principal-protected wealth management products, primarily structured deposits issued by reputable banks, to enhance the efficiency of cash utilization and increase investment returns without affecting our working capital requirements and business operations. In order to monitor and control the investment risks associated with our portfolio of low-risk wealth management products, we have adopted a comprehensive set of internal policies and guidelines to manage our investments. The maximum investment amount and types of permitted financial products are approved at shareholders' meetings, with investments limited to financial products characterized by relatively high capital security and liquidity, such as structured bank deposits issued by large, reputable commercial banks and other established financial institutions. Our Finance Department is responsible for identifying, analyzing and evaluating potential investments in such financial products. Our Finance Department, has extensive experience in overseeing the financial operations of the Group. Before making any material investment in wealth management products, the Finance Department's proposal must be reviewed and approved by by the Chairman of the Board, who is authorized by the shareholders' meeting to exercise decision-making authority over investment activities.

Comparison between the five months ended May 31, 2025 and the five months ended May 31, 2026: Our other income and gains increased by 303.5% from RMB1.4 million in the five months ended May 31, 2025 to RMB5.7 million in the five months ended May 31, 2026, primarily due to the significant increase in sales of scraped materials from RMB0.3 million to RMB4.0 million as our Zhuhai factory further expanded its production scale, and an increase in government grants from RMB0.3 million to RMB1.4 million.

Comparison between 2024 and 2025: Our other income and gains decreased by 41.8% from RMB9.6 million in 2024 to RMB5.6 million in 2025, primarily due to the decrease in value-added tax additional deduction as a result of change in policies, whereby we ceased to qualify for certain VAT additional deduction benefit starting June 2024, partially offset by the increase in sales of scraped materials as a result of the expansion of production scale in Zhuhai, which led to an increase in scrap materials.

Comparison between 2024 and 2023: Our other income and gains increased by 41.3% from RMB6.8 million in 2023 to RMB9.6 million in 2024, primarily due to the increase in VAT additional deduction recognized under the preferential tax policy for advanced manufacturing enterprises taking effective in January 2023. A large amount of our VAT additional deduction was applied for by us in late 2023 and approved by the relevant authority in early 2024, and the amount was therefore recognized in 2024.

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) employee compensation, which primarily include salaries, bonus and welfare paid to our sales and marketing staff, (ii) business entertainment fees, (iii) share-based payments, (iv) promotion and advertising expenses, (v) traveling expenses, (vi) depreciation and amortization and (vii) others. For 2023, 2024, and 2025 and the five months ended May 31, 2025 and 2026, our selling and distribution expenses amounted to RMB21.3 million, RMB24.0 million, RMB33.9 million, RMB13.6 million and RMB14.9 million, representing 3.7%, 3.8%, 4.2%, 3.9% and 4.2% respectively, of our total revenue.

The table below sets forth a breakdown of our selling and distribution expenses, both in absolute amounts and as percentages of our total selling and distribution expenses, for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Selling and distribution Expenses										
Employee compensation	15,703	73.7	18,001	74.9	24,691	72.8	10,350	75.9	10,760	72.0
Business entertainment fees[(1)]	1,879	8.8	2,433	10.1	3,539	10.4	1,367	10.0	1,651	11.1
Share-based payments	295	1.4	497	2.1	2,583	7.6	736	5.4	1,319	8.8
Promotion and advertising expenses	943	4.4	666	2.8	612	1.8	256	1.9	161	1.1
Travelling expenses	788	3.7	1,048	4.4	1,151	3.4	380	2.8	421	2.8
Depreciation and amortization	1,085	5.1	675	2.8	705	2.1	288	2.1	356	2.4
Others[(2)]	628	2.9	687	2.9	653	1.9	253	1.9	273	1.8
Total	**21,321**	**100.0**	**24,007**	**100.0**	**33,934**	**100.0**	**13,630**	**100.0**	**14,941**	**100.0**

Notes:

(1) Business entertainment fees primarily included expenses directly related to sales activities incurred by the sales department in connection with business negotiations and external communications. Such fees are in line with industry norm.

(2) Others primarily included office expenses.

Comparison between the five months ended May 31, 2025 and the five months ended May 31, 2026: Our selling and distribution expenses increased by 9.6% from RMB13.6 million in the five months ended May 31, 2025 to RMB14.9 million in the same period in 2026, primarily due to (i) an increase in share-based payments in connection with the equity incentives granted to certain sales personnel, (ii) the continuous expansion of our marketing and sales team and the corresponding increase in employee compensation, as well as increased business entertainment activities to support our sales growth.

Comparison between 2024 and 2025: Our selling and distribution expenses increased by 41.4% from RMB24.0 million in 2024 to RMB33.9 million in 2025, primarily due to (i) the increase in employee compensation as a result of the increase in the number of sales personnel and average compensation and increase in bonus payment in line with our increased sales in 2025 as compared to 2024, (ii) the increase in business entertainment fees, as a result of increased sales activities in line with the sales growth, and (iii) the increase in share-based payments primarily due to the implementation of incentive scheme for selected sales personnel.

Comparison between 2024 and 2023: Our selling and distribution expenses increased by 12.6% from RMB21.3 million in 2023 to RMB24.0 million in 2024, primarily due to (i) the increase in employee compensation as a result of the expansion of the sales team in 2024, particularly in our Shanghai and Shenzhen offices and increase in bonus payment in line with our increased sales; and (ii) the increase in business entertainment fees and travelling expenses as a result of increased sales activities in line with the sales growth.

Administrative Expenses

Our administrative expenses mainly consist of (i) employee compensation, which primarily include the salaries, bonus and welfare paid to our administrative staff, (ii) professional service fees, (iii) share-based payments, (iv) traveling expenses, (v) business entertainment fees, (vi) office expenses, (vii) depreciation and amortization, (viii) tax and surcharges and (ix) others. For 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our administrative expenses amounted to RMB21.7 million, RMB29.0 million, RMB50.4 million, RMB14.1 million and RMB29.7 million, representing 3.8%, 4.6%, 6.2%, 4.1% and 8.4%, respectively, of our total revenue.

The table below sets forth a breakdown of our administrative expenses, both in absolute amounts and as percentages of our total administrative expenses, for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Administrative Expenses										
Employee compensation	15,140	69.9	17,243	59.6	19,272	38.3	7,781	55.1	12,053	40.6
Professional service fees	2,972	13.7	2,301	7.9	14,445	28.7	647	4.6	8,230	27.8
Share-based payments	(2,856)	(13.2)	(465)	(1.6)	2,585	5.1	736	5.2	2,427	8.2
Travelling expenses	628	2.9	700	2.4	734	1.5	239	1.7	362	1.2
Business entertainment fees[(1)]	1,144	5.3	1,702	5.9	4,350	8.6	863	6.1	2,474	8.3
Office expenses	1,757	8.1	1,502	5.2	1,689	3.4	531	3.8	1,079	3.6
Depreciation and amortization	1,442	6.6	2,145	7.4	2,852	5.7	1,013	7.2	1,134	3.8
Tax and surcharges	444	2.0	3,012	10.4	3,497	6.9	1,838	13.0	1,229	4.1
Others[(2)]	1,019	4.7	818	2.8	929	1.8	470	3.3	666	2.4
Total	**21,690**	**100.0**	**28,958**	**100.0**	**50,353**	**100.0**	**14,118**	**100.0**	**29,654**	**100.0**

Notes:

(1) Business entertainment fees primarily included expenses directly related to management and administrative activities incurred by administrative departments in the ordinary course of operations, such as guest reception and meetings with external parties. Such fees are in line with industry norm.

(2) Others primarily included rent and utilities and bank charges.

Comparison between the five months ended May 31, 2025 and the five months ended May 31, 2026: Our administrative expenses increased by 110.0% from RMB14.1 million in the five months ended May 31, 2025 to RMB29.7 million in the five months ended May 31, 2026, primarily due to (i) an increase in third-party professional service fees and legal expenses incurred in preparation for the [**REDACTED**], (ii) an increase in administrative employee compensation and office utilities to support our upgraded multi-site corporate operations, (iii) an increase in share-based payments in connection with our employee equity incentive plan, and (iv) an increase in business entertainment fees in line with our increased administrative activities.

Comparison between 2024 and 2025: Our administrative expenses increased by 73.9% from RMB29.0 million in 2024 to RMB50.4 million in 2025, primarily due to (i) the increase in professional services fees associated with the [**REDACTED**] in 2025; (ii) increase in share based payments in relation to our employee equity incentive plan; (iii) increase in business entertainment fees in line with our increased administrative activities; (iv) increase in employee compensation attributable to the increased administrative personnel; and (v) increase in tax and surcharges in line with our increased sales.

Comparison between 2024 and 2023: Our administrative expenses increased by 33.5% from RMB21.7 million in 2023 to RMB29.0 million in 2024, primarily due to (i) the increase in employee compensation attributable to the expansion of administrative personnel in 2024 in our Zhuhai, Shanghai and Hong Kong offices, (ii) the increase in depreciation and amortization related to our administrative-use assets such as office buildings and non-production equipment in 2024, and (iii) the increase in taxes and surcharges, mainly due to higher surcharges on value-added tax in 2024 as compared to 2023.

Research and Development Expenses

Our research and development expenses consist of (i) employee compensation, which primarily include the salaries, bonus and welfare paid to our R&D staff, (ii) materials and consumables expenses, which primarily include cost of R&D materials and consumables expenses, (iii) share-based payments, (iv) testing and verification expenses related to our R&D activities, (v) depreciation and amortization related to our R&D infrastructure, (vi) others. For 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, our research and development expenses amounted to RMB37.9 million, RMB47.2 million, RMB59.7 million, RMB20.3 million and RMB28.8 million, representing 6.6%, 7.6%, 7.3%, 5.9% and 8.2%, respectively, of our total revenue.

The following table sets out a breakdown of our research and development expenses, both in absolute amounts and as percentages of our total research and development expenses, for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*
Research and Development Expenses										
Employee compensation	16,584	43.8	19,011	40.3	29,906	50.1	11,363	55.9	16,129	56.0
Materials and consumables expenses	12,258	32.3	14,972	31.7	16,237	27.2	4,191	20.6	6,567	22.8
Share-based payments	165	0.4	265	0.6	187	0.3	34	0.2	219	0.8
Testing and verification fees	2,919	7.7	3,879	8.2	2,936	4.9	1,016	5.0	1,118	3.9
Depreciation and amortization	4,080	10.8	6,421	13.6	7,321	12.3	2,509	12.3	2,930	10.2
Others[(1)]	1,897	5.0	2,625	5.6	3,072	5.2	1,221	6.0	1,845	6.3
Total	**37,903**	**100.0**	**47,173**	**100.0**	**59,659**	**100.0**	**20,334**	**100.0**	**28,808**	**100.0**

Note:

(1) Others primarily included expenses related to travel, business entertainment and consulting fees.

Comparison between the five months ended May 31, 2025 and the five months ended May 31, 2026: Our research and development expenses increased by 41.7% from RMB20.3 million in the five months ended May 31, 2025 to RMB28.8 million in the five months ended May 31, 2026, primarily due to the continuous expansion of our R&D personnel and the corresponding increase in employee compensation, as well as an increase in materials, consumables, and testing expenses consumed in our ongoing R&D projects.

Comparison between 2024 and 2025: Our research and development expenses increased by 26.5% from RMB47.2 million in 2024 to RMB59.7 million in 2025, primarily due to the increase in employee compensation as a result of the increased number of R&D personnel in 2025 as compared to 2024, as well as an increase in materials and consumables expenses, as a result of our R&D activities.

Comparison between 2024 and 2023: Our research and development expenses increased by 24.5% from RMB37.9 million in 2023 to RMB47.2 million in 2024, primarily due to (i) the increases in employee compensation driven by the continued expansion of our R&D team in 2024 to support increased R&D activities, (ii) increases in materials and consumables expenses due to increased R&D activities, (iii) the increase in testing and verification expenses due to our strategic focus on development of automotive-grade products and advanced applications, which required higher qualification and longer testing cycles, and (iv) the increase in depreciation and amortization due to increase in R&D infrastructure.

Finance Costs

Our finance costs mainly consist of (i) interest-bearing bank and other borrowings, (ii) interest expenses on lease liabilities, (iii) finance cost on letter of credit, and (iv) other finance cost. The table below sets forth details of our finance costs, both in absolute amounts and as percentages of our total finance costs, for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Finance Costs										
Interest-bearing bank and other borrowings	1,409	64.8	2,656	89.6	2,679	94.9	1,526	94.4	1,628	95.8
Interest expenses on lease liabilities	62	2.9	101	3.4	84	3.0	35	2.2	72	4.2
Finance cost on letter of credit	836	38.5	208	7.0	56	2.0	56	3.5	–	–
Other finance cost	–	–	–	–	3	0.1	–	–	–	–
Less: Interest capitalised	(134)	(6.2)	–	–	–	–	–	–	–	–
Total	**2,173**	**100.0**	**2,965**	**100.0**	**2,822**	**100.0**	**1,617**	**100.0**	**1,700**	**100.0**

Comparison between the five months ended May 31, 2025 and the five months ended May 31, 2026: Our finance costs remained relatively stable at RMB1.6 million in the five months ended May 31, 2025 and RMB1.7 million in the five months ended May 31, 2026.

Comparison between 2024 and 2025: Our finance costs remained relatively stable at RMB3.0 million in 2024 and RMB2.8 million in 2025.

Comparison between 2024 and 2023: Our finance costs increased by 36.4% from RMB2.2 million in 2023 to RMB3.0 million in 2024, primarily due to the increase in interest-bearing bank and other borrowings as we progressively drew down loans to finance our infrastructure construction and equipment purchases for our Zhuhai factory.

Income Tax Expense/(Credit)

Our income tax expense/(credit) primarily consists of income tax payable by us at the applicable tax rates in accordance with the relevant laws and regulations in each tax jurisdiction in which we operate or are domiciled. The table below sets forth a breakdown of our income tax expense/(credit) for the periods indicated:

	Year ended December 31,						Five months ended May 31,			
	2023		2024		2025		2025		2026	
	RMB'000	*(%)*	*RMB'000*	*(%)*	*RMB'000*	*(%)*	*RMB'000 (unaudited)*	*(%)*	*RMB'000*	*(%)*
Income Tax										
Current tax expense	186	3.6	–	–	–	–	–	–	–	–
Deferred tax (credit)/charge expense	(5,374)	(103.6)	(6,620)	(100.0)	1,075	100.0	2,063	100.0	(7,196)	(100.0)
Total tax (credit)/charge for the year	**(5,188)**	**(100.0)**	**(6,620)**	**(100.0)**	**1,075**	**100.0**	**2,063**	**100.0**	**(7,196)**	**(100.0)**

We are subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which our members are domiciled and operate. We and some of our subsidiaries may also be subject to preferential tax treatments. See Note 11 to the Accountants' Report in Appendix I to this document for more details. During the Track Record Period and up to the Latest Practicable Date, we paid all relevant taxes that were due and applicable to us and had no disputes or unresolved tax issues with the relevant tax authorities.

During the Track Record Period, our current tax expense was immaterial, primarily because of tax deductions we enjoyed, despite profit before tax since 2023.

During the Track Record Period, our total tax credit or charge was mainly resulted from deferred tax credit or charge, which was in turn primarily affected by fluctuations in impairment of inventories and losses available for offsetting against future taxable profits. Please see Note 28 to the Accountants' Report in Appendix I to this document.

Profit/(Loss) for the Year/Period

As a result of the foregoing, we recorded profit of RMB14.0 million, RMB19.4 million, RMB50.5 million, RMB26.5 million and loss of RMB0.5 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively. We recorded net loss in the five months ended May 31, 2026, primarily due to the decrease in gross profit, and the significant increase in operating expenses.

LIQUIDITY AND CAPITAL RESOURCES

Overview

Our use of cash was primarily related to operating activities and capital expenditure. We have historically financed our operations through cash generated from our operating activities, investing activities and financing activities. As of May 31, 2026, we had RMB117.8 million of available cash and cash equivalents. Our available cash and cash equivalents comprise cash and bank balance. Please see Note 22 to the Accountants' Report in Appendix I to this document for more details.

Going forward, we believe that our liquidity requirements will be satisfied with a combination of our internal resources, cash flows generated from our operating activities and net [**REDACTED**] from the [**REDACTED**].

For discussions of our working capitals, please see "— Selected Balance Sheet Items".

Working Capital Sufficiency

Taking into account the net [**REDACTED**] from the [**REDACTED**] and the financial resources available to us, including cash and cash equivalents and cash flows from operating activities, our Directors believe that we have sufficient working capital for our present requirements, that is, for at least 12 months following the date of this document.

Cash Flows Analysis

The following table sets forth selected cash flow statement information for the periods indicated:

	Year ended December 31,			Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Net cash generated from/(used in) operating activities	31,165	58,154	89,062	(21,647)	(54,127)
Net cash used in investing activities	(50,323)	(150,579)	(97,186)	(40,807)	(64,407)
Net cash generated from/(used in) financing activities	29,975	52,639	23,700	(142)	49,022
Net increase/(decrease) in cash and cash equivalents	**10,817**	**(39,786)**	**15,576**	**(62,596)**	**(69,512)**
Cash and cash equivalents at the beginning of the year	201,548	212,170	172,476	172,476	187,496
Effect of foreign exchange rate changes, net	(195)	92	(556)	(308)	(177)
Cash and cash equivalents at the end of the year	**212,170**	**172,476**	**187,496**	**109,572**	**117,807**

Operating Activities

Our cash flows (used in)/from operating activities reflect: our profit/(loss) before taxation adjusted for (i) bank interest income, finance costs, investment income from financial assets at fair value through profit or loss, loss on disposal of items of property, plant and equipment, loss on disposal of items of right-of-use assets, depreciation of items of property and equipment, amortisation of intangible assets, depreciation of right-of-use assets, impairment/(reversal of impairment) of trade and bills receivables, impairment on other receivables, write-down of inventories to net realisable value and equity-settled share option expense, (ii) the effects of movement in working capital such as inventories, trade and bills receivables, financial assets at fair value through other comprehensive income, prepayments, deposits and other receivables, trade and bills payables, other payables and accruals, contract liabilities, and deferred income, and (iii) cash (used in)/generated from operations, interest received, and income tax paid. Cash flows from operating activities can be significantly affected by factors such as the timing of collection of trade receivables from customers and the timing of payment of trade payables to suppliers or other counterparties during the ordinary course of our business, which also primarily accounted for the difference in the net cash flows generated from operating activities among the periods during the Track Record Period.

Our net cash flow used in operating activities in the five months ended 31 May 2026 was RMB54.1 million, primarily attributable to loss before tax of RMB7.7 million, as adjusted for (i) non-cash and non-operating items such as depreciation of items of property, plant and equipment of RMB11.6 million, share-based payments of RMB4.0 million, and write-down of inventories to net realizable value of RMB2.9 million, (ii) the effects of movement in working capital such as increase in inventories of RMB21.2 million, decrease in trade payables of RMB19.4 million, increase in financial assets at fair value through other comprehensive income of RMB19.1 million, and increase in trade and bills receivables of RMB13.8 million, and (iii) interest received of RMB0.2 million. For detailed discussions on our recording net loss in the five months ended May 31, 2026, see "— Review of Historical Results of Operations."

Our net cash flow generated from operating activities in 2025 was RMB89.1 million, primarily attributable to profit before tax of RMB51.6 million, as adjusted for (i) non-cash and non-operating items such as depreciation of items of property and equipment of RMB22.5 million, (ii) the effects of movement in working capital such as increase in trade payables of RMB37.7 million and decrease in trade and bills receivables of RMB18.0 million, and (iii) interest received of RMB1.3 million and income tax paid of RMB1.8 million.

Our net cash flow generated from operating activities in 2024 was RMB58.2 million, primarily attributable to profit before tax of RMB12.7 million, as adjusted for (i) non-cash and non-operating items such as write-down of inventories to net realisable value of RMB22.2 million and depreciation of items of property and equipment of RMB13.9 million, (ii) decrease in prepayments, deposits and other receivables of RMB20.7 million, (iii) the effects of movement in working capital such as the decrease in inventories of RMB16.9 million and (iv) interest received of RMB2.6 million and income tax paid of RMB1.7 million.

Our net cash flow generated from operating activities in 2023 was RMB31.2 million, primarily attributable to profit before tax of RMB8.8 million, as adjusted for (i) decrease in prepayments, deposits and other receivables of RMB36.2 million, (ii) non-cash and non-operating items such as write-down of inventories to net realizable value of RMB31.0 million and depreciation of items of property and equipment of RMB5.8 million, (iii) the effects of movement in working capital such as the decrease in inventories of RMB31.1 million and (iv) interest received of RMB2.7 million and income tax paid of RMB1.9 million.

Investing Activities

In the five months ended 31 May 2026, our net cash used in investing activities amounted to RMB64.4 million, which primarily resulted from purchases of items of property, plant and equipment of RMB50.3 million and prepayment for purchase of leasehold land of RMB13.4 million.

In 2025, our net cash used in investing activities amounted to RMB97.2 million, which primarily resulted from purchases of items of property, plant and equipment of RMB69.3 million used for the construction of infrastructure and purchase of equipment for our Zhuhai factory.

In 2024, our net cash used in investing activities amounted to RMB150.6 million, which primarily resulted from purchases of items of property, plant and equipment of RMB151.0 million for the construction of infrastructure and purchase of equipment for our Zhuhai factory and purchase of financial asset at fair value through profit or loss of RMB80.0 million, which mainly consisted of low-risk wealth management products partially offset by the proceeds from redemption of financial assets at fair value through profit or loss of RMB80.0 million.

In 2023, our net cash used in investing activities amounted to RMB50.3 million, which primarily resulted from purchases of items of property, plant and equipment of RMB51.0 million for the construction of infrastructure and purchase of equipment for our Zhuhai factory and purchase of financial asset at fair value through profit or loss of RMB280.0 million, which mainly consisted of low-risk wealth management products partially offset by the proceeds from redemption of financial assets at fair value through profit or loss of RMB280.0 million.

Financing Activities

In the five months ended 31 May 2026, our net cash generated from financing activities amounted to RMB49.0 million, which primarily resulted from new bank borrowings of RMB63.2 million, partially offset by repayment of bank loans of RMB8.9 million and payment for deferred [**REDACTED**] of RMB3.3 million.

In 2025, our net cash generated from financing activities amounted to RMB23.7 million, which primarily resulted from new bank borrowings of RMB60.7 million, partially offset by repayment of bank loans of RMB30.5 million.

In 2024, our net cash generated from financing activities amounted to RMB52.6 million, which primarily resulted from new bank borrowings of RMB77.1 million, partially offset by repayment of bank loans of RMB20.0 million and interest paid of RMB2.8 million.

In 2023, our net cash generated from financing activities amounted to RMB30.0 million, which primarily resulted from new bank borrowings of RMB48.9 million, partially offset by repayment of bank loans of RMB15.0 million and payments of leases liabilities of RMB2.0 million.

SELECTED BALANCE SHEET ITEMS

Net Current Assets

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current assets				
Inventories	173,493	134,373	188,188	206,481
Trade and bills receivables	79,490	134,710	117,829	130,622
Prepayments, deposits and other receivables	40,514	60,883	79,327	79,263
Financial assets at fair value through other comprehensive income	36,496	24,500	18,289	37,408
Cash and cash equivalents	212,170	172,476	187,496	117,807
Total current assets	**542,163**	**526,942**	**591,129**	**571,581**
Current liabilities				
Trade payables	23,320	32,322	69,994	50,600
Contract liabilities	3,858	6,743	4,688	2,517
Other payables and accruals	65,553	43,128	47,729	64,888
Interest-bearing bank and other borrowings	20,062	27,681	73,467	74,289
Lease liabilities	1,139	1,204	1,508	40,941
Total current liabilities	**113,932**	**111,078**	**197,386**	**233,235**
NET CURRENT ASSETS	**428,231**	**415,864**	**393,743**	**338,346**

Our net current assets decreased from RMB428.2 million as of December 31, 2023 to RMB415.9 million as of December 31, 2024, primarily due to the decrease in inventories of RMB39.1 million and the decrease in cash and cash equivalents of RMB39.7 million, partially offset by the increase in current prepayments, deposits and other receivables of RMB20.4 million and the increase in trade and bills receivables of RMB55.2 million and decrease in other payables and accruals of RMB22.4 million.

Our net current assets decreased from RMB415.9 million as of December 31, 2024 to RMB393.7 million as of December 31, 2025, primarily due to the increase in interest-bearing bank and other borrowings of RMB45.8 million and the increase in trade payables of RMB37.7 million, partially offset by the increase in Inventories of RMB53.8 million.

Our net current assets decreased from RMB393.7 million as of December 31, 2025 to RMB338.3 million as of May 31, 2026, primarily due to the decrease in cash and cash equivalents of RMB69.7 million, the increase in lease liabilities of RMB39.4 million in connection with the leasehold land in Zhoushan and the increase in other payables and accruals of RMB17.2 million, partially offset by the decrease in trade payables of RMB19.4 million, the increase in financial assets at fair value through other comprehensive income of RMB19.1 million, the increase in inventories of RMB18.3 million and the increase in trade and bills receivables of RMB12.8 million.

Inventories

Our inventories comprise of (i) raw materials, mainly representing wafers, (ii) finished goods, (iii) dispatched goods, (iv) outsourced processing materials, (v) goods in transit, and (vi) work in progress. The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	65,697	48,997	40,453	58,224
Finished goods	80,460	57,084	77,327	61,004
Dispatched goods	1,460	1,804	1,045	805
Outsourced processing materials	25,253	21,036	42,021	46,551
Goods in transit	623	2,211	3,231	7,496
Work in progress	–	3,241	24,111	32,401
Total	**173,493**	**134,373**	**188,188**	**206,481**

Our inventories decreased by 22.5% from RMB173.5 million as of December 31, 2023 to RMB134.4 million as of December 31, 2024, primarily due to the decrease in finished goods and raw materials as a result of the robust growth of our product sales and our continued efforts in optimization of inventory level. Our inventories increased by 40.0% from RMB134.4 million as of December 31, 2024 to RMB188.2 million as of December 31, 2025, primarily due to the increase in outsourced processing materials as a result of increased outsourced orders in anticipation of sales growth, and the increase in work in progress as a result of expanding production volume in our Zhuhai factory. Our inventories increased by 9.7% from RMB188.2 million as of December 31, 2025 to RMB206.5 million as of May 31, 2026, primarily due to: (i) an increase in raw materials from RMB40.5 million as of December 31, 2025 to RMB58.2 million as of May 31, 2026 as we proactively built up our raw material inventories to support our anticipated production schedule and ensure a stable supply of raw materials; and (ii) an increase in work in progress from RMB24.1 million as of December 31, 2025 to RMB32.4 million as of May 31, 2026, which was as a result of our increased production in anticipation of sales to the industrial UAV and energy storage application markets; which was partially offset by a decrease in finished goods from RMB77.3 million as of December 31, 2025 to RMB61.0 million as of May 31, 2026, primarily due to sales and our proactive management of inventory level.

The following table sets forth the aging analysis of our inventories:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within six months	112,023	97,155	168,829	182,041
Six months to one year	37,702	16,631	11,218	17,310
One to two years	22,488	18,951	6,987	6,625
Above two years	1,280	1,636	1,154	505
Total	**173,493**	**134,373**	**188,188**	**206,481**

The following table sets forth the turnover days of our inventories for the periods indicated:

	For the year ended December 31,			As of May 31,
	2023	2024	2025	2026
Inventory turnover days [(1)] . .	151	108	93	102

Note:

(1) Average inventory turnover days were calculated based on the average of the beginning and ending balances of inventories of a given year divided by the cost of sales for that corresponding year and multiplied by 360 days for a year.

Our inventory turnover days decreased from 151 days in 2023 to 108 days in 2024, further to 93 days in 2025, primarily due to our increased sales and enhanced inventory management. Our inventory turnover days increased to 102 days in the five months ended May 31, 2026, primarily due to an increase in inventories.

Our Directors are of the view that there are no material impairment issues with our inventories. We have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We conduct regular reviews to detect items with low sales or usage value for which impairment provisions are made. Inventories are measured at the lower of cost and net realizable value. For inventories with impairment indicators, we have recognized adequate provisions in accordance with our accounting policies, and such provisions have been audited by our reporting accountants to ensure adequacy and compliance. We believe our inventory turnover remained at a reasonable level, with approximately 78.4% of inventories as of 31 December 2025 utilized or sold within the first five months of 2026. In addition, we actively manage inventory risks through both targeted actions on existing inventories and ongoing improvements to our inventory management practices. We take steps to facilitate the timely utilization or disposal of slow-moving inventories, such as implementing inventory clearance plans and appropriate pricing strategies. At the same time, we continuously enhance our inventory planning, procurement discipline and coordination with customers, such as adopting prepayment arrangements for certain materials and maintaining close communication with customers to align inventory levels with demand, in order to reduce the risk of obsolescence.

As of June 30, 2026, RMB64.2 million, or 34.1% of our inventory as of May 31, 2026 had been utilized or sold.

Trade and Bills Receivables

The balance of our trade and bills receivables mainly represented receivables from customers for sales of our products. We generally grant credit terms of 30 to 90 days to our customers. The table below sets forth our trade and bills receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from third parties	82,478	140,303	122,038	136,008
Less: Impairment of trade receivables	(3,233)	(5,851)	(4,967)	(5,386)
Trade receivables, net	79,245	134,452	117,071	130,622
Bill receivable	245	258	758	–
Total	**79,490**	**134,710**	**117,829**	**130,622**

Our balance of trade and bills receivables increased from RMB79.5 million as of December 31, 2023 to RMB134.7 million as of December 31, 2024, primarily due to our business expansion and sales growth. Our balance of trade and bills receivables decreased from RMB134.7 million as of December 31, 2024 to RMB117.8 million as of December 31, 2025, primarily attributable to our proactive management of our trade receivables. Our balance of trade and bills receivables increased from RMB117.8 million as of December 31, 2025 to RMB130.6 million as of May 31, 2026, primarily attributable to an extension of payment terms granted to certain customers in line with the commercial arrangements during the period.

The following table sets forth an aging analysis of the trade receivables, based on the the billing date and net of allowance for expected credited losses, as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	79,245	134,452	117,071	130,622

The following table sets forth our trade and bills receivables turnover days during the periods indicated:

	Year ended December 31,			Five months ended May 31,
	2023	2024	2025	2026
Trade and bills receivables turnover days[(1)]	36	62	56	53

Note:

(1) Trade and bills receivables turnover days were calculated based on the average of opening and closing balance of trade and bills receivables (less allowance for impairment) for the relevant year, divided by the revenue for the same year and multiplied by 360 days for the year.

Our trade and bills receivables turnover days increased from 36 days in 2023 to 62 days in 2024, primarily due to the extended settlement cycle of certain end customer as a result of change of sales model. Our trade and bills receivables turnover days decreased from 62 days in 2024 to 56 days in 2025, primarily attributable to our proactive management of trade receivables. Our trade and bills receivables turnover days decreased from 56 days in 2025 to 53 days in the five months ended May 31, 2026 which remained relatively stable.

During the Track Record Period, we did not experience any significant losses associated with our trade and bills receivables and the increase in our trade and bills receivables did not have any material adverse impact on our liquidity or cash flows.

As of June 30, 2026, RMB57.5 million, or 42.3% of our total trade and bills receivables as of May 31, 2026, had been settled.

Prepayments, Deposits and Other Receivables

Our current prepayments, deposits and other receivables primarily include (i) prepayments related to our procurement, (ii) deposits and other receivable, mainly representing production capacity deposits refundable when our purchase volume reaches the agreed procurement target, (iii) VAT recoverable, (iv) prepaid tax and (v) deferred [**REDACTED**].

The following table sets forth the breakdown of our current prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	21,717	19,131	42,896	49,392
Deposits and other receivables[(1)]	12,409	37,510	16,061	5,154
VAT recoverable	3,750	2,613	13,070	16,079
Prepaid tax	2,889	2,371	4,182	3,178
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Less: Impairment of deposits and other receivables	(251)	(742)	(310)	(100)
Total	**40,514**	**60,883**	**79,327**	**79,263**

Note:

(1) Deposits and other receivables are unsecured, non-interest-bearing and repayable on demand.

Our current prepayments, deposits and other receivables increased by 50.3% from RMB40.5 million as of December 31, 2023 to RMB60.9 million as of December 31, 2024, primarily due to the increase in deposits and other receivables as certain non-current deposits and other receivables became recoverable within one year. Our current prepayments, deposits and other receivables further increased by 30.3% to RMB79.3 million as of December 31, 2025, and remained relatively stable at approximately RMB79.3 million as of December 31, 2025 and May 31, 2026, mainly due to the increase in prepayments related to wafers and WLCSP raw materials procurement in anticipation of growing demand and production volume.

As of June 30, 2026, RMB18.7 million, or 37.8% of our prepayments as of May 31, 2026, had been settled. As of the same date, RMB0.7 million, or 13.5% of our deposits and other receivables as of May 31, 2026, had been settled.

Financial Assets at Fair Value through Other Comprehensive Income

Our financial assets at fair value through other comprehensive income consist of bill receivables, primarily representing bank acceptance notes received from our customers.

Our financial assets at fair value through other comprehensive income decreased by 32.9% from RMB36.5 million as of December 31, 2023 to RMB24.5 million as of December 31, 2024, further decreased by 25.4% to RMB18.3 million as of December 31, 2025, and increased by 104.5% to RMB37.4 million as of May 31, 2026, primarily due to changes in customer payment methods and settlement as of the end of each year. See Note 21 to the Accountants' Report set out in Appendix I to this document for more details.

Cash and Cash Equivalents

Our cash and cash equivalents decreased from RMB212.2 million as of December 31, 2023 to RMB172.5 million as of December 31, 2024, primarily due to increased capital expenditures relating to our factory construction and production line investments in 2024. Our cash and cash equivalents increased from RMB172.5 million as of December 31, 2024 to RMB187.5 million as of December 31, 2025, primarily due to proceeds from short-term borrowings. Our cash and cash equivalents decreased from RMB187.5 million as of December 31, 2025 to RMB117.8 million as of May 31, 2026, primarily due to net cash used in operating activities and capital expenditures for land, construction and equipment, partially offset by proceeds from new borrowings.

A significant portion of our cash and cash equivalents was denominated in RMB, amounting to RMB177.6 million, RMB167.4 million, RMB185.9 million and RMB114.7 million as of December 31, 2023, 2024, 2025 and May 31, 2026, representing approximately 83.7%, 97.0%, 99.1% and 97.3% of our total cash and cash equivalents, respectively. Our cash and cash equivalents denominated in USD amounted to RMB34.5 million, RMB5.1 million, RMB1.6 million and RMB3.1 million, representing approximately 16.3%, 3.0%, 0.9% and 2.7% of our total cash and cash equivalents, respectively. See Note 22 to the Accountants' Report in Appendix I to this document for more details.

Trade Payables

Our trade payables primarily consist of payments due to our suppliers for chip packaging and testing services and procurement of raw materials. Our trade payables are non-interest-bearing.

Our trade payables during the Track Record Period were primarily payables related to packaging and testing. Our trade payables increased from RMB23.3 million as of December 31, 2023 to RMB32.3 million as of December 31, 2024, further to RMB70.0 million as of December 31, 2025, which was in line with the growth of our business. Our trade payables decreased to RMB50.6 million as of May 31, 2026, which was primarily as a result of the timing of settlements with suppliers and developments in procurement arrangements.

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

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	23,320	31,391	69,994	50,600
One to two years	–	931	–	–
Total	**23,320**	**32,322**	**69,994**	**50,600**

The following table sets forth our trade payables turnover days during the periods indicated:

	Year ended December 31,			As of May 31,
	2023	2024	2025	2026
Trade payables turnover days[(1)]	15	19	30	31

Note:

(1) The trade payables turnover days were the average of the opening and closing trade payables divided by our total cost of sales for that year and multiplied by 360 days for the year.

Our trade payables turnover days were 15 days, 19 days, 30 days and 31 days in 2023, 2024, 2025 and the five months ended May 31, 2026, respectively, in line with the growth of our business.

Our Directors confirm that we did not have any material defaults in payment of trade payables during the Track Record Period and up to the Latest Practicable Date.

As of June 30, 2026, approximately RMB27.5 million, or 54.4% of total trade payables as of May 31, 2026, were paid.

Contract Liabilities

Our contract liabilities include advances from customers, primarily from distributors that are required to make prepayments prior to the delivery of products.

Our contract liabilities increased from RMB3.9 million as of December 31, 2023 to RMB6.7 million as of December 31, 2024, primarily attributable to the expansion of our sales scale. Our contract liabilities decreased from RMB6.7 million as of December 31, 2024 to RMB4.7 million as of December 31, 2025, primarily because the amount of prepayment by distributors decreased, as we granted certain long-term strategic distributors credit terms. Our contract liabilities decreased from RMB4.7 million as of December 31, 2025 to RMB2.5 million as of May 31, 2026, primarily because we accelerated product deliveries and fulfilled our performance obligations.

As of June 30, 2026, RMB2.1 million, or 82.5% of our contract liabilities as of May 31, 2026, had been recognized as revenue.

Other Payables and Accruals

Our other payables and accruals primarily consist of deposits payable, payroll payables, accruals and other payables, payables for purchase of property, plant and equipment and other tax payables.

The table below sets forth our other payables and accruals as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits payable	4,750	200	–	–
Payroll payables	11,992	14,946	21,131	27,173
Accruals	667	693	2,570	1,258
Other payables	726	152	192	–
Payables for purchase of property plant, and equipment	44,640	22,143	20,694	33,156
Output value-added tax to be transferred	189	728	575	284
Other tax payables	2,589	4,266	2,567	3,017
Total	**65,553**	**43,128**	**47,729**	**64,888**

Our other payables and accruals decreased by 34.2% from RMB65.6 million as of December 31, 2023 to RMB43.1 million as of December 31, 2024, primarily due to the decrease in payables for non-current assets the progressive settlement of such payables following the substantial completion of the Zhuhai factory in early 2024. Our other payables and accruals increased by 10.7% from RMB43.1 million as of December 31, 2024 to RMB47.7 million as of December 31, 2025, primarily due to (i) an increase in payroll payables, mainly due to a higher number of employees and increased bonus provisions reflecting the growth of our operations; and (ii) an increase in accruals, primarily related to professional fees and other costs in connection with the [**REDACTED**]. Our other payables and accruals increased by 36.0% from RMB47.7 million as of December 31, 2025 to RMB64.9 million as of May 31, 2026 primarily due to (i) an increase in payables for purchase of property, plant and equipment; and (ii) an increase in payroll payables mainly due to a higher number of employees and increased bonus provisions reflecting the growth of our operations.

As of June 30, 2026, RMB25.7 million, or 39.6% of our other payables and accruals as of May 31, 2026, had been settled.

Interest-bearing Bank and Other Borrowings

Our current interest-bearing bank and other borrowings increased from RMB20.1 million as of December 31, 2023 to RMB27.7 million as of December 31, 2024, primarily due to increased drawdown of bank facilities for production lines construction and business operations. Our current interest-bearing bank and other borrowings further increased from RMB27.7 million as of December 31, 2024 to RMB73.5 million as of December 31, 2025, primarily due to additional short-term borrowings obtained towards the end of 2025. Our

current interest-bearing bank and other borrowings further increased from RMB73.5 million as of December 31, 2025 to RMB74.3 million as of May 31, 2026, primarily due to the reclassification of the current portion of long-term bank loans and an increase in the current portion of long-term bank loans.

Please see Note 26 to the Accountants' Report set out in Appendix I to this document for the range of the effective interest rate of our current interest-bearing bank and other borrowings.

Lease Liabilities

Our current lease liabilities remained relatively stable at RMB1.1 million, RMB1.2 million, RMB1.5 million as of December 31, 2023, 2024 and 2025 and increased to RMB40.9 million as of May 31, 2026, primarily due to the recognition of the current lease liability of RMB39.2 million for the Zhoushan leasehold land.

Non-current Assets/Liabilities

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

	As of December 31,			As of May 31,
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	120,718	237,946	287,147	337,176
Right-of-use assets	8,273	7,559	9,715	87,050
Intangible assets	2,287	2,013	3,971	3,770
Deferred tax assets	10,031	16,651	15,576	22,773
Prepayments, deposits and other receivables	61,990	20,009	31,747	8,659
Total non-current assets	**203,299**	**284,178**	**348,156**	**459,428**
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	28,908	78,478	62,821	115,822
Lease liabilities	1,214	564	2,218	1,662
Deferred income	682	659	734	719
Total non-current liabilities	**30,804**	**79,701**	**65,773**	**118,203**
Net assets	**600,726**	**620,341**	**676,126**	**679,571**

Property, Plant and Equipment

Our property, plant and equipment primarily consist of buildings, machinery, electronic devices and others, motor vehicles, leasehold improvements and construction in progress. The following table sets forth the breakdown of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	90,647	108,154	106,329	108,311
Machinery	22,540	77,808	137,244	136,714
Electronic devices and others	1,538	1,426	3,042	4,112
Motor vehicles	708	612	723	782
Leasehold improvements	–	–	–	–
Construction in process	5,285	49,946	39,809	87,257
Total	**120,718**	**237,946**	**287,147**	**337,176**

Our property, plant and equipment increased from RMB120.7 million as of December 31, 2023 to RMB237.9 million as of December 31, 2024, primarily due to the increase in buildings, machinery and construction in progress due to our continued investment in our production lines, technical upgrades and R&D laboratories in our Zhuhai factory. Our property, plant and equipment increased from RMB237.9 million as of December 31, 2024 to RMB287.1 million as of December 31, 2025, primarily due to the increase in machinery in relation to production. Our property, plant and equipment increased from RMB287.1 million as of December 31, 2025 to RMB337.2 million as of May 31, 2026, primarily due to additions to construction in progress mainly in connection with our production facilities.

Right-of-Use Assets

Our right-of-use assets decreased from RMB8.3 million as of December 31, 2023 to RMB7.6 million as of December 31, 2024, mainly due to the expiration and non-renewal of certain leases by the end of 2023 and in early 2024, following the completion and operational commencement of our Zhuhai factory. Our right-of-use assets increased from RMB7.6 million as of December 31, 2024 to RMB9.7 million as of December 31, 2025, mainly due to the renewal of leases, and the increase of leased properties used as our office. Our right-of-use assets increased from RMB9.7 million as of December 31, 2025 to RMB87.1 million as of May 31, 2026, mainly due to additions to leasehold land in Zhoushan.

Intangible assets

Our other intangible assets primarily consist of software.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Software	2,287	2,013	3,971	3,770
Total	**2,287**	**2,013**	**3,971**	**3,770**

Our intangible assets decreased from RMB2.3 million as of December 31, 2023 to RMB2.0 million as of December 31, 2024, mainly due to amortization. Our intangible assets increased from RMB2.0 million as of December 31, 2024 to RMB4.0 million as of December 31, 2025, mainly due to addition of intelligent manufacturing execution system software and enterprise resource planning software. Our intangible assets decreased from RMB4.0 million as of December 31, 2025 to RMB3.8 million as of May 31, 2026, mainly due to amortisation provided during the period.

Deferred tax assets

We recorded deferred tax assets of RMB10.0 million, RMB16.7 million, RMB15.6 million and RMB22.8 million as of December 31, 2023, 2024, 2025 and May 31, 2026, respectively. For details, please see Note 28 to the Accountants' Report set out in Appendix I to this document.

Prepayments, Deposits and Other Receivables

Our non-current prepayments, deposits and other receivables primarily consist of prepayment for purchase of property, plant and equipment, prepayment for purchase of intangible assets, VAT recoverable and deposits and other receivables. The following table sets forth the breakdown of our non-current prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for purchase of property, plant and equipment	21,315	6,283	2,271	3,376
Prepayment for purchase of leasehold land	–	–	25,870	–
Prepayment for purchase of intangible assets	–	1,478	1,154	1,871
Value-added tax recoverable	7,325	–	–	961
Deposits and other receivables[(1)]	34,039	12,495	2,500	2,500
Less: Impairment of deposits and other receivables	(689)	(247)	(48)	(49)
Total	**61,990**	**20,009**	**31,747**	**8,659**

Note:

(1) Deposits and other receivables are unsecured and non-interest-bearing.

Our non-current prepayments, deposits and other receivables decreased from RMB62.0 million as of December 31, 2023 to RMB20.0 million as of December 31, 2024, primarily due to the decrease in prepayments for purchase of property, plant and equipment as a result of transfer of prepayments for equipment to construction in progress upon delivery, and the decrease in deposits and other receivables due to the refund and deduction of production capacity deposits paid to our suppliers. Our non-current prepayments, deposits and other receivables increased from RMB20.0 million as of December 31, 2024 to RMB31.7 million as

of December 31, 2025, primarily due to increased prepayment for equipment used at our Zhuhai factory. Our non-current prepayments, deposits and other receivables decreased from RMB31.7 million as of December 31, 2025 to RMB8.7 million as of May 31, 2026, primarily due to the transfer of the prepayment for purchase of leasehold land of RMB25.9 million to right-of-use assets.

Interest-bearing Bank and Other Borrowings

Our non-current interest-bearing bank and other borrowings increased from RMB28.9 million as of December 31, 2023 to RMB78.5 million as of December 31, 2024, primarily due to increased drawdown of bank facilities for production lines construction and business operations. Our non-current interest-bearing bank and other borrowings decreased from RMB78.5 million as of December 31, 2024 to RMB62.8 million as of December 31, 2025, primarily because of the repayment of borrowings. Our non-current interest-bearing bank and other borrowings increased from RMB62.8 million as of December 31, 2025 to RMB115.8 million as of May 31, 2026, primarily due to a new unsecured bank loan, which was partially offset by the reclassification of the current portion of long-term bank loans to current liabilities and settlement of the loans.

Please see Note 26 to the Accountants' Report set out in Appendix I to this document for the range of the effective interest rate of our non-current interest-bearing bank and other borrowings.

Lease Liabilities

Our non-current lease liabilities decreased from RMB1.2 million as of December 31, 2023 to RMB0.6 million as of December 31, 2024, primarily due to the expiration and non-renewal of certain leases by the end of 2023 and in early 2024, following the completion and operational commencement of our Zhuhai factory. Our non-current lease liabilities increased from RMB0.6 million as of December 31, 2024 to RMB2.2 million as of December 31, 2025, primarily due to the renewal of office leases. Our non-current lease liabilities decreased from RMB2.2 million as of December 31, 2025 to RMB1.7 million as of May 31, 2026, primarily due to lease payments made during the period.

Deferred Income

Our deferred income consists of government grants that we received in support of our business operations and capital expenditures.

We had deferred income of RMB0.7 million, RMB0.7 million, RMB0.7 million and RMB0.7 million as of each of December 31, 2023, 2024, 2025 and May 31, 2026, which were mainly related to our capital expenditure in Zhuhai factory.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Interest-bearing bank and other borrowings	20,062	27,681	73,467	74,289
Lease liabilities	1,139	1,204	1,508	40,941
Non-current				
Interest-bearing bank and other borrowings	28,908	78,478	62,821	115,822
Lease liabilities	1,214	564	2,218	1,662
Total	**51,323**	**107,927**	**140,014**	**232,714**

Interest-bearing borrowings

As of December 31, 2023, 2024, 2025 and May 31, 2026, we had outstanding aggregate unpaid interest-bearing bank and other borrowings of RMB49.0 million, RMB106.2 million, RMB136.3 million and RMB190.1 million, respectively. During the Track Record Period and up to the Latest Practicable Date, we have not experienced any difficulties in obtaining bank loans or other borrowings, nor have we defaulted on the repayment of any such borrowings or breached any related covenants. Please see "— Selected Balance Sheet Items — Net Current Assets — Interest-bearing Bank and Other Borrowings" and "— Selected Balance Sheet Items — Non-current Assets/Liabilities— Interest-bearing Bank and Other Borrowings."

As of May 31, 2026, our total facilities for bank borrowings amounted to RMB196.0 million, which were fully utilized.

Lease Liabilities

As of December 31, 2023, 2024, 2025 and May 31, 2026, we have outstanding aggregate unpaid contractual lease payments (present value of lease payments for the remainder of relevant lease terms) of RMB2.4 million, RMB1.8 million, RMB3.7 million and RMB42.6 million, respectively, in relation to the corresponding lease liabilities. See "— Selected Balance Sheet Items — Net Current Assets — Lease Liabilities" and "— Selected Balance Sheet Items — Non-current Assets/Liabilities — Lease Liabilities."

Except as discussed above, we did not have material mortgages, charges, debentures, loan capital, debt securities, loans, bank overdrafts or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance (other than normal trade bills), acceptance credits, which are either guaranteed, unguaranteed, secured or unsecured, or guarantees or other contingent liabilities as of May 31, 2026. Our Directors confirm that there have been no material change in our indebtedness since May 31, 2026 and up to the Latest Practicable Date.

CONTINGENT LIABILITIES

As of December 31, 2023, 2024, 2025 and May 31, 2026, we did not have any material contingent liabilities. As of the Latest Practicable Date, there had been no material changes or arrangements to our contingent liabilities.

CAPITAL EXPENDITURE

During the Track Record Period, we incurred capital expenditures of RMB51.8 million, RMB151.0 million, RMB97.2 million, RMB40.8 million and RMB64.4 million in 2023, 2024, 2025 and the five months ended May 31, 2025 and 2026, respectively, mainly consisted of purchases of items of property, plant and equipment and intangible assets.

The following table sets forth a breakdown of our capital expenditures for the periods indicated:

	For the year ended December 31,			For the Five months ended May 31,	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Purchases of items of property, plant and equipment	51,036	150,981	69,257	39,850	50,309
Purchases of items of intangible assets	714	–	2,059	957	724
Prepayment for purchase of leasehold land	–	–	25,870	–	13,374
Total	**51,750**	**150,981**	**97,186**	**40,807**	**64,407**

We expect to fund our future capital expenditures with our operating cash flows. We may adjust our capital expenditures for any given period according to our ongoing business needs and in light of market conditions or other factors we believe appropriate.

CAPITAL COMMITMENTS

We had the following capital commitments mainly related to equipment and building construction as of the date indicated.

	As of December 31,			As of May 31,
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Equipments	37,986	10,960	5,574	9,108
Building construction	14,274	1,720	29,957	67,011
Total	**52,260**	**12,680**	**35,531**	**76,119**

OFF-BALANCE SHEET ARRANGEMENTS

We have not entered into, nor do we expect to enter into, any off-balance sheet arrangements. We also have not entered into any financial guarantees or other relevant commitments. In addition, we have not entered into any derivative contracts that are indexed to our equity interests and classified as owners' equity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing or hedging with us.

RELATED PARTY TRANSACTIONS AND BALANCES

During the Track Record Period, we entered into certain related party transactions from time to time, primarily related to the compensation of our key management personnel. Please see Note 36 to the Accountants' Report in Appendix I to this document for more details. Our Directors believe that our transactions with related parties during the Track Record Period were conducted in the ordinary and usual course of business and 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.

DIVIDENDS

Dividend distribution to our shareholders is recognized as a liability in the period in which the dividends are approved by our shareholders or Directors, as appropriate. No dividends have been paid or declared by our Company during the Track Record Period. As of the Latest Practicable Date, we did not have a formal dividend policy or pre-determined dividend payout ratio.

After completion of the [**REDACTED**], we may distribute dividends in the form of cash or by other means permitted by our Articles of Association. Any proposed distribution of dividends shall be formulated by our Board and will be subject to approval of our Shareholders. A decision to declare or to pay any dividends in the future, and the amount of any dividend, will depend upon a number of factors, including our earnings and financial condition, operating requirements, capital requirements, business prospects, statutory, regulatory and contractual restrictions on our declaration and payment of dividends, and any other factors that our Directors may consider important.

[**REDACTED**]

[**REDACTED**] represent professional fees, [**REDACTED**] and other fees (such as the discretionary incentive fee) incurred in connection with the [**REDACTED**]. We estimate that our [**REDACTED**] will be approximately RMB[**REDACTED**] (or HK$[**REDACTED**], representing [**REDACTED**]% of the gross [**REDACTED**] from the [**REDACTED**]) (assuming an [**REDACTED**] of HK$[**REDACTED**] per [**REDACTED**] (being the mid-point of the [**REDACTED**]) and no exercise of the [**REDACTED**]), of which (i) approximately RMB[**REDACTED**], directly attributable to the issue of our [**REDACTED**], will be subsequently charged to equity upon completion of the proposed [**REDACTED**], (ii) RMB[**REDACTED**] and RMB[**REDACTED**] have been expensed in our consolidated statements of profit or loss for the year ended December 31, 2025 and the five months ended May 31, 2026, respectively, and (iii) approximately RMB[**REDACTED**] is expected to be expensed in our consolidated statements of profit or loss after May 31, 2026. Among such estimated total [**REDACTED**], we expect to pay [**REDACTED**]-related expenses of RMB[**REDACTED**], professional fees for our legal advisors and reporting accountants of RMB[**REDACTED**] and other fees and expenses of RMB[**REDACTED**].

KEY FINANCIAL RATIOS

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

	As of or for the year ended December 31,			As of or for the five months ended May 31,
	2023	2024	2025	2026
Gross profit margin	15.2%	17.4%	23.6%	17.9%
Net profit margin	2.4%	3.1%	6.2%	(0.1)%
Return on equity[(1)]	2.3%	3.2%	7.8%	(0.1)%
Return on total assets[(2)]	2.0%	2.5%	5.8%	(0.1)%
Current ratio[(3)]	4.8	4.7	3.0	2.5
Gearing ratio[(4)]	24.1%	30.8%	38.9%	51.7%

Notes:

(1) Return on equity was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total equity and multiplied by 100%.

(2) Return on total assets was calculated based on net profit of the respective year/period, divided by the arithmetic mean of the opening and closing balances of total assets and multiplied by 100%.

(3) Current ratio was calculated dividing current assets by current liabilities as of the dates indicated.

(4) Gearing ratio is calculated by total liability divided by total equity as at the end of the respective dates and multiplied by 100%.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT FINANCIAL RISKS

Credit Risk

We trade only with recognized and creditworthy third parties. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant. Please see Note 39 to the Accountants' Report set out in Appendix I to this document for more details.

Liquidity Risk

Our objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations. We regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

For the maturity profile of our financial liabilities as of December 31, 2023, 2024, 2025, and May 31, 2026, please see Note 39 to the Accountants' Report set forth in Appendix I to this document.

Foreign Currency Risk

We have transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. For a sensitivity analysis of a reasonably possible change in the USD exchange rates, with all other variables held constant, of our profit before tax for each period of the Track Record Period, please see Note 39 to the Accountants' Report set forth in Appendix I to this document.

UNAUDITED [REDACTED] ADJUSTED COMBINED NET TANGIBLE ASSETS

Please see Appendix II to this document for details.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that up to the date of this document there had been no material adverse change in our financial, operational or prospects since May 31, 2026, being the latest balance sheet date of our consolidated financial statements as set out in the Accountants' Report in Appendix I to this document.

DISCLOSURE REQUIRED UNDER LISTING RULES

Our Directors have confirmed that, as of the Latest Practicable Date, they were not aware of any circumstances which would give rise to a disclosure requirement under Rule 13.13 to Rule 13.19 of the Listing Rules.

OVERVIEW

As of the Latest Practicable Date, our Company was held as to (i) 39.19% by Mr. Li, and (ii) 13.06% and 9.53% by Zhoushan Tuowei and Zhoushan Jicheng, respectively, each of which is controlled by Mr. Li as their general partner. For details, see "History, Development and Corporate Structure — Corporate Structure" in this document.

Accordingly, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), Mr. Li, directly and indirectly through Zhoushan Tuowei and Zhoushan Jicheng, will be entitled to exercise a total of [**REDACTED**]% of the voting power at general meetings of our Company. Upon [**REDACTED**], Mr. Li, Zhoushan Tuowei and Zhoushan Jicheng will together constitute a group of our Controlling Shareholders under the Listing Rules.

INTEREST IN COMPETING BUSINESS

Each of our Controlling Shareholders confirms that he/it had no interest in any business apart from the business of our Group which competes or is likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules as of the Latest Practicable Date.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [**REDACTED**].

Management Independence

Upon [**REDACTED**], our Board will comprise nine Directors, including four executive Directors, two non-executive Directors and three independent non-executive Directors.

Our management and operational decisions are made by our Board of Directors and senior management collectively, most of whom have served our Group for a significant period of time and have substantial and extensive relevant industry experience and expertise. Other than Mr. Li, none of the Directors or members of the senior management of our Company holds any directorships and/or other senior management roles in any companies owned or controlled by members of the Controlling Shareholders and their respective close associates.

Our Directors consider that our Board and senior management will function independently of our Controlling Shareholders for the following reasons:

(i) each Director is aware of his or her fiduciary duties as a Director which require, among other things, that such Director acts for the best interests of our Company and our Shareholders as a whole and does not allow any conflict between his or her duties as a Director and his or her personal interests;

(ii) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group. For details of the industry experience of our senior management team, please refer to the section headed "Directors and Senior Management";

(iii) we have appointed three independent non-executive Directors, comprising no less than one third of the total members of our Board, who have sufficient knowledge, experience and competence to provide a balance of the potentially interested Directors and independent Directors with a view to safeguard the interests of our Company and the Shareholders as a whole;

(iv) our Company has established internal control mechanisms to identify connected transactions to ensure that our Shareholders or Directors with conflicting interests in a proposed transaction will abstain from voting on the relevant resolutions pursuant to the relevant requirements under our Articles of Association and/or the Listing Rules;

(v) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) is required to declare the nature of such interest before voting at the relevant Board meetings of our Company in respect of such transactions.

Based on the above, our Directors are of the view that our Board and senior management as a whole are capable to perform their roles in our Company independently and manage our business independently of our Controlling Shareholders and their respective close associates after [**REDACTED**].

Operational Independence

Our Group operates independently from members of the Controlling Shareholders and their respective close associates.

Our Group has a full-time management team and team of staff to carry out its operation and administration independently from the Controlling Shareholders. We have established a complete organizational structure, comprising various separate departments each charged with specific responsibilities. The support functions comprising accounting, administration, product development, compliance and human resource management will also continue to be handled by a team of staff employed directly by us and are separated from the Controlling Shareholders. We have also established a set of internal control procedures and adopted corporate governance measures to facilitate the independent and effective operation of our business. For details, please refer to "— Corporate Governance Measures" in this section.

Based on the above, our Directors are satisfied that our Group is able to operate independently from members of the Controlling Shareholders and their respective close associates.

Financial Independence

We have the ability to operate independently of our Controlling Shareholders and their respective close associates from a financial perspective. We have an independent financial system and make financial decisions according to our own business needs. We have our independent financial department with a team of independent financial staff responsible for discharging the treasury function, and an audit committee comprising solely of independent non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

During the Track Record Period and as of the Latest Practicable Date, Zhuhai Vergiga entered into a series of financing arrangements for a commercial loan amounting to RMB156,000,000 at a floating rate with reference to the one-year loan prime rate. The loans are secured by Zhuhai Vergiga's facilities, land use rights, and certain equipment, and are guaranteed by an unlimited personal guarantee provided by Mr. Li and his spouse (the "**Connected Guarantee**s"). As of the Latest Practicable Date, the aggregate outstanding principal amount of these commercial loans amounted to approximately RMB82.15 million. The Connected Guarantees will be released upon the [**REDACTED**].

We do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. We have independent access to third party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. As of the Latest Practicable Date, save for the abovementioned, none of our Controlling Shareholders or their respective close associates had provided any loans, borrowings or guarantees to our Group.

Based on the above, our Directors are satisfied that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after [**REDACTED**].

CORPORATE GOVERNANCE MEASURES

Upon [**REDACTED**], our Company will comply with all applicable code provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"), which sets out principles of good corporate governance, save for code provision C.2.1 of the Corporate Governance Code. For more details, please see the paragraphs headed "Directors and Senior Management — Management and Corporate Governance — Corporate Governance" in this document.

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

(i) where a transaction or arrangement of our Company is subject to Shareholders' approval under the provisions of the Listing Rules, any Controlling Shareholder that has a material interest in the transaction or arrangement shall abstain from voting on the resolution(s) approving the transaction or arrangement at the general meeting;

(ii) as part of our preparation for the [**REDACTED**], we have amended our Articles of Association to comply with the Listing Rules which will become effective upon [**REDACTED**]. In particular, our Articles of Association provides that, unless otherwise provided, a Director shall abstain from voting on any resolution approving any contract, transaction or arrangement in which such Director or any of his/her close associates has a material interest, nor shall such Director be counted in the quorum present at the Board meeting;

(iii) our Company has established internal control mechanisms to identify connected transactions. Upon [**REDACTED**], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable requirements under the Listing Rules;

(iv) we are committed that our Board shall include a balanced composition of executive Directors and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors, and we believe our independent non-executive Directors possess sufficient experiences and are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our Shareholders as a whole. For details of our independent non-executive Directors, see "Directors and Senior Management — Directors — Independent Non-Executive Directors" in this document;

(v) where our Directors reasonably request for the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expenses; and

(vi) we have appointed Red Sun Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors' duties and corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage existing and potential conflict of interest, and to protect minority Shareholders' interests after the [**REDACTED**].

This section presents certain information regarding our share capital before and upon completion of the [**REDACTED**].

BEFORE THE [REDACTED]

As of the Latest Practicable Date, the registered capital of our Company was RMB61,880,000, comprising 61,880,000 Unlisted Shares of nominal value RMB1.00 each.

UPON COMPLETION OF THE [REDACTED]

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, assuming the [**REDACTED**] is not exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

Immediately following completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, assuming the [**REDACTED**] is fully exercised, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
H Shares to be converted from Unlisted Shares	[**REDACTED**]	[**REDACTED**]%
H Shares to be issued under the [**REDACTED**]	[**REDACTED**]	[**REDACTED**]%
Total	[**REDACTED**]	**100.00%**

OUR SHARES

The H Shares in issue upon completion of the [**REDACTED**] and the Unlisted Shares are ordinary Shares in the share capital of our Company and are considered as one class of Shares.

Our H Shares may only be subscribed for and [**REDACTED**] in Hong Kong dollars. Our Unlisted Shares, on the other hand, may only be subscribed for and [**REDACTED**] in Renminbi. Apart from certain qualified domestic institutional investors in the PRC, the qualified PRC investors under the Shanghai-Hong Kong Stock Connect or the Shenzhen-Hong Kong Stock Connect and other persons who are entitled to hold our H Shares pursuant to relevant PRC laws and regulations or upon approvals of any competent authorities (such as our certain existing Shareholders the Unlisted Shares held by whom will be converted into H Shares according to the approval of the CSRC), H Shares generally cannot be subscribed for by or [**REDACTED**] between legal or natural persons of the PRC. Our Unlisted Shares, on the other hand, can be purchased or transferred between legal or natural persons of the PRC, qualified foreign institutional investors and qualified foreign strategic investors.

Unlisted Shares and H Shares are regarded as one class of Shares under our Articles of Association and shall rank *pari passu* with each other in all respects and, in particular, will rank equally for dividends or distributions declared, paid or made. All dividends for H Shares will be denominated and declared in Renminbi, and paid in Hong Kong dollars or Renminbi, whereas all dividends for Unlisted Shares will be paid in Renminbi. Other than cash, dividends could also be paid in the form of shares.

CONVERSION OF UNLISTED SHARES INTO H SHARES

The Unlisted Shares comprise [**REDACTED**] Shares which are currently not listed or traded on any stock exchange.

Pursuant to the regulations prescribed by the securities regulatory authorities of the State Council, the Unlisted Shares may be converted into overseas-listed Shares. Such converted Shares could be listed or traded on an overseas stock exchange, provided that prior to the conversion and trading of such converted Shares, any requisite internal approval process has been duly completed, all the filing procedures with relevant PRC regulatory authorities, including the CSRC are followed. In addition, such conversion and trading shall comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchange. If any of the Unlisted Shares are to be converted, [**REDACTED**] and [**REDACTED**] as H Shares on the Hong Kong Stock Exchange, such conversion, [**REDACTED**] and [**REDACTED**] will need the approval of the relevant PRC regulatory authorities, including the CSRC, and the approval of the Hong Kong Stock Exchange.

Registration with the CSRC and Full Circulation Application

In accordance with the Trial Measures and related guidelines, H-share listed companies which apply for the conversion of unlisted shares into H shares for [**REDACTED**] and circulation on the Hong Kong Stock Exchange shall register with the CSRC by filing materials on key compliance issues. An unlisted joint stock company may apply for "full circulation" when applying for an overseas [**REDACTED**].

We have filed with the CSRC for, and the CSRC [has registered] the conversion of [**REDACTED**] Unlisted Shares into H Shares on a one-for-one basis upon the completion of the [**REDACTED**]. The filing and registration procedures in relation to the Conversion of the Unlisted Shares have been completed on [●] accordingly, and the [**REDACTED**] and [**REDACTED**] of the H shares converted on the Hong Kong Stock Exchange is still subject to the approval by the Hong Kong Stock Exchange.

[**REDACTED**] Approval by the Hong Kong Stock Exchange

We have [**REDACTED**] to the [**REDACTED**] Committee for the granting of the [**REDACTED**] of, and permission to [**REDACTED**], (i) our H Shares to be issued pursuant to the [**REDACTED**] (including any H Shares which may be issued pursuant to the exercise of the [**REDACTED**]) and (ii) the H Shares to be converted from our existing Unlisted Shares. We will perform the following procedures for the conversion of the relevant Unlisted Shares into H Shares after receiving the approval of the Hong Kong Stock Exchange: (i) giving instructions to our [**REDACTED**] regarding relevant [**REDACTED**] of the converted H Shares and (ii) enabling the converted H Shares to be accepted as eligible securities by [**REDACTED**] for deposit, clearance and settlement in the [**REDACTED**].

RESTRICTION ON TRANSFER OF SHARES ISSUED PRIOR TO THE [REDACTED]

In accordance with Article 160 of the PRC Company Law, the shares issued prior to any [**REDACTED**] of shares by a company cannot be transferred within one year from the date on which such publicly [**REDACTED**] shares are [**REDACTED**] and [**REDACTED**] on the relevant stock exchange. As such, the H Shares to be issued by our Company (including the H Shares to be converted from our existing Unlisted Shares) prior to the [**REDACTED**] will be subject to such statutory restriction on transfer within a period of one year from the [**REDACTED**].

GENERAL MEETINGS

Pursuant to the PRC Company Law and the terms of the Articles of Association, our Company may from time to time by special resolution of Shareholders, among others, increase its capital or decrease its capital or repurchase of shares. For details of circumstance under which our general meetings are required, see "Summary of Articles of Association — Shareholders and Shareholders' Meetings" in Appendix V to this document.

SHARE SCHEME

For details of our share scheme, see "Statutory and General Information — D. Pre-[**REDACTED**] Equity Incentive Plan" in Appendix VI to this document.

So far as our Directors are aware, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**]) and the conversion of the Unlisted Shares into H Shares, the following persons will have an interest or short position in Shares and/or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the issued voting Shares of our Company.

Name of Shareholder	Nature of interest[1]	Description of Shares	Number and class of Shares or underlying Shares held	Shareholding as of the Latest Practicable Date		Shareholding upon completion of the [REDACTED][2]	
				in relevant class of Shares	in total issued share capital	in relevant class of Shares	in total issued share capital
Mr. Li	Beneficial owner	H Shares	24,251,965	39.19%	39.19%	[REDACTED]%	[REDACTED]%
	Interest in controlled corporation[3]	H Shares	13,979,487	22.59%	22.59%	[REDACTED]%	[REDACTED]%
Zhoushan Tuowei	Beneficial owner	H Shares	8,083,989	13.06%	13.06%	[REDACTED]%	[REDACTED]%
Zhoushan Jicheng	Beneficial owner	H Shares	5,895,498	9.53%	9.53%	[REDACTED]%	[REDACTED]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) As of the Latest Practicable Date, Zhoushan Tuowei was held as to 88% by Mr. Li as its general partner and 12% by Ms. Wu Shaodan (吳少丹), Mr. Li's spouse. Zhoushan Jicheng was held as to approximately 90.15% by Mr. Li as its general partner and approximately 9.85% by 35 limited partners, each of whom is our current employee and an Independent Third Party holding less than 10% of partnership interest of Zhoushan Jicheng. By virtue of the SFO, Mr. Li is deemed to be interested in the Shares held by Zhoushan Tuowei and Zhoushan Jicheng. For details, see "History, Development and Corporate Structure — Corporate Structure" and "Substantial Shareholders" in this document.

Save as disclosed above and the section headed "Appendix VI — Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders", the Directors are not aware of any person who will, immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and no changes to our issued and outstanding shares between the Latest Practicable Date and the [**REDACTED**]) and the Conversion of Unlisted Shares into H Shares, have any interest and/or short position in the Shares or underlying shares of our Company which will be required to be disclosed to our Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or is, directly or indirectly interested in 10% or more of the nominal value of any class of our share capital carrying rights to vote in all circumstances at general meeting of our Company or any other member of our Group.

OVERVIEW

Upon the [**REDACTED**], our Board will comprise nine Directors, including four executive Directors, two non-executive Directors, and three independent non-executive Directors, namely:

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Mr. LI Weicong (李偉聰)	39	Executive Director, chairman of the Board and general manager	December 3, 2012	December 3, 2012	Overall management, strategic planning and decision-making for our Group's key business and operational matters
Mr. HUANG Yi (黃義)	45	Executive Director and vice general manager	October 8, 2016	September 29, 2022	Overseeing our Group's business and daily operations
Mr. HE Wei (何偉)	38	Executive Director and sales director	September 2, 2013	June 21, 2022	Overseeing the formulation and execution of our Group's business operations and marketing strategies
Mr. JIANG Chunliang (姜春亮)	40	Executive Director, research and development director	July 11, 2016	May 16, 2020	Planning our Group's research and development strategy, leading our Group in product innovation
Dr. LUO Ming (羅鳴)	45	Non-executive Director	May 16, 2020	May 16, 2020	Providing advice on our Group's compliance operations and future development
Mr. YUAN Wei (袁微)	39	Non-executive Director	September 29, 2022	September 29, 2022	Providing advice on our Group's compliance operations and future development
Dr. CHEN Yu (陳羽)	49	Independent non-executive Director	October 30, 2023	October 30, 2023	Providing independent advice on our Group's operations and management

Name	Age	Position	Date of joining our Group	Date of appointment as Director	Roles and responsibilities
Ms. JI Xingdan (吉杏丹)	38	Independent non-executive Director	October 30, 2023	October 30, 2023	Providing independent advice on our Group's operations and management
Mr. RUAN Tim (阮添士)	40	Independent non-executive Director	December 12, 2025	December 12, 2025	Providing independent advice on our Group's operations and management

DIRECTORS

Executive Directors

Mr. LI Weicong (李偉聰), aged 39, our executive Director, chairman of the Board and general manager of our Company. He founded and joined our Group in December 2012. He was appointed as a Director on December 3, 2012 and was re-designated as an executive Director on December 12, 2025.

Mr. Li has nearly 15 years of experience in the semiconductor industry. He started his career in electronic component industry after graduating from college in July 2011. In December 2012, Mr. Li founded our Company, leveraging his industry knowledge and experience accumulated from prior work experience in the electronics components industry. From December 2012 to June 2022, he successively served as our executive Director, chairman of the Board and general manager. He has been our Director and chairman of the Board and has served as our general manager since June 2022. Mr. Li has also held various leadership roles in our operating subsidiaries, serving as, including but not limited to, an executive director at Zhuhai Vergiga since September 2020, a director at Zhuhai Haochen since April 2020, and an executive director at Tianjin Vergiga since November 2023 and a director at Vergiga Zhoushan since September 2025. Mr. Li is primarily responsible for the overall management, strategic planning and decision-making for our Group's key business and operational matters.

Mr. Li obtained his bachelor's degree major in English from Beijing Normal University Zhuhai Campus (北京師範大學珠海分校) in the PRC in July 2011. He obtained his master's degree in business administration from Tsinghua University (清華大學) in the PRC in May 2024. Mr. Li was awarded the "Shenzhen High-Level Talent Reserve" by the Shenzhen Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in July 2021. Mr. Li was also recognized as one of the "Top 100 Innovators and Strivers in Shenzhen" by the Shenzhen Industry Leaders Enterprise Development Promotion Association (深圳市行業領袖企業發展促進會) in November 2021.

Mr. HUANG Yi (黃義), aged 45, is our executive Director and vice general manager of our Company. He was appointed as a Director on September 29, 2022 and was re-designated as an executive Director on December 12, 2025. Mr. Huang joined our Group in October 2016 and served as head of marketing until June 2022 when he was promoted to be our vice general manager. He is primarily responsible for overseeing our Group's business and daily operations.

Mr. Huang has nearly 20 years of enriched experience in electronic component industry. Prior to joining our Group, Mr. Huang served as a CDMA product engineer at Huawei Technologies Co., Ltd. (華為技術有限公司) from August 2006 to July 2007. From May 2008 to April 2010, he served as an application engineer manager at Shenzhen Secom Telecom Co., Ltd. (深圳世強電訊有限公司). From July 2010 to September 2016, Mr. Huang held various positions at Microchip Technology Trading (Shanghai) Co., Ltd. (微芯商貿(上海)有限公司) including senior field application engineer, sales manager, and senior sales manager.

Mr. Huang obtained his bachelor's degree in automation and his master's degree in communication and information systems from Wuhan University of Technology (武漢理工大學) in the PRC in June 2003 and June 2006, respectively.

Mr. HE Wei (何偉), aged 38, is our executive Director and sales director of our Company. He was appointed as a Director on June 21, 2022 and was re-designated as an executive Director on December 12, 2025. He joined our Group in September 2013 and has served as our sales director since then. He is primarily responsible for overseeing the formulation and execution of our Group's business operations and marketing strategies.

Mr. He obtained a diploma in cybersecurity applications through distance learning from Milkyway Information Technology Institute (湖北銀河信息技術學院) in the PRC in August 2007, and obtained a diploma in mechatronics through distance learning from Jilin University (吉林大學) in the PRC in July 2023.

Mr. JIANG Chunliang (姜春亮), aged 40, is our executive Director and research and development director of our Company. He was appointed as a Director on May 16, 2020 and was re-designated as an executive Director on December 12, 2025. He joined our Group in July 2016 and has been our research and development engineer since then. In August 2020, he was promoted as our research and development director. He is primarily responsible for planning our Group's research and development strategy, leading our Group in product innovation.

Mr. Jiang has over 15 years of profound research and development experience in electronic manufacturing industry. Prior to joining our Group, Mr. Jiang served as a research and development engineer at Shenzhen Founder Micro Electronics Inc. (深圳方正微電子有限公司) from July 2010 to June 2016, responsible for conducting research and development on new processes.

Mr. Jiang obtained his bachelor's degree in electronic science and technology from Changchun University (長春大學) in the PRC in July 2009.

Non-executive Directors

Dr. LUO Ming (羅鳴), aged 45, is our non-executive Director. He joined our Group in May 2020. He was appointed as a Director on May 16, 2020 and was re-designated as a non-executive Director on December 12, 2025. He is primarily responsible for providing advice on our Group's compliance operations and future development.

Dr. Luo has over 15 years of extensive experience in electronic manufacturing and functional materials industry, covering research and development and investment. From August 2011 to March 2015, he served as a senior scientist at First O-Lite, Inc. (南京第壹有機光電有限公司) where he was responsible for technical research and development. From March 2015 to July 2017, Dr. Luo served as an investment manager of research and development investment department at Nanjing Jiangning Technology Venture Capital Group Co., Ltd. (南京江寧科技創業投資集團有限公司) (currently known as Nanjing Jiangning Talent Group Co., Ltd. (南京江寧人才集團有限公司)). From October 2018 to July 2024, he served as a director of Jiangsu Kuna New Energy Co., Ltd. (江蘇庫納新能源股份有限公司). From July 2019 to

April 2024, he served as a supervisor of Jiangsu Yancheng Gleibao Equipment Technology Co., Ltd. (江蘇鹽城格萊寶裝備科技有限公司). From November 2019 to December 2022, he served as a director of Nanjing Aoboyang Radio Frequency Technology Co., Ltd. (南京澳博陽射頻技術有限公司). From June 2017 to March 2025, he served as several roles (including the head of the compliance control department, executive director and general manager) at Yancheng Fengrun Investment Management Co., Ltd. (鹽城鋒潤投資管理有限公司) (currently known as Yancheng Fengrun Enterprise Management Consulting Co., Ltd. (鹽城鋒潤企業管理諮詢有限公司)). From February 2021 to June 2024, he was an executive partner of Yancheng Fengrun Enterprise Management Partnership (Limited Partnership) (鹽城鋒潤企業管理合夥企業(有限合夥)). He also served as a director at Nanjing Chiyun Technology Development Co., Ltd. (南京馳韻科技發展有限公司) from October 2020 to August 2025 and Jiangsu Longshang Heavy Industry Co., Ltd. (江蘇龍尚重工有限公司) from November 2020 to November 2024, respectively. He served as a director of Jiangsu Gufeng Electric Power Technology Co., Ltd. (江蘇谷峰電力科技股份有限公司) until October 2022. He served as a supervisor of Nanjing Chaocai Information Technology Co., Ltd. (南京晁采信息科技有限公司) until March 2025. Since January 2024, Dr. Luo has served as the investment director of the advanced manufacturing investment department at Nanjing Dynamic Balance Venture Capital Management Co., Ltd. (南京動平衡創業投資管理有限公司).

Dr. Luo currently holds non-executive roles in several companies. He has served as a supervisor at Nanjing Damai Technology Industry Co., Ltd. (南京達邁科技實業股份有限公司) since July 2021. He has also been a director at the following companies, including (i) Nanjing Maidet Optics Co., Ltd. (南京邁得特光學有限公司) since May 2025; (ii) Jiangsu Maiji Yiwei Electric Technology Co., Ltd. (江蘇邁吉易威電動科技有限公司) since April 2025; (iii) Ningbo Xinsulian Optoelectronic Technology Co., Ltd. (寧波芯速聯光電科技有限公司) (currently known as Coresun Optoelectronics Technology (Hangzhou) Co., Ltd. (芯速聯光電科技(杭州)有限公司)) since March 2025; (iv) Fermi Electric (Zhoushan) Co., Ltd. (費米電氣(舟山)有限公司) (formerly known as Nanjing X-IPM Technologies Co., Ltd. (南京芯幹線科技有限公司)) since March 2025; and (v) Jiangsu Shengtai Energy Grid Technology Co., Ltd. (江蘇聖泰能網科技有限公司) since July 2022.

Dr. Luo obtained his bachelor's degree and doctoral degree, all in materials science and engineering from Zhejiang University (浙江大學) in the PRC, in June 2003 and June 2009, respectively.

Mr. YUAN Wei (袁微), aged 39, is our non-executive Director. He joined our Group in September 2022. He was appointed as a Director on September 29, 2022 and was re-designated as a non-executive Director on December 12, 2025. He is primarily responsible for providing advice on our Group's compliance operations and future development.

Mr. Yuan has over 10 years of extensive experience in investing in technology industry. He served as a process engineer at Shenzhen STS Microelectronics Co., Ltd. (深圳賽意法微電子有限公司) from March 2014 to March 2015, primarily responsible for process control in new product introduction and electronic packaging production process. Mr. Yuan served as an investment and research assistant at First Capital Innovative Management Corporation Ltd. (深圳第一創業創新資本管理股份有限公司) from June 2015 to June 2017, primarily responsible for electronic industry analysis and equity investment. He has also served as a vice president of Shenzhen Anpeng Equity Investment Fund Management Co., Ltd. (深圳市安鵬股權投資基金管理有限公司) since July 2017, primarily responsible for its overall management. From April 2021 to January 2025, he served as a supervisor at Shenzhen Yuneng Technology Co., Ltd. (深圳市馭能科技有限公司). He has also served as a director at Shenhen Qingshan Technology Co. Ltd. (深圳市清杉科技有限公司) since March 2023 and Smart Software (Beijing) Technology Co., Ltd. (also known as EXCEEDDATA (EXD)) (智協慧同(北京)科技有限公司) since July 2024.

Mr. Yuan obtained his bachelor's degree in material science and engineering from Shijiazhuang Tiedao University (石家莊鐵道大學) in the PRC in June 2011 and obtained his master's degree in material engineering from Harbin Institute of Technology (哈爾濱工業大學) in the PRC in January 2014.

Independent Non-executive Directors

Dr. CHEN Yu (陳羽), aged 49, was appointed as our independent Director since joining our Group on October 30, 2023, and was re-designated as an independent non-executive Director on December 12, 2025. He is primarily responsible for providing independent advice on our Group's operations and management.

Dr. Chen has a distinguished background in academia and corporate governance. He having served at the South China University of Technology (華南理工大學) since March 2006. He was a lecturer and researcher specializing at international trade from January 2006 to October 2010. From October 2010 to June 2025, he served as an associate professor in international trade, continuing his academic work. Between May 2012 and June 2018, Dr. Chen served as head of the department of international trade, overseeing both academic activities and administrative management for the department. Since June 2018, he has served as an assistant dean of the school of economics and trade.

Dr. Chen has also served as an independent director at Annil Co., Ltd (深圳市安奈兒股份有限公司) (a joint stock company listed on the Shenzhen Stock Exchange (stock code: 002875)) since December 2019 and Guangzhou Lalami Information Technology Co., Ltd. (廣州拉拉米信息科技股份有限公司) since November 2023, respectively. From July 1999 to July 2000, he worked at Hunan Xuefeng Cement Group Co., Ltd. (湖南雪峰水泥集團有限公司).

Dr. Chen obtained his bachelor's degree in economics and his master's degree in international trade from Hunan University (湖南大學) in the PRC in June 1999 and June 2003, respectively. He obtained his doctoral degree in world economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in January 2006.

Ms. JI Xingdan (吉杏丹), aged 38, was appointed as our independent Director since joining our Group on October 30, 2023. She was re-designated as an independent non-executive Director on December 12, 2025. She is primarily responsible for providing independent advice on our Group's operations and management.

Ms. Ji has extensive experience in corporate finance and auditing. From August 2012 to April 2025, she held multiple roles at Jinlongyu Group Co., Ltd. (金龍羽集團股份有限公司) (a joint stock company listed on the Shenzhen Stock Exchange (stock code: 002882)), where she successively served as an audit department manager, audit manager, finance manager and securities affairs representative, chief financial officer and secretary to the board of directors.

Ms. Ji has served as an independent director of Shenzhen Jufei Optoelectronics Co., Ltd. (深圳市聚飛光電股份有限公司) (a joint stock company listed on the Shenzhen Stock Exchange (stock code: 300303)) since May 2022 and Nations Technologies Inc. (國民技術股份有限公司) (a joint stock company listed on the Shenzhen Stock Exchange (stock code: 300077)) since May 2024, respectively.

Ms. Ji has obtained her dual bachelor's degrees in English and accounting from Chongqing University (重慶大學) in the PRC in June 2010. She obtained her master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in the PRC in March 2022. Ms. Ji also obtained the qualification of Chinese certified public accountant from The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in March 2015 and was certified as a senior accountant by the Shenzhen Municipal Human Resources and Social Security Bureau (深圳市人力資源和社會保障局) in July 2023.

Mr. RUAN Tim (阮添士), aged 40, has been our independent non-executive Director since joining our Group on December 12, 2025. He is primarily responsible for providing independent advice on our Group's operations and management.

Mr. Ruan has extensive experience in capital markets, legal compliance, corporate governance, and financial management. From September 2011 to August 2013, he served as a trainee at Baker & Mckenzie. He then continued his career at Sullivan & Cromwell LLP from September 2013 to January 2016, where he worked as an associate. From February 2016 to December 2017, he served as an associate within the investment banking division of Nomura International (Hong Kong) Limited. From January 2018 to November 2020, he served as a vice president of the investment banking division of Morgan Stanley Asia Limited. In November 2020, Mr. Ruan joined Goldman Sachs (Asia) L.L.C. as an executive director of the investment banking division, where he was primarily responsible for affairs in debt and equity capital markets, as well as mergers and acquisitions, until January 2023. From January 2023 to June 2026, he served as the chief financial officer of Ocumension Therapeutics, Inc. (a company listed on the Hong Kong Stock Exchange (stock code: 1477)), primarily responsible for financial management and investor relations of the group. Mr. Ruan has served as an independent non-executive director in several companies, including (i) BlissBio Inc since June 2025; (ii) LongBio Pharma (Suzhou) Co., Ltd. (a company listed on the Hong Kong Stock Exchange (stock code: 1779)) since August 2025; and (iii) DKE Holding Company Limited (浙江東方科脈電子股份有限公司) (a company listed on the Hong Kong Stock Exchange (stock code: 1770)) since September 2025.

Mr. Ruan obtained his dual bachelor's degrees in laws and commerce from the University of New South Wales in Australia in May 2010. He obtained postgraduate certificate in laws from the University of Hong Kong in Hong Kong in June 2011. He graduated from The Hong Kong University of Science and Technology in Hong Kong in November 2021 with a master's degree of science, majoring in biotechnology.

SENIOR MANAGEMENT

Our senior management team is responsible for the day-to-day management and operation of our business. The following table provides information about members of our senior management:

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities
Mr. Li	39	Executive Director, chairman of the Board and general manager	December 1, 2012	December 1, 2012	Overall management, strategic planning and decision-making for our Group's key business and operational matters
Mr. HUANG Yi (黃義)	45	Executive Director and vice general manager	October 8, 2016	June 21, 2022	Overseeing our Group's business and daily operations

Name	Age	Position	Date of joining our Group	Date of appointment as a senior management	Roles and responsibilities
Mr. HE Wei (何偉)	38	Executive Director and sales director	September 2, 2013	June 21, 2022	Overseeing the formulation and execution of our Group's business operations and marketing strategies
Mr. JIANG Chunliang (姜春亮)	40	Executive Director, research and development director	July 11, 2016	May 16, 2020	Planning our Group's research and development strategy, leading our Group in product innovation
Mr. SHI Shuai (史帥)	37	Board secretary and joint company secretary	July 18, 2025	December 9, 2025	Responsible for managing our Group's financing activities, investor relationship and general corporate governance
Ms. XU Caifang (徐采芳)	42	Chief financial officer	July 25, 2020	June 21, 2022	Responsible for our Group's financial affairs and capital management

Mr. Li, aged 39, is our general manager. See "— Directors — Executive Directors" above for his biographical details.

Mr. HUANG Yi (黃義), aged 45, is our vice general manager. See "— Directors — Executive Directors" above for his biographical details.

Mr. HE Wei (何偉), aged 38, is our sales director. See "— Directors — Executive Directors" above for his biographical details.

Mr. JIANG Chunliang (姜春亮), aged 40, is our research and development director. See "— Directors — Executive Directors" above for his biographical details.

Mr. SHI Shuai (史帥), aged 37, has been our Board secretary and joint company secretary since December 9, 2025. He joined our Group in July 2025. He is primarily responsible for managing our Group's financing activities, investor relationship and general corporate governance.

Mr. Shi has extensive experience in capital markets, financing and investor relationship management. From July 2015 to February 2016, Mr. Shi served at Zhongtian Guofu Securities Co., Ltd. (中天國富證券有限公司), focusing on equity capital market transactions. From April 2016 to July 2016, he served at Kaiyuan Securities Co., Ltd. (開源證券股份有限公司) primarily responsible for sponsorship execution and supervision for capital markets transactions. Between June 2016 and January 2023, Mr. Shi worked at Zhongtian Guofu

Securities Co., Ltd. (中天國富證券有限公司), overseeing public offering sponsorship activities. From February 2023 to July 2025, he worked in the investment business department at Guotou Securities Co., Ltd. (國投證券股份有限公司), continuing to focus on public offering sponsorship-related work.

Mr. Shi obtained his bachelor's degree in aircraft manufacturing engineering from Northwestern Polytechnical University (西北工業大學) in the PRC in July 2010. He obtained his master's degree in quantitative economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in June 2015.

Ms. XU Caifang (徐采芳), aged 42, has been our chief financial officer since June 2022. She joined the Company as a financial director in July 2020. She has also served as the financial controller of Zhuhai Vergiga since its inception in September 2020 and Vergiga Zhoushan. She is primarily responsible for our Group's financial affairs and capital management.

Ms. Xu has extensive experience in financial management. From November 2009 to October 2013, she served as the accounting supervisor at Baider Enterprise Management Consultants (Shenzhen) Co., Ltd. (百德企業管理顧問(深圳)有限公司), primarily responsible for accounting and financial management functions. From September 2014 to March 2015, she worked at Global Yatu International Tourism Group Co., Ltd. (廣東環球雅途國際旅遊集團有限公司) (currently known as Global Shuke Group Co., Ltd. (環球數科集團有限公司)), where she worked as a financial manager, primarily responsible for overseeing accounting and financial reporting. From April 2015 to July 2020, Ms. Xu served as a financial management manager in the new energy vehicle sector at Shenzhen Invt Electric Co., Ltd. (深圳市英威騰電氣股份有限公司), primarily responsible for financial management of the electric vehicle controller, motor, and charging pile businesses.

Ms. Xu obtained a diploma in international economics and trade through distance learning from Guangdong University of Foreign Studies (廣東外語外貿大學) in the PRC in June 2010. She was certified as a public accountant by The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in March 2015.

JOINT COMPANY SECRETARIES

Mr. SHI Shuai (史帥) was appointed as one of our joint company secretaries on December 9, 2025. See "— Senior Management" above for his biographical details.

Ms. YUNG Mei Yee (翁美儀), was appointed as one of our joint company secretaries on December 9, 2025.

Ms. Yung is a vice president of SWCS Corporate Services Group (Hong Kong) Limited. She has over 20 years of experience in handling company secretarial, corporate governance and compliance affairs of listed companies. She has held various senior company secretarial positions in and acted as the company secretary or joint company secretary of a number of companies listed on the Stock Exchange. She is currently the company secretary or joint company secretary of a few listed companies on the Stock Exchange. She is a fellow of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

Ms. Yung obtained a bachelor's degree of arts in accountancy and a master's degree of arts in language and law from the City University of Hong Kong, and a bachelor's degree of laws from the University of London in the United Kingdom.

OTHER INFORMATION

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules on August 4, 2025, and (ii) understands his or her obligations as a director of a [**REDACTED**] issuer under the Listing Rules.

Each of the independent non-executive Directors confirms (i) his or her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Listing Rules, (ii) that he or she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any core connected person of our Company, and (iii) that there are no other factors that may affect his or her independence at the time of his or her appointments. Each of Mr. LIU Yang, Mr. WANG Caizhang and Mr. HU Qing, our former independent non-executive Director during the Track Record Period, confirms that he had no disagreements or disputes with our Group, Shareholders and Directors prior to his resignation.

Each of our Directors confirms that he or she does not have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

Except as disclosed above, none of our Directors or members of senior management held any other directorships in public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the Latest Practicable Date. None of our Directors or members of senior management is related to other Directors or members of senior management.

Except as disclosed above, to the best knowledge, information and belief of the Directors having made all reasonable inquiries, there was no information relating to our Directors that is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, and there were no other matters with respect to the appointment of the Directors that need to be brought to the attention of the Shareholders.

MANAGEMENT AND CORPORATE GOVERNANCE

Board Committees

Audit Committee

Our Board has established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code set out in Appendix C1 to the Listing Rules (the "**Corporate Governance Code**"). The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transactions and provide advice and comments to the Board. The Audit Committee comprises Ms. JI Xingdan, Dr. CHEN Yu and Mr. YUAN Wei, with Ms. JI Xingdan (being our independent non-executive Director with appropriate professional qualifications) as the chairperson.

Remuneration and Appraisal Committee

Our Board has established the Remuneration and Appraisal Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration and Appraisal Committee are to review and make recommendations to the Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and other senior management. The Remuneration and Appraisal Committee comprises Mr. Li, Ms. JI Xingdan and Dr. CHEN Yu, with Dr. CHEN Yu as the chairperson.

Nomination Committee

Our Board has established the Nomination Committee with written terms of reference in compliance with Rule 3.27A of the Listing Rules and the Corporate Governance Code. The primary duties of the Nomination Committee are to make recommendations to our Board on the appointment of Directors and management of Board succession. The Nomination Committee comprises Mr. Li, Ms. JI Xingdan and Dr. CHEN Yu, with Mr. Li as the chairperson.

Corporate Governance

We aim to achieve high standards of corporate governance which are crucial to our development and safeguard the interests of our Shareholders. In order to accomplish this, we expect to comply with all applicable code provisions of the Corporate Governance Code upon [**REDACTED**] save for the below.

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, companies listed on the Stock Exchange are expected to comply with but may choose to deviate from the requirement that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Our Company deviates from this provision because Mr. Li, performs both the roles of the chairman of our Board and general manager of our Company. Our Board believes that, in view of his experience, personal profile and understanding of our business operations as mentioned above, Mr. Li is the Director best suited to identify strategic opportunities and focus of the Board. Vesting the roles of both chairman and general manager to Mr. Li can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board.

Our Board considers that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and independent Directors. Our Board will reassess the division of the roles of chairman of the Board and the general manager of our Company from time to time, and may recommend dividing the two roles between different people in the future, taking into account the circumstances of our Group as a whole.

Board Diversity

Our Company [has adopted] a board diversity policy which sets out the approach to achieve diversity of the Board. We recognize and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level, including gender diversity, as an essential element in maintaining our competitive advantage and enhancing our ability to attract, retain and motivate employees from the widest possible pool of available talent. In reviewing and assessing suitable candidates to serve as a Director, the Nomination Committee will consider a number of aspects, including, but not limited to, gender, age, cultural and educational background, professional qualifications, skills, knowledge, and industry and regional experience.

Our Board currently consists of one female and eight male Directors ranging from 38 to 49 years old with a balanced mix of knowledge and skills, including, but not limited to, overall management and strategic development, accounting and corporate governance in addition to industry experience in semiconductor and electronic component industry. They obtained degrees in various majors including English, electronic science and technology, automation, materials science and engineering, economics, and laws and commerce. Taking into account our existing business model and specific needs, as well as the diverse background of our Directors, the composition of our Board satisfies the board diversity policy.

Our Nomination Committee will discuss periodically and when necessary, agree on the measurable objectives for achieving diversity, including gender diversity, on the Board and recommend them to the Board for adoption.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors receive remuneration in the form of fees, salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions and share-based payments. We determine the remuneration of our Directors based on their responsibilities, qualification, position and seniority.

The aggregate amount of remuneration of our Directors for the years ended December 31, 2023, 2024 and 2025 and five months ended May 31, 2026 were RMB4.0 million, RMB4.4 million, RMB5.8 million and RMB2.5 million, respectively. None of our Directors waived or agreed to waive any emolument during the same periods.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2026 to be approximately RMB5.9 million.

The five highest paid individuals of our Group for the years ended December 31, 2023, 2024 and 2025 and five months ended May 31, 2026 included one, two, two and one Director(s), respectively. During the same periods, the aggregate amount of remuneration of the five highest paid non-director individuals (including salaries, allowances and benefits in kind, performance related bonuses, pension scheme contributions and share-based payments) were RMB5.8 million, RMB5.0 million, RMB7.4 million and RMB4.9 million, respectively.

During the Track Record Period, no remuneration was paid to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us. No compensation was paid to, or received by, our Directors, former directors, or the five highest paid individuals for the loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

Save as disclosed above, no other payments have been made or are payable by our Group to our Directors in respect of the Track Record Period.

COMPLIANCE ADVISOR

We have appointed Red Sun Capital Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. The compliance advisor will provide us with guidance and advice as to compliance with the requirements under the Listing Rules and applicable Hong Kong laws. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will, amongst other things, advise our Company in the following circumstances:

(a) before the publication of any regulatory announcement, circular, or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues, sales or transfers of treasury shares and share repurchases;

(c) where we propose to use the [**REDACTED**] of the [**REDACTED**] in a manner different from that detailed in this document or where our business activities, development or results of our Group deviate from any forecast, estimate or other information in this document; and

(d) where the Stock Exchange makes an inquiry of our Company concerning unusual movements in the [**REDACTED**] or [**REDACTED**] volume of our [**REDACTED**] securities or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the [**REDACTED**] and is expected to end on the date on which we comply with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year commencing after the [**REDACTED**].

FUTURE PLANS

Please see "Business — Our Strategies" for a detailed description of our future plans.

USE OF [REDACTED]

Assuming an [**REDACTED**] of HK$[**REDACTED**] per Share (being the mid-point of the [**REDACTED**] stated in this document), we estimate that we will receive net [**REDACTED**] of approximately HK$[**REDACTED**] (equivalent to approximately RMB[**REDACTED**]) from the [**REDACTED**] after deducting the [**REDACTED**] and other estimated expenses paid and payable by us in connection with the [**REDACTED**] and assuming that the [**REDACTED**] is not exercised. In line with our strategies, we intend to use our [**REDACTED**] from the [**REDACTED**] for the purposes and in the amounts set forth below:

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for the establishment of a new production base. We intend to build the new production base on the property in Zhoushan, which we acquired in October 2025, with a site area of 74,801 square meters. Please see "Business — Properties — Owned Properties" for details. The total estimated investment for this project is expected to be between RMB[**REDACTED**] and RMB[**REDACTED**]. We intend to fund the remainder of the project cost through our own funds and/or other financing sources. Specifically:

  (i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for construction expenses in relation to the establishment of the new production base. This is expected to include (a) engineering and construction fees, (b) decoration fees and (c) other construction-related fees and contingency reserve to cover potential cost overruns and unforeseen expenses in relation to the project;

  (ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be allocated for procurement and installation of equipment and machinery for the new production base;

  (iii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used as initial working capital to cover labor and material costs for the project to support the initial operational phase of the new production base.

  Upon completion, the newly established production base is designed to provide the production capacity for certain new products. The products to be manufactured in the Zhoushan production line represent an extension of our existing product portfolio, which primarily include (i) power modules and automotive-grade components; (ii) supporting medium- and low-voltage MOSFET products co-developed that underpins power modules and automotive-grade components; and (iii) power modules and automotive-grade components designed to meet higher reliability standards for automotive applications. Such products are intended to be developed based on our existing power semiconductor process platform, leveraging our established expertise. Power modules and automotive-grade components are designed to work seamlessly with our power devices, offering wide voltage range, high current capacity, strong interference resistance, and built-in protection, improving overall system efficiency and reliability. The accompanying MOSFET products are co-optimized to match the performance of these modules. These new

products are primarily intended for the automotive electronics market, building on our existing power semiconductor platform and our presence in our current end markets, which include renewable energy inverters, industrial drives, and energy storage. Our automotive-grade components additionally meet stringent standards such as AEC-Q100, with wide temperature tolerance, EMI resistance, and long-term durability for harsh automotive environments. According to CIC, automotive electronics is the largest downstream application segment of the power semiconductor device industry. The market size of automotive power semiconductors in China reached RMB45.6 billion in 2025, representing approximately 41.8% of the overall power semiconductor market. It is also the fastest-growing among the more mature application segments, with a projected CAGR of 12.1% from 2026 to 2030, driven by the increasing volume and value of power devices used in each vehicle as new energy vehicles move towards high-voltage electrification and greater intelligence. In addition, the localization rate of automotive power semiconductors in China was approximately 20% in 2025 and is projected to exceed 50% by 2030, according to CIC. Given the expected market growth prospects and accelerating localization trend, we believe there will be substantial demand for domestically produced power modules and automotive-grade components, which is expected to support the utilization of the production capacity at our Zhoushan production base.

On the process level, the packaging and testing processes required for developing power modules and automotive-grade components impose materially higher requirements with respect to cleanroom classification, process precision and electromagnetic interference controls, compared to the existing production lines at our Zhuhai production base. In addition, the packaging methodology required for these products involves a manufacturing approach that differs from the processes currently adopted at our Zhuhai factory, which carries out WLCSP packaging at the wafer level on a single-die basis. By contrast, the power modules and automotive-grade components to be produced at our Zhoushan production base require system-in-package packaging, an assembly-based approach under which one or more chips are integrated onto a single substrate to form an integrated module. For automotive-grade products, additional reliability testing will be carried out at our Zhoushan production base to meet stringent automotive standards such as AEC-Q100. The Zhoushan factory is designed to accommodate system-in-package packaging suitable for power modules and automotive-grade components, which cannot be supported by our Zhuhai factory. Given these differentiated process flows, establishing a dedicated facility is technically significant for stable mass production and would enhance our capacity and capabilities in the core manufacturing stages, thereby strengthening the autonomy, stability and long-term resilience of our supply chain.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used to strengthen our R&D capabilities and fund key R&D projects. In order to capture emerging opportunities and meet future demand in higher-growth sub-segments of the broader WLCSP market, we intend to further strengthen our product portfolio and enhance the capabilities of our products. We plan to increase our investment in technological innovation, with a focus on next-generation products for the new energy vehicle sector and the development of next-generation power semiconductor devices, as well as R&D efforts targeting broader downstream applications beyond CSP, such as industrial control, AI servers and industrial-grade unmanned aerial vehicles, to enhance the technological sophistication of our products and maintain our industry-leading position. In

particular, our targeted application scenarios cover photovoltaic and energy-storage inverters, industrial inverters and servo-motor drivers in industrial control; high-power, high-reliability GPU/CPU power units, server power modules and data-centre redundant power systems in AI servers application scenarios; and electronic speed-controller, flight-control and power-management modules for agricultural, inspection and logistics UAVs in the industrial-grade UAV segment. Specifically:

(i) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for purchase of R&D materials such as substrate, epitaxy, metal organic source and sputtering targets to support our core R&D initiatives, including the development of next-generation power semiconductor devices, the development of high-reliability product series for industrial control and new energy vehicle applications including AI servers and industrial-grade unmanned aerial vehicles, and the technological iteration of our existing products. Our next-generation new energy vehicle products extend our automotive-grade MOSFET products and technologies into higher-integration product forms for use in power modules and automotive-grade components, and incorporate customized system-level optimization to provide greater value to customers;

(ii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used to retain, expand and strengthen our R&D team. In response to the growing demand in the downstream applications that adopt our products, in the next few years, we plan to attract and retain around 100 additional R&D personnel with professional knowledge, degree and/or background in the semiconductor field, thereby continuously enhancing our R&D capabilities;

(iii) Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for testing and verification expenses.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used to prudently pursue strategic investments and acquisitions. Our primary objective is to seek targets with complementary technologies, products or talent to expand our market reach and solidify our position in high-growth sectors.

  In evaluating potential targets, we intend to apply a comprehensive set of selection criteria focused on strategic synergy, technical capabilities, commercialization track record and financial discipline. Our key considerations will include:

  (i) ***Strategic and Technology Complementarity***: We will prioritize targets with mature technologies that complement our existing product portfolio. Our focus areas include automotive-grade power modules, advanced MOSFETs for industrial applications and third-generation semiconductor technologies like GaN. Specifically, we will focus on targets that have incurred no less than RMB10.0 million in R&D expenses in the recent fiscal year. We will emphasize on targets that possess strong intellectual property portfolios and have demonstrated capabilities in developing products that meet stringent industry reliability standards, such as automotive-grade (AEC-Q101) certification including those with no fewer than 15 registered core patents or

equivalent proprietary technologies. This will help us strengthen our technology capability, particularly for high-voltage and high-power applications in new energy vehicles and renewable energy systems.

(ii) ***Customer and Channel Synergy***: We will seek targets that can provide access to new key customers and sales channels, especially leading automotive Tier-1 suppliers and major renewable energy equipment manufacturers where we have opportunities to grow. We will prioritize targets with complementary customer bases to maximize market expansion and avoid internal competition.

(iii) ***Team Expertise and Commercialization Capability***: We will value the quality and experience of the target's management and R&D teams. We will look for teams with proven track records, such as approximately ten-year experiences at leading international semiconductor companies, and full-stack experience in bringing complex products, particularly automotive-grade devices, from the design phase to successful mass production.

(iv) ***Financial Discipline and Risk Management***: Any potential investment or acquisition will be subject to a rigorous financial evaluation. We will target companies with a strong track record of revenue growth and profitability, and a demonstrated resilience to industry downturns including those with annual revenue of not less than RMB150.0 million during the Track Record Period. We intend to apply a disciplined valuation methodology and may consider various transaction structures, including minority investments with board representation or full acquisitions, to align incentives and ensure strategic oversight.

As of the Latest Practicable Date, we had not identified any specific investment or acquisition targets, nor had we entered into any definitive agreements for such transactions. According to CIC, there are over 20 potential targets in Asia that match our selection criteria in the market.

- Approximately [**REDACTED**]% of the net [**REDACTED**], or approximately HK$[**REDACTED**], is expected to be used for working capital and general corporate purposes.

To the extent that the net [**REDACTED**] from the [**REDACTED**] are either more or less than expected (including as a result of (i) the [**REDACTED**] being set at a [**REDACTED**] higher or lower than the mid-point of the [**REDACTED**]; or (ii) additional net [**REDACTED**] from the exercise of the [**REDACTED**]), we will adjust our allocation of the net [**REDACTED**] for the above purposes on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any of our projects not viable, or the occurrence of force majeure events, we will carefully evaluate the situation and may reallocate the net [**REDACTED**] from the [**REDACTED**].

To the extent that the net [**REDACTED**] of the [**REDACTED**] are not immediately used for the above purposes or if we are unable to put into effect any part of our plan as intended, and to the extent permitted by the relevant laws and regulations, we will only deposit such net [**REDACTED**] into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the Securities and Futures Ordinance or the applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules.

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The following is the text of a report, prepared for the purpose of incorporation in this document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN VERGIGA SEMICONDUCTOR CO., LTD. AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shenzhen Vergiga Semiconductor Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024, 2025 and 31 May 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also

included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024, 2025 and 31 May 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the five months ended 31 May 2025 and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in notes 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-[●] have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods and for the five months ended 31 May 2025.

Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
REVENUE	*5*	575,477	624,259	814,135	347,187	353,267
Cost of sales		(488,075)	(515,370)	(621,974)	(269,310)	(290,036)
Gross profit		87,402	108,889	192,161	77,877	63,231
Other income and gains	*6*	6,806	9,620	5,595	1,407	5,677
Selling and distribution expenses		(21,321)	(24,007)	(33,934)	(13,630)	(14,941)
Administrative expenses		(21,690)	(28,958)	(50,353)	(14,118)	(29,654)
Research and development costs		(37,903)	(47,173)	(59,659)	(20,334)	(28,808)
(Reversal of impairment)/impairment losses on financial assets, net		(2,256)	(2,667)	1,515	(612)	(210)
Other expenses		(76)	(6)	(912)	(381)	(1,301)
Finance costs	*8*	(2,173)	(2,965)	(2,822)	(1,617)	(1,700)
PROFIT/(LOSS) BEFORE TAX	*7*	8,789	12,733	51,591	28,592	(7,706)
Income tax credit/(expense)	*11*	5,188	6,620	(1,075)	(2,063)	7,196
PROFIT/(LOSS) FOR THE YEAR/ PERIODS		13,977	19,353	50,516	26,529	(510)
Attributable to:						
Owners of the parent		13,977	19,353	50,516	26,529	(510)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	*13*	0.23	0.31	0.82	0.43	(0.01)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
PROFIT/(LOSS) FOR THE YEAR/PERIODS	13,977	19,353	50,516	26,529	(510)
OTHER COMPREHENSIVE LOSS					
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(124)	(36)	(88)	(58)	(11)
Net other comprehensive loss that may be reclassified to profit or loss in subsequent year/period	(124)	(36)	(88)	(58)	(11)
OTHER COMPREHENSIVE LOSS FOR THE YEAR/PERIOD, NET OF TAX	(124)	(36)	(88)	(58)	(11)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR/PERIOD	13,853	19,317	50,428	26,471	(521)
Attributable to:					
Owners of the parent	13,853	19,317	50,428	26,471	(521)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	120,718	237,946	287,147	337,176
Right-of-use assets	*15*	8,273	7,559	9,715	87,050
Intangible assets	*16*	2,287	2,013	3,971	3,770
Deferred tax assets	*28*	10,031	16,651	15,576	22,773
Prepayments, deposits and other receivables	*20*	61,990	20,009	31,747	8,659
Total non-current assets		203,299	284,178	348,156	459,428
CURRENT ASSETS					
Inventories	*18*	173,493	134,373	188,188	206,481
Trade and bills receivables	*19*	79,490	134,710	117,829	130,622
Prepayments, deposits and other receivables	*20*	40,514	60,883	79,327	79,263
Financial assets at fair value through other comprehensive income	*21*	36,496	24,500	18,289	37,408
Cash and cash equivalents	*22*	212,170	172,476	187,496	117,807
Total current assets		542,163	526,942	591,129	571,581
CURRENT LIABILITIES					
Trade payables	*23*	23,320	32,322	69,994	50,600
Contract liabilities	*24*	3,858	6,743	4,688	2,517
Other payables and accruals	*25*	65,553	43,128	47,729	64,888
Interest-bearing bank and other borrowings	*26*	20,062	27,681	73,467	74,289
Lease liabilities	*15*	1,139	1,204	1,508	40,941
Total current liabilities		113,932	111,078	197,386	233,235
NET CURRENT ASSETS		428,231	415,864	393,743	338,346
TOTAL ASSETS LESS CURRENT LIABILITIES		631,530	700,042	741,899	797,774
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*26*	28,908	78,478	62,821	115,822
Lease liabilities	*15*	1,214	564	2,218	1,662
Deferred income	*27*	682	659	734	719
Total non-current liabilities		30,804	79,701	65,773	118,203
Net assets		600,726	620,341	676,126	679,571
EQUITY					
Equity attributable to owners of the parent					
Share capital	*29*	61,880	61,880	61,880	61,880
Reserves	*31*	538,846	558,461	614,246	617,691
Total equity attributable to owners of the parent		600,726	620,341	676,126	679,571
Total equity		600,726	620,341	676,126	679,571

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Share capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	(Accumulated losses)/ Retained profits	Total equity
	RMB'000 (Note 29)	*RMB'000 (Note 31)*	*RMB'000 (Note 30)*	*RMB'000 (Note 31)*	*RMB'000*	*RMB'000*
At 31 December 2022 and 1 January 2023	61,880	523,453	6,072	(222)	(1,915)	589,268
Profit for the year	–	–	–	–	13,977	13,977
Other comprehensive loss for the year:						
Exchange differences on translation of foreign operations	–	–	–	(124)	–	(124)
Total comprehensive income for the year	–	–	–	(124)	13,977	13,853
Share-based payments	–	–	(2,395)	–	–	(2,395)
At 31 December 2023	61,880	523,453*	3,677*	(346)*	12,062*	600,726

Year ended 31 December 2024

	Share capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (Note 29)	*RMB'000 (Note 31)*	*RMB'000 (Note 30)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024	61,880	523,453	3,677	(346)	–	12,062	600,726
Profit for the year	–	–	–	–	–	19,353	19,353
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	(36)	–	–	(36)
Total comprehensive income for the year	–	–	–	(36)	–	19,353	19,317
Share-based payments	–	–	298	–	–	–	298
Transfer from retained profits	–	–	–	–	2,204	(2,204)	–
At 31 December 2024	61,880	523,453*	3,975*	(382)*	2,204*	29,211*	620,341

Year ended 31 December 2025

	Share capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (Note 29)	*RMB'000 (Note 31)*	*RMB'000 (Note 30)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000*	*RMB'000*
At 31 December 2024 and 1 January 2025	61,880	523,453	3,975	(382)	2,204	29,211	620,341
Profit for the year	–	–	–	–	–	50,516	50,516
Other comprehensive loss for the year:							
Exchange differences on translation of foreign operations	–	–	–	(88)	–	–	(88)
Total comprehensive income for the year	–	–	–	(88)	–	50,516	50,428
Share-based payments	–	–	5,357	–	–	–	5,357
Transfer from retained profits	–	–	–	–	4,496	(4,496)	–
At 31 December 2025	61,880	523,453*	9,332*	(470)*	6,700*	75,231*	676,126

Five months ended 31 May 2026

	Share capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (Note 29)	*RMB'000 (Note 31)*	*RMB'000 (Note 30)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000*	*RMB'000*
At 31 December 2025 and 1 January 2026	61,880	523,453	9,332	(470)	6,700	75,231	676,126
Loss for the period	–	–	–	–	–	(510)	(510)
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations	–	–	–	(11)	–	–	(11)
Total comprehensive loss for the period	–	–	–	(11)	–	(510)	(521)
Share-based payments	–	–	3,966	–	–	–	3,966
At 31 May 2026	61,880	523,453*	13,298*	(481)*	6,700*	74,721*	679,571

* The reserve accounts comprise the consolidated reserves of RMB538,846,000, RMB558,461,000, RMB614,246,000 and RMB617,691,000 in the consolidated statements of financial position as at 31 December 2023, 2024, 2025 and 31 May 2026, respectively.

Five months ended 31 May 2025 (Unaudited)

	Share capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total equity
	RMB'000 (Note 29)	*RMB'000 (Note 31)*	*RMB'000 (Note 30)*	*RMB'000 (Note 31)*	*RMB'000 (Note 31)*	*RMB'000*	*RMB'000*
At 31 December 2024 and 1 January 2025	61,880	523,453	3,975	(382)	2,204	29,211	620,341
Profit for the period	–	–	–	–	–	26,529	26,529
Other comprehensive loss for the period:							
Exchange differences on translation of foreign operations	–	–	–	(58)	–	–	(58)
Total comprehensive income for the period	–	–	–	(58)	–	26,529	26,471
Share-based payments	–	–	1,506	–	–	–	1,506
At 31 May 2025 (Unaudited)	61,880	523,453	5,481	(440)	2,204	55,740	648,318

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		8,789	12,733	51,591	28,592	(7,706)
Adjustments for:						
Bank interest income	*6*	(2,740)	(2,622)	(1,326)	(771)	(211)
Finance costs	*8*	2,173	2,965	2,822	1,617	1,700
Investment income from financial assets at fair value through profit or loss	*6*	(1,427)	(348)	–	–	–
Loss on disposal of items of property, plant and equipment	*7*	–	55	–	–	–
Loss/(gain) on disposal of items of right-of-use assets		24	17	(28)	–	–
Depreciation of items of property and equipment	*7*	5,750	13,925	22,457	8,242	11,636
Amortisation of intangible assets	*7*	225	274	425	136	208
Depreciation of right-of-use assets	*7*	2,013	1,420	1,671	663	1,154
Impairment/(reversal of impairment) of trade and bills receivables	*7*	2,237	2,618	(884)	867	419
Impairment/(reversal of impairment) on other receivables	*7*	19	49	(631)	(255)	(209)
Write-down of inventories to net realisable value	*7*	30,980	22,207	1,274	2,227	2,874
Share-based payments	*7*	(2,395)	298	5,357	1,506	3,966
Foreign exchange losses/(gains), net		72	(128)	468	250	165
		45,720	53,463	83,196	43,074	13,996
Decrease/(increase) in inventories		31,088	16,913	(55,089)	(7,529)	(21,167)
(Increase)/decrease in trade and bills receivables		(45,126)	(57,838)	17,957	(20,534)	(13,777)

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
(Increase)/decrease in financial assets at fair value through other comprehensive income		(28,822)	11,996	6,211	7,730	(19,119)
Decrease/(increase) in prepayments, deposits and other receivables		36,223	20,744	(2,594)	(60,264)	1,445
Increase/(decrease) in trade payables		5,673	9,002	37,672	20,375	(19,394)
(Decrease)/increase in other payables and accruals		(15,398)	72	4,174	2,092	5,863
Increase/(decrease) in contract liabilities		961	2,885	(2,055)	(4,576)	(2,171)
(Decrease)/increase in deferred income		(6)	(23)	75	(9)	(15)
Cash generated from/(used in) operations		30,313	57,214	89,547	(19,641)	(54,339)
Interest received		2,740	2,622	1,326	771	211
Income tax paid		(1,888)	(1,682)	(1,811)	(2,777)	–
Net cash flows generated from/(used in) operating activities		31,165	58,154	89,062	(21,647)	(54,128)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of financial assets at fair value through profit or loss		(280,000)	(80,000)	–	–	–
Proceeds from redemption of financial assets at fair value through profit or loss		280,000	80,000	–	–	–
Investment income received from disposal of financial assets at fair value through profit or loss		1,427	348	–	–	–
Purchases of items of property, plant and equipment		(51,036)	(150,981)	(69,257)	(39,850)	(50,308)
Prepayment for purchase of leasehold land		–	–	(25,870)	–	(13,374)
Purchases of items of intangible assets		(714)	–	(2,059)	(957)	(724)

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Proceeds from disposal of property, plant and equipment		–	54	–	–	–
Net cash flows used in investing activities		(50,323)	(150,579)	(97,186)	(40,807)	(64,406)
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank borrowings		48,908	77,144	60,668	9,611	63,167
Repayment of bank loans		(15,000)	(20,000)	(30,533)	(7,518)	(8,921)
Interest paid		(2,070)	(2,819)	(2,744)	(1,580)	(1,486)
Payment of leases liabilities		(1,981)	(1,351)	(1,844)	(577)	(440)
Payment of lease deposits		(58)	(393)	(123)	(78)	–
Refund of lease deposits		176	58	20	–	–
Payment for deferred [REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net cash flows generated from/(used in) financing activities		29,975	52,639	23,700	(142)	49,022
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		10,817	(39,786)	15,576	(62,596)	(69,512)
Cash and cash equivalents at beginning of year/periods		201,548	212,170	172,476	172,476	187,496
Effect of foreign exchange rate changes, net		(195)	92	(556)	(308)	(177)
CASH AND CASH EQUIVALENTS AT END OF YEAR/ PERIODS		212,170	172,476	187,496	109,572	117,807
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows	*22*	212,170	172,476	187,496	109,572	117,807

STATEMENTS OF FINANCIAL POSITION THE COMPANY

	Notes	As at 31 December			As at 31 May
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	3,264	6,031	5,799	5,417
Right-of-use assets	*15*	2,299	1,588	3,796	3,161
Intangible assets	*16*	2,281	2,008	2,134	2,008
Investments in subsidiaries	*17*	23,551	120,792	149,892	190,392
Deferred tax assets	*28*	7,580	10,632	10,585	13,588
Prepayments, deposits and other receivables	*20*	38,918	12,681	2,716	3,022
Total non-current assets		77,893	153,732	174,922	217,588
CURRENT ASSETS					
Inventories	*18*	173,610	125,634	144,729	134,099
Trade and bills receivables	*19*	79,264	134,418	117,789	130,389
Prepayments, deposits and other receivables	*20*	114,460	123,471	228,774	288,543
Financial assets at fair value through other comprehensive income	*21*	36,496	24,500	18,289	35,461
Cash and cash equivalents	*22*	210,250	166,537	179,566	106,702
Total current assets		614,080	574,560	689,147	695,194
CURRENT LIABILITIES					
Trade payables	*23*	29,015	55,072	94,920	71,618
Contract liabilities	*24*	3,858	6,692	4,688	2,517
Other payables and accruals	*25*	23,541	23,034	28,642	32,714
Interest-bearing bank and other borrowings	*26*	20,030	–	40,026	41,166
Lease liabilities	*15*	1,139	1,152	1,297	1,562
Total current liabilities		77,583	85,950	169,573	149,577
NET CURRENT ASSETS		536,497	488,610	519,574	545,617
TOTAL ASSETS LESS CURRENT LIABILITIES		614,390	642,342	694,496	763,205
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*26*	–	–	–	59,000
Lease liabilities	*15*	1,214	470	2,218	1,662
Deferred income		–	–	98	92
Total non-current liabilities		1,214	470	2,316	60,754
Net assets		613,176	641,872	692,180	702,451
EQUITY					
Share capital	*29*	61,880	61,880	61,880	61,880
Reserves	*31*	551,296	579,992	630,300	640,571
Total equity		613,176	641,872	692,180	702,451

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shenzhen Vergiga Semiconductor Co., Ltd. (深圳市威兆半導體股份有限公司) (the "Company") was incorporated as a limited liability company in the People's Republic of China (the "PRC") on 4 December 2012. On 28 June 2022, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC.

During the Relevant Periods and for the five months ended 31 May 2025, the Company and its subsidiaries (collectively the "Group") were primarily engaged in the design, research and development, manufacture and sale of power semiconductors.

As of the date of this report, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name	Date and place of registration and place of operations	Registered capital	Percentage of equity attributable to the Company	Principal business activities
Zhuhai Vergiga Semiconductor Co., Ltd. (珠海市威兆半導體有限公司) *(Note (a), (b))*	23 September 2020 Zhuhai, PRC	RMB100,000,000	100	Technology development, manufacturing and provision of wafer fabrication and testing services
Vergiga Integrated Circuit (Zhoushan) Co., Ltd. (威兆集成電路(舟山)有限公司) *(Note (a),(c))* . .	4 September 2025 Zhoushan, PRC	RMB80,000,000	100	Manufacturing, packaging and sales of power semiconductor device

Notes:

(a) The English names of these companies represent the best effort made by the directors of the Company to directly translate the Chinese names as they do not register any official English names.

(b) The statutory financial statements of this entity for the year ended 31 December 2023, 2024 and 2025 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shenzhen Rongcheng Certified Public Accountants LLP (容誠會計師事務所(特殊普通合夥)深圳分所), certified public accountants registered in the PRC.

(c) No audited financial statements have been prepared for this entity for the year ended 31 December 2025.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group.

2.1 BASIS OF PREPARATION

The Historical Financial Information of the Company and its subsidiaries (collectively referred to as the "Group") has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting year commencing from 1 January 2026, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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 of the Relevant Periods and for the five months ended 31 May 2025.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting year as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]

[1] No mandatory effective date yet determined but available for adoption

[2] Effective for annual years beginning on or after 1 January 2027

[3] Reporting periods beginning on or after 1 January 2029

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the year of initial application. The application of IFRS 18 is not expected to have a material impact on the results of operations and the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its financial assets at fair value through other comprehensive income at the end of each reporting year. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated statements of profit or loss in the year in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting year as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statements of profit or loss in the year in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

  (i) the entity and the Group are members of the same group;

  (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

  (iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statements of profit or loss in the year in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.17% to 9.50%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Machinery	9.50% to 31.67%
Electronic devices and others	31.67%
Motor vehicles	23.75%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statements of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 10 years.

Research and development costs

All research costs are charged to the consolidated statements of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a year of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Plant and properties	1 to 3 years
Leasehold land	50 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the year in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machine equipment and buildings (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the year generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the consolidated statements of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the consolidated statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the consolidated statements of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the consolidated statements of financial position at fair value with net changes in fair value recognised in the consolidated statements of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the consolidated statements of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statements of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statements of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Events after the reporting year

If the Group receives information after the reporting year, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting year, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting year and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting year, the Group will not change the amounts recognised in its financial statements but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting year of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting year and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future year in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the years that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statements of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the consolidated statements of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and acceptance of the products as agreed in the sales contracts, or upon the withdrawn of the products and confirm the usage by customers for the products that are delivered to customers' manufacturing warehouses.

(b) Provision of services

The group provides customers with wafer processing and chip reliability testing services. The revenue from these related services is recognised upon the completion of the services and their acceptance by the customers.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter year, when appropriate, to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Company operates a share incentive plan. Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the discounted cash flow model or when there is a recent share transaction price close to the grant date of the granted shares, the recent share transaction price is used. Further details of the equity-settled transactions are given in note 30 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the year in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting year until the vesting date reflects the extent to which the vesting year has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statements of profit or loss for a year represents the movement in the cumulative expense recognised as at the beginning and end of that year.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the consolidated statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial year of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the year in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign currencies

The historical financial information are presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting year. Differences arising on settlement or translation of monetary items are recognised in the consolidated statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting year, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting year and their consolidated statements of profit or loss are translated into RMB at the average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the consolidated statements of profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial information required management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Research and development expenses

All research costs are charged to the profit or loss as incurred. Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the timing and the amounts of development costs to be capitalised requires the use of judgements and estimation. In the opinion of the directors, during the Relevant Periods, the criteria for capitalisation of development costs were not met and development expenditure were expensed.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised as well as the tax rate that is expected to apply to the year when the liability is settled, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are given in note 28 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to be incurred to completion and sale. These estimates are based on the current market condition and the historical experience of selling products of a similar nature. It could change significantly as a result of changes in customers' needs and prices change when the products' expiration date is approaching. The Group reassesses these estimates at the end of the reporting year.

The Group also reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. The Group estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting year and makes a provision against obsolete and slow-moving items. The Group reassesses the estimation at the end of each reporting year. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the reporting year in which such estimates have been changed.

Provision for expected credit losses on trade receivables and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and other receivables is disclosed in note 19 and note 20 to the Historical Financial Information respectively.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting year. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Leases — estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of the reporting year during the vesting year based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current year in relevant costs or expenses. The fair value is determined using the discounted cash flow model or when there is a recent share transaction price close to the grant date of the granted shares. Significant estimates on assumptions for estimating the fair value and the number of exercisable equity instrument are made by the Group. Further details are included in note 30 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group as a whole for the purpose of making decision on resources allocation and preformation assessment, therefore, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Mainland China*	522,822	585,541	795,009	338,839	328,646
Other countries/regions	52,655	38,718	19,126	8,348	24,621
Total revenue	575,477	624,259	814,135	347,187	353,267

The revenue information above is based on the locations of the customers.

* Mainland China means the People's Republic of China excluding Hong Kong, Macau and Taiwan.

(b) Non-current assets

All significant operating assets of the Group are located in Mainland China. Accordingly, no geographical information of non-current assets is presented.

Information about major customers

Revenue derived from major customers which accounted for 10% or more of the Group's total revenue is as follows:

	Year ended 31 December			Five months ended 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Customer A	N/A*	84,635	187,886	71,260
Customer B	61,789	103,720	N/A*	N/A*
Customer C	79,138	N/A*	N/A*	N/A*
Customer D	N/A*	N/A*	129,297	104,786

* The corresponding revenue of these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective year.

5. REVENUE

An analysis of revenue is as follows:

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Medium-and-low-voltage products	536,089	561,565	765,658	321,967	342,815
High-voltage products	6,801	10,076	13,113	6,605	4,264
Others	32,587	52,618	35,364	18,615	6,188
Total	575,477	624,259	814,135	347,187	353,267
Timing of revenue recognition					
Goods transferred at a point in time	575,477	623,895	813,271	346,818	352,977
Services transferred at a point in time	–	364	864	369	290
Total	575,477	624,259	814,135	347,187	353,267

The following table shows the amounts of revenue recognised in the Relevant Periods and the five months ended 31 May 2025 that were included in the contract liabilities at the beginning of each reporting period and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Revenue recognised that was included in the contract liabilities at the beginning of year:	2,897	3,858	6,743	6,098	4,484

(b) Performance obligations

Information about the Group's performance obligation is summarised below:

(i) Sale of products

The performance obligation is generally satisfied upon delivery and acceptance of the power semiconductor products, payment in advance is normally required and for certain customers payment is made within 30-90 days after the client confirm the payment amounts and the invoice is issued.

For certain products that are delivered to a customer's location for their use, performance obligation is fulfilled when the product is used by the customer, the customer generally confirms the payment amount and issue the invoice within 60 days, and the payment is generally made by using electronic payment notes with a maturity of 6 months.

(ii) Processing services and testing service

This performance obligation is fulfilled upon the completion and acceptance of the service. For processing services, payment is normally made within 30 days after the client confirm the payment amounts. For the testing service, the payment is usually made after the service is completed and the invoice is issued.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023, 2024, 2025 and 31 May 2025 and 2026 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Amounts expected to be recognised as revenue:					
Within one year	3,858	6,743	4,688	2,167	2,517

6. OTHER INCOME AND GAINS

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Other income					
Bank interest income	2,740	2,622	1,326	771	211
Investment income from financial assets at fair value through profit or loss	1,427	348	–	–	–
Value-added tax additional deduction	258	3,657	–	–	–
Government grants*	2,326	2,851	1,142	262	1,358
Total other income	6,751	9,478	2,468	1,033	1,569
Gains					
Foreign exchange gains, net	–	128	–	–	–
Sales of scraped materials	–	–	3,004	289	3,990
Others	55	14	123	85	118
Total gains	55	142	3,127	374	4,108
Total other income and gains	6,806	9,620	5,595	1,407	5,677

* The Group has received certain government grants related to assets and income. Certain grants have future related costs expected to be incurred which required the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. There are no unfulfilled conditions or contingencies relating to these grants.

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Five months ended 31 May	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Cost of inventories sold*		488,075	515,370	621,974	269,310	290,036
Depreciation of property, plant and equipment	*14*	5,750	13,925	22,457	8,242	11,636
Depreciation of right-of-use assets	*15*	2,013	1,420	1,671	663	1,154
Amortisation of intangible assets	*16*	225	274	425	136	208
Research and development costs		37,903	47,173	59,659	20,334	28,808
Lease payments not included in the measurement of lease liabilities		58	41	32	11	18
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expense (including directors' and supervisors' remuneration)***						
Salaries and other benefits		43,678	54,333	80,054	31,089	42,665
Pension scheme contributions, social welfare and other welfare**		4,532	6,021	8,477	3,324	4,426
Share-based payments	*30*	(2,395)	298	5,357	1,506	3,966
		45,815	60,652	93,888	35,919	51,057
Impairment/(reversal of impairment) on trade receivables	*19*	2,237	2,618	(884)	867	419
Impairment/(reversal of impairment) on other receivables	*20*	19	49	(631)	(255)	(209)
		2,256	2,667	(1,515)	612	210
Foreign exchange losses/(gains)		72	(128)	687	324	298
Write-down of inventories to net realisable value*		30,980	22,207	1,274	2,227	2,874
Loss on disposal of items of property, plant and equipment		–	55	–	–	–

* Write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statements of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

*** Directors' and supervisors' remuneration refer to note 9 to the Historical Financial Information.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest-bearing bank and other borrowings**	1,409	2,656	2,679	1,526	1,628
Interest expenses on lease liabilities	62	101	84	35	72
Finance cost on letter of credit*	836	208	56	56	–
Other finance cost	–	–	3	–	–
Less: Interest capitalised	(134)	–	–	–	–
	2,173	2,965	2,822	1,617	1,700

* The Company issued letters of credit to its suppliers, the amount represents the finance cost charged by the banks when the suppliers complete the negotiation of the letters of credits through the banks in advance before the maturity date of the letters of credit.

** The Company received interest subsidies from government authorities amounted to RMB109,000 and RMB677,000 in 2023 and 2025, respectively. The subsidies received has been deducted from the interest expense.

9. DIRECTORS' AND SUPERVISORS' REMUNERATION

The remuneration of each of the Company's directors and supervisors is set out below:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Fees	259	240	240	99	99
Other emoluments:					
Salaries, allowances and benefits in kind	3,304	3,745	4,121	1,767	1,086
Performance related bonuses	1,669	1,584	2,238	933	662
Pension scheme contributions	462	476	495	206	132
Share-based payments	357	599	1,782	488	606
	6,051	6,644	8,876	3,493	2,585

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods and the five months ended 31 May 2025 were as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Mr. Liu Yang *(note (i))*	87	80	76	33	–
Mr. Wang Caizhang *(note (ii))*	73	–	–	–	–
Mr. Hu Qing *(note (iii))*	73	–	–	–	–
Ms. Ji Xingdan *(note (iv))*	13	80	80	33	33
Mr. Chen Yu *(note (v))*	13	80	80	33	33

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Mr. RUAN Tim *(note (vi))*	–	–	4	–	33
	259	240	240	99	99

(b) Executive directors, non-executive directors and supervisors

Year ended 31 December 2023	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Li Weicong *(note (vii))*	373	240	73	–	686
Mr. He Wei *(note (viii))*	489	923	70	109	1,591
Mr. Jiang Chunliang *(note (ix))*	648	140	73	82	943
Mr. Huang Yi *(note (x))*	541	106	73	75	795
Non-executive directors:					
Mr. Luo Ming *(note (xi))*	–	–	–	–	–
Mr. Yuan Wei *(note (xii))*	–	–	–	–	–
Supervisors:					
Ms. Xiao Fan *(note (xiii))*	413	80	67	25	585
Ms. Lei Xiufang *(note (xiv))*	411	96	33	25	565
Ms. Wu Jing *(note (xv))*	429	84	73	41	627
	3,304	1,669	462	357	5,792

Year ended 31 December 2024	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Li Weicong *(note (vii))*	373	240	74	–	687
Mr. He Wei *(note (viii))*	498	660	74	184	1,416
Mr. Jiang Chunliang *(note (ix))*	821	240	74	138	1,273
Mr. Huang Yi *(note (x))*	691	136	74	126	1,027
Non-executive directors:					
Mr. Luo Ming *(note (xi))*	–	–	–	–	–
Mr. Yuan Wei *(note (xii))*	–	–	–	–	–
Supervisors:					
Ms. Xiao Fan *(note (xiii))*	462	101	72	41	676
Ms. Lei Xiufang *(note (xiv))*	426	101	34	41	602
Ms. Wu Jing *(note (xv))*	474	106	74	69	723
	3,745	1,584	476	599	6,404

Year ended 31 December 2025	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Li Weicong *(note (vii))*	373	241	77	–	691
Mr. He Wei *(note (viii))*	485	1,207	77	120	1,889
Mr. Jiang Chunliang *(note (ix))*	839	200	77	90	1,206
Mr. Huang Yi *(note (x))*	792	198	77	951	2,018
Non-executive directors:					
Mr. Luo Ming *(note (xi))*	–	–	–	–	–
Mr. Yuan Wei *(note (xii))*	–	–	–	–	–
Supervisors:					
Ms. Xiao Fan *(note (xiii))*	606	147	75	549	1,377
Ms. Lei Xiufang *(note (xiv))*	539	125	35	27	726
Ms. Wu Jing *(note (xv))*	487	120	77	45	729
	4,121	2,238	495	1,782	8,636

Five months ended 31 May 2026	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Li Weicong *(note (vii))*	163	100	33	–	296
Mr. He Wei *(note (viii))*	216	396	33	70	715
Mr. Jiang Chunliang *(note (ix))*	358	83	33	53	527
Mr. Huang Yi *(note (x))*	349	83	33	483	948
Non-executive directors:					
Mr. Luo Ming *(note (xi))*	–	–	–	–	–
Mr. Yuan Wei *(note (xii))*	–	–	–	–	–
	1,086	662	132	606	2,486

Five months ended 31 May 2025 (Unaudited)	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Li Weicong *(note (vii))*	163	101	32	–	296
Mr. He Wei *(note (viii))*	205	503	32	22	762
Mr. Jiang Chunliang *(note (ix))*	370	83	32	16	501
Mr. Huang Yi *(note (x))*	330	83	32	276	721
Non-executive directors:					
Mr. Luo Ming *(note (xi))*	–	–	–	–	–
Mr. Yuan Wei *(note (xii))*	–	–	–	–	–
Supervisors:					
Ms. Xiao Fan *(note (xiii))*	256	61	31	161	509
Ms. Lei Xiufang *(note (xiv))*	236	52	15	5	308
Ms. Wu Jing *(note (xv))*	207	50	32	8	297
	1,767	933	206	488	3,394

Notes:

(i) Mr. Liu Yang was appointed as an independent non-executive director of the Company with effect from 30 November 2022 and resigned on 12 December 2025 due to the expiry of his term of office and his personal career planning.

(ii) Mr. Wang Caizhang was appointed as an independent non-executive director of the Company with effect from 30 November 2022 and resigned on 30 October 2023 due to his personal career planning.

(iii) Mr. Hu Qing was appointed as an independent non-executive director of the Company with effect from 30 November 2022 and resigned on 30 October 2023 due to his personal career planning.

(iv) Ms. Ji Xingdan was appointed as an independent director of the Company with effect from 30 October 2023 and was re-designated as an independent non-executive director on 12 December 2025.

(v) Mr. Chen Yu was appointed as an independent director of the Company with effect from 30 October 2023 and was re-designated as an independent non-executive director on 12 December 2025.

(vi) Mr. RUAN Tim and was designated as an independent non-executive director on 12 December 2025.

(vii) Mr. Li Weicong was appointed as an executive director of the Company with effect from 3 December 2012.

(viii) Mr. He Wei was appointed as an executive director of the Company with effect from 21 June 2022.

(ix) Mr Jiang Chunliang was appointed as an executive director of the Company with effect from 16 May 2020.

(x) Mr. Huang Yi was appointed as an executive director of the Company with effect from 29 September 2022.

(xi) Mr. Luo Ming was appointed as a non-executive director of the Company with effect from 16 May 2020.

(xii) Mr. Yuan Wei was appointed as a non-executive director of the Company with effect from 29 September 2022.

(xiii) Ms. Xiao Fan was appointed as a supervisor of the Company with effect from 28 December 2021.

(xiv) Ms. Lei Xiufang was appointed as a supervisor of the Company with effect from 21 June 2022.

(xv) Ms. Wu Jing was appointed as a supervisor of the Company with effect from 16 May 2020.

There was no arrangement under which a director or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

During the Relevant Periods, the Company's shares were granted to certain directors in respect to their services rendering to the Group, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such granted shares, which has been recognized in the consolidated statements of profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above directors' remuneration disclosures.

On 12 December 2025, the shareholders of the Company resolved to abolish the supervisory committee.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2025 and 2026 included 1, 2, 2, 2 and 1 directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the 4, 3, 3, 3 and 4 highest paid employees who are not a director of the Group during the year ended 31 December 2023, 2024, 2025 and the five months ended 31 May 2025 and 2026 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	3,319	2,917	3,056	1,655	1,778
Performance related bonuses	2,032	1,727	2,366	669	988

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Pension scheme contributions	273	196	174	89	101
Share-based payments	171	126	1,820	522	2,012
	5,795	4,966	7,416	2,935	4,879

The numbers of non-director highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
				(Unaudited)	
HK$0 to HK$500,000	–	–	–	–	–
HK$500,001 to HK$1,000,000	–	–	–	2	2
HK$1,000,001 to HK$1,500,000	3	1	–	1	2
HK$1,500,001 to HK$2,000,000	–	1	1	–	–
HK$2,000,001 to HK$2,500,000	1	1	1	–	–
HK$2,500,001 to HK$3,000,000	–	–	–	–	–
HK$3,000,001 to HK$3,500,000	–	–	–	–	–
HK$3,500,001 to HK$4,000,000	–	–	–	–	–
HK$4,000,001 to HK$4,500,000	–	–	1	–	–
	4	3	3	3	4

During the Relevant Periods and the five months ended 31 May 2025, the Company's shares were granted to certain highest paid employees in respect to their services rendering to the Group, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such granted shares, which has been recognised in the consolidated statements of profit or loss, was determined at the date of grant and the amount included in the Historical Financial Information is included in the above highest paid employees' remuneration disclosures.

11. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and/or operate.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

The Company was accredited as a "High and New Technology Enterprise" under the relevant tax rules and regulations in December 2020 and November 2023, and therefore the Company was entitled to a preferential CIT rate of 15% for the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Pursuant to Caishui [2022] No. 13 "Announcement on Further Implementing the Income Tax Preferential Policies for Small Meagre-profit Enterprises" (關於進一步實施小微企業所得稅優惠政策的公告), Zhuhai Haochen Semiconductor Co., Ltd. was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from 1 January 2022 to 31 December 2024.

Pursuant to Caishui [2023] No. 12 "Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (財政部、國家稅務總局關於進一步支持小微企業和個體工商發展有關稅費政策的公告), Zhuhai Haochen Semiconductor Co., Ltd. and Vergiga Integrated Circuit (Zhoushan) Co., Ltd. were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income from 1 January 2023 to 31 December 2027.

The major components of the income tax (credit)/expense for the year are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Current tax expense:					
Mainland China	186	–	–	–	–
Deferred tax (credit)/charge expense:					
Mainland China	(5,374)	(6,620)	1,075	2,063	(7,196)
Total tax (credit)/charge for the year	(5,188)	(6,620)	1,075	2,063	(7,196)

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit/(loss) before tax	8,789	12,733	51,591	28,592	(7,706)
Tax charge at the statutory tax rate of 25%	2,197	3,183	12,898	7,148	(1,927)
Effect of different tax rates enacted by local authorities	(1,559)	(2,890)	(4,002)	(2,315)	(1,126)
Expenses not deductible for tax	(149)	434	1,585	509	1,060
Tax losses utilised from previous years	(49)	(65)	(74)	(28)	(1,035)
Tax losses and temporary difference not recognised	–	108	429	32	670
Super deduction for research and development expenses	(5,628)	(7,390)	(9,761)	(3,273)	(4,838)
Tax (credit)/charge at the Group's effective rate	(5,188)	(6,620)	1,075	2,063	(7,196)

Deferred tax assets have not been recognised in respect of the following items:

	Year ended 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unused tax losses	6,929	6,778	7,613	9,901
Temporary difference not recognised	208	3	7	6
Total	7,137	6,781	7,620	9,907

The Group has accumulated tax losses in Mainland China of Nil, RMB431,000, RMB2,141,000 and RMB4,804,000 as at the end of the Relevant Periods, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has accumulated tax losses in Hong Kong of RMB6,929,000, RMB6,347,000, RMB5,472,000 and RMB5,097,000 as at the end of the Relevant Periods, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the company in which the losses arose.

12. DIVIDENDS

No dividends have been paid or declared by the Company in respect of the Relevant Periods and for the five months ended 31 May 2025.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares in issue during the Relevant Periods.

No adjustment has been made to the basic loss/earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculation of basic earnings per share is based on:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Profit/(loss) attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	13,977	19,353	50,516	26,529	(510)
Number of shares					
Weighted average number of ordinary shares in issue during the year/period, used in the basic earnings per share calculation	61,880,000	61,880,000	61,880,000	61,880,000	61,880,000

14. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	–	7,416	2,206	1,815	3,298	51,364	66,099
Accumulated depreciation	–	(2,730)	(1,154)	(1,160)	(2,081)	–	(7,125)
Net carrying amount	–	4,686	1,052	655	1,217	51,364	58,974
At 1 January 2023, net of accumulated depreciation	–	4,686	1,052	655	1,217	51,364	58,974
Additions	–	3,604	449	301	–	63,140	67,494
Depreciation provided during the year	(1,041)	(2,596)	(648)	(248)	(1,217)	–	(5,750)
Transfers	91,688	16,846	685	–	–	(109,219)	–
At 31 December 2023, net of accumulated depreciation	90,647	22,540	1,538	708	–	5,285	120,718
At 31 December 2023:							
Cost	91,688	27,866	3,340	2,115	3,298	5,285	133,592
Accumulated depreciation	(1,041)	(5,326)	(1,802)	(1,407)	(3,298)	–	(12,874)
Net carrying amount	90,647	22,540	1,538	708	–	5,285	120,718

	Buildings	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	91,688	27,866	3,340	2,115	3,298	5,285	133,592
Accumulated depreciation	(1,041)	(5,326)	(1,802)	(1,407)	(3,298)	–	(12,874)
Net carrying amount	90,647	22,540	1,538	708	–	5,285	120,718
At 1 January 2024, net of accumulated depreciation	90,647	22,540	1,538	708	–	5,285	120,718
Additions	1,052	10,228	640	191	–	119,151	131,262
Disposals	–	–	(5)	–	–	(104)	(109)
Depreciation provided during the year	(4,967)	(7,924)	(747)	(287)	–	–	(13,925)
Transfers	21,422	52,964	–	–	–	(74,386)	–
At 31 December 2024, net of accumulated depreciation	108,154	77,808	1,426	612	–	49,946	237,946
At 31 December 2024:							
Cost	114,162	91,029	3,892	2,306	3,298	49,946	264,633
Accumulated depreciation	(6,008)	(13,221)	(2,466)	(1,694)	(3,298)	–	(26,687)
Net carrying amount	108,154	77,808	1,426	612	–	49,946	237,946

	Buildings	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	114,162	91,029	3,892	2,306	3,298	49,946	264,633
Accumulated depreciation	(6,008)	(13,221)	(2,466)	(1,694)	(3,298)	–	(26,687)
Net carrying amount	108,154	77,808	1,426	612	–	49,946	237,946
At 1 January 2025, net of accumulated depreciation	108,154	77,808	1,426	612	–	49,946	237,946
Additions	–	316	1,772	147	–	69,423	71,658
Depreciation provided during the year	(6,483)	(14,754)	(941)	(279)	–	–	(22,457)
Transfers	4,658	73,874	785	243	–	(79,560)	–
At 31 December 2025, net of accumulated depreciation	106,329	137,244	3,042	723	–	39,809	287,147
At 31 December 2025:							
Cost	118,820	165,219	6,449	2,696	3,298	39,809	336,291
Accumulated depreciation	(12,491)	(27,975)	(3,407)	(1,973)	(3,298)	–	(49,144)
Net carrying amount	106,329	137,244	3,042	723	–	39,809	287,147

	Buildings	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026							
At 1 January 2026:							
Cost	118,820	165,219	6,449	2,696	3,298	39,809	336,291
Accumulated depreciation	(12,491)	(27,975)	(3,407)	(1,973)	(3,298)	–	(49,144)
Net carrying amount	106,329	137,244	3,042	723	–	39,809	287,147
At 1 January 2026, net of accumulated depreciation	106,329	137,244	3,042	723	–	39,809	287,147
Additions	–	–	267	155	–	61,243	61,665
Depreciation provided during the period	(2,881)	(8,056)	(603)	(96)	–	–	(11,636)
Transfers	4,863	7,526	1,406	–	–	(13,795)	–
At 31 May 2026, net of accumulated depreciation	108,311	136,714	4,112	782	–	87,257	337,176
At 31 May 2026:							
Cost	123,683	172,745	8,122	2,851	3,298	87,257	397,956
Accumulated depreciation	(15,372)	(36,031)	(4,010)	(2,069)	(3,298)	–	(60,780)
Net carrying amount	108,311	136,714	4,112	782	–	87,257	337,176

At the end of the Relevant Periods, certain of the Group's buildings and machinery were pledged to secure bank loans granted to the Group for borrowings (note 26).

The Company

	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023:					
Cost	4,564	1,902	1,815	3,256	11,537
Accumulated depreciation	(2,190)	(982)	(1,159)	(2,050)	(6,381)
Net carrying amount	2,374	920	656	1,206	5,156
At 1 January 2023, net of accumulated depreciation	2,374	920	656	1,206	5,156
Additions	588	143	301	–	1,032
Depreciation provided during the year	(970)	(499)	(249)	(1,206)	(2,924)
At 31 December 2023, net of accumulated depreciation	1,992	564	708	–	3,264
At 31 December 2023:					
Cost	5,153	2,046	2,115	3,256	12,570
Accumulated depreciation	(3,161)	(1,482)	(1,407)	(3,256)	(9,306)
Net carrying amount	1,992	564	708	–	3,264

	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024:					
Cost	5,153	2,046	2,115	3,256	12,570
Accumulated depreciation	(3,161)	(1,482)	(1,407)	(3,256)	(9,306)
Net carrying amount	1,992	564	708	–	3,264
At 1 January 2024, net of accumulated depreciation	1,992	564	708	–	3,264
Additions	3,731	353	191	–	4,275
Disposals	–	(5)	–	–	(5)
Depreciation provided during the year	(854)	(363)	(286)	–	(1,503)
At 31 December 2024, net of accumulated depreciation	4,869	549	613	–	6,031
At 31 December 2024:					
Cost	8,884	2,310	2,307	3,256	16,757
Accumulated depreciation	(4,015)	(1,761)	(1,694)	(3,256)	(10,726)
Net carrying amount	4,869	549	613	–	6,031

	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025:						
Cost	8,884	2,310	2,307	3,256	–	16,757
Accumulated depreciation	(4,015)	(1,761)	(1,694)	(3,256)	–	(10,726)
Net carrying amount	4,869	549	613	–	–	6,031
At 1 January 2025, net of accumulated depreciation	4,869	549	613	–	–	6,031
Additions	248	964	147	–	44	1,403
Depreciation provided during the year	(1,029)	(331)	(275)	–	–	(1,635)
Transfers	–	44	–	–	(44)	–
At 31 December 2025, net of accumulated depreciation	4,088	1,226	485	–	–	5,799
At 31 December 2025:						
Cost	9,132	3,318	2,454	3,256	–	18,160
Accumulated depreciation	(5,044)	(2,092)	(1,969)	(3,256)	–	(12,361)
Net carrying amount	4,088	1,226	485	–	–	5,799

	Machinery	Electronic devices and others	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 May 2026						
At 1 January 2026:						
Cost	9,132	3,318	2,454	3,256	–	18,160
Accumulated depreciation	(5,044)	(2,092)	(1,969)	(3,256)	–	(12,361)
Net carrying amount	4,088	1,226	485	–	–	5,799
At 1 January 2026, net of accumulated depreciation	4,088	1,226	485	–	–	5,799
Additions	–	98	155	–	66	319
Depreciation provided during the period	(428)	(202)	(71)	–	–	(701)
Transfers	–	18	(1)	–	(17)	–
At 31 May 2026, net of accumulated depreciation	3,660	1,140	568	–	49	5,417
At 31 May 2026:						
Cost	9,132	3,434	2,608	3,256	49	18,479
Accumulated depreciation	(5,472)	(2,294)	(2,040)	(3,256)	–	(13,062)
Net carrying amount	3,660	1,140	568	–	49	5,417

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of plant and properties. Lump sum payments were made upfront to acquire the leased land from the owners with lease years of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of plant and properties generally have lease terms with from 12 months to 36 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Plant and properties	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 1 January 2023:			
Cost	5,188	6,344	11,532
Accumulated depreciation	(3,512)	(243)	(3,755)
Net carrying amount	1,676	6,101	7,777
At 1 January 2023, net of accumulated depreciation	1,676	6,101	7,777
Additions	2,558	–	2,558
Depreciation provided during the year	(1,886)	(127)	(2,013)
Early termination	(49)	–	(49)
At 31 December 2023, net of accumulated depreciation	2,299	5,974	8,273
At 31 December 2023:			
Cost	2,470	6,344	8,814
Accumulated depreciation	(171)	(370)	(541)
Net carrying amount	2,299	5,974	8,273

	Plant and properties	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024:			
Cost	2,470	6,344	8,814
Accumulated depreciation	(171)	(370)	(541)
Net carrying amount	2,299	5,974	8,273
At 1 January 2024, net of accumulated depreciation	2,299	5,974	8,273
Additions	1,025	–	1,025
Depreciation provided during the year	(1,293)	(127)	(1,420)
Early termination	(319)	–	(319)
At 31 December 2024, net of accumulated depreciation	1,712	5,847	7,559
At 31 December 2024:			
Cost	2,948	6,344	9,292
Accumulated depreciation	(1,236)	(497)	(1,733)
Net carrying amount	1,712	5,847	7,559

	Plant and properties	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2025			
At 1 January 2025:			
Cost	2,948	6,344	9,292
Accumulated depreciation	(1,236)	(497)	(1,733)
Net carrying amount	1,712	5,847	7,559
At 1 January 2025, net of accumulated depreciation	1,712	5,847	7,559
Additions	4,103	–	4,103
Depreciation provided during the year	(1,544)	(127)	(1,671)
Early termination	(276)	–	(276)
At 31 December 2025, net of accumulated depreciation	3,995	5,720	9,715
At 31 December 2025:			
Cost	4,668	6,344	11,012
Accumulated depreciation	(673)	(624)	(1,297)
Net carrying amount	3,995	5,720	9,715

	Plant and properties	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
31 May 2026			
At 1 January 2026:			
Cost	4,668	6,344	11,012
Accumulated depreciation	(673)	(624)	(1,297)
Net carrying amount	3,995	5,720	9,715
At 1 January 2026, net of accumulated depreciation	3,995	5,720	9,715
Additions	–	78,489	78,489
Depreciation provided during the period	(709)	(445)	(1,154)
At 31 May 2026, net of accumulated depreciation	3,286	83,764	87,050

	Plant and properties	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 May 2026:			
Cost	4,667	84,833	89,500
Accumulated depreciation	(1,381)	(1,069)	(2,450)
Net carrying amount	3,286	83,764	87,050

At the end of the Relevant Periods, certain of the Group's leasehold land was pledged to secure bank facilities granted to the Group (note 26).

At the end of 31 May 2026, the Group have not obtained land certifications for two pieces of land located at Zhoushan city with an aggregate net carrying amount of RMB 78,097,000.

The Company

	Plant and properties
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	4,779
Accumulated depreciation	(3,261)
Net carrying amount	1,518
At 1 January 2023, net of accumulated depreciation	1,518
Additions	2,558
Depreciation provided during the year	(1,734)
Early termination	(43)
At 31 December 2023, net of accumulated depreciation	2,299
At 31 December 2023:	
Cost	2,471
Accumulated depreciation	(172)
Net carrying amount	2,299

	Plant and properties
	RMB'000
31 December 2024	
At 1 January 2024:	
Cost	2,471
Accumulated depreciation	(172)
Net carrying amount	2,299
At 1 January 2024, net of accumulated depreciation	2,299
Additions	839
Depreciation provided during the year	(1,231)
Early termination	(319)
At 31 December 2024, net of accumulated depreciation	1,588
At 31 December 2024:	
Cost	2,763
Accumulated depreciation	(1,175)
Net carrying amount	1,588

	Plant and properties
	RMB'000
31 December 2025	
At 1 January 2025:	
Cost	2,763
Accumulated depreciation	(1,175)
Net carrying amount	1,588
At 1 January 2025, net of accumulated depreciation	1,588
Additions	3,867
Depreciation provided during the year	(1,384)
Early termination	(275)
At 31 December 2025, net of accumulated depreciation	3,796
At 31 December 2025:	
Cost	4,248
Accumulated depreciation	(452)
Net carrying amount	3,796

	Plant and properties
	RMB'000
31 May 2026	
At 1 January 2026:	
Cost	4,248
Accumulated depreciation	(452)
Net carrying amount	3,796
At 1 January 2026, net of accumulated depreciation	3,796
Additions	–
Depreciation provided during the period	(635)
Early termination	–
At 31 May 2026, net of accumulated depreciation	3,161
At 31 May 2026:	
Cost	4,246
Accumulated depreciation	(1,085)
Net carrying amount	3,161

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 May
	2023	**2024**	**2025**	**2026**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	1,778	2,353	1,768	3,726
Additions	2,558	1,025	4,022	39,245
Accretion of interest recognised during the year/period	62	101	84	72
Early termination	(64)	(360)	(304)	–
Payments	(1,981)	(1,351)	(1,844)	(440)
At the end of year/period	2,353	1,768	3,726	42,603
Analysed into:				
Current portion	1,139	1,204	1,508	40,941
Non-current portion	1,214	564	2,218	1,662

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	1,644	2,353	1,622	3,515
Additions	2,558	839	3,786	–
Accretion of interest recognised during the year/period	58	93	73	68
Early termination	(44)	(360)	(306)	–
Payments	(1,863)	(1,303)	(1,660)	(359)
At the end of year/period	2,353	1,622	3,515	3,224
Analysed into:				
Current portion	1,139	1,152	1,297	1,562
Non-current portion	1,214	470	2,218	1,662

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on lease liabilities	62	101	84	35	72
Depreciation charge of right-of-use assets	2,013	1,420	1,671	663	1,154
Expense relating to short-term leases/leases of low-value assets	58	41	32	11	18
Total amount recognised in profit or loss	2,133	1,562	1,787	709	1,244

The Company

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Interest on lease liabilities	58	93	73	30	68
Depreciation charge of right-of-use assets	1,734	1,231	1,384	610	635
Expense relating to short-term leases/leases of low-value assets	4	13	21	5	43
Total amount recognised in profit or loss	1,796	1,337	1,478	645	746

16. INTANGIBLE ASSETS

The Group

Software

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January:				
Cost	1,910	2,624	2,624	5,007
Accumulated amortisation	(112)	(337)	(611)	(1,036)
Net carrying amount	1,798	2,287	2,013	3,971
At 1 January, net of accumulated amortisation	1,798	2,287	2,013	3,971
Additions	714	–	2,383	7
Amortisation provided during the year/period	(225)	(274)	(425)	(208)
At 31 December, net of accumulated amortisation	2,287	2,013	3,971	3,770
At 31 December:				
Cost	2,624	2,624	5,007	5,014
Accumulated amortisation	(337)	(611)	(1,036)	(1,244)
Net carrying amount	2,287	2,013	3,971	3,770

The Company

Software

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January:				
Cost	1,910	2,618	2,618	3,032
Accumulated amortisation	(112)	(337)	(610)	(898)
Net carrying amount	1,798	2,281	2,008	2,134
At 1 January, net of accumulated amortisation	1,798	2,281	2,008	2,134
Additions	708	–	414	–
Amortisation provided during the year/period	(225)	(273)	(288)	(126)
At 31 December, net of accumulated amortisation	2,281	2,008	2,134	2,008
At 31 December:				
Cost	2,618	2,618	3,032	3,017
Accumulated amortisation	(337)	(610)	(898)	(1,009)
Net carrying amount	2,281	2,008	2,134	2,008

17. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investments, at cost	23,551	120,792	149,892	190,392

18. INVENTORIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	65,697	48,997	40,453	58,224
Finished goods	80,460	57,084	77,327	61,004
Dispatched Goods	1,460	1,804	1,045	805
Outsourced processing materials	25,253	21,036	42,021	46,551
Goods in transit	623	2,211	3,231	7,496
Work in progress	–	3,241	24,111	32,401
	173,493	134,373	188,188	206,481

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	65,688	46,593	18,774	22,153
Finished goods	82,125	56,584	81,835	57,902
Outsourced processing materials	25,253	20,254	40,889	46,551
Goods in transit	544	2,203	3,231	7,493
	173,610	125,634	144,729	134,099

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables from third parties	82,478	140,303	122,038	136,008
Less: Impairment of trade receivables	(3,233)	(5,851)	(4,967)	(5,386)
Trade receivables, net	79,245	134,452	117,071	130,622
Bills receivable*	245	258	758	–
Net carrying amount	79,490	134,710	117,829	130,622

* Bills receivable is subject to impairment under simplified approach and the impairment is considered to be minimal.

The Group's trading terms with its certain customers are on credit, and the credit year is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. The Group's accounts receivable mainly come from some important customers. Although the credit risk is relatively concentrated, the ageing of accounts receivable is within one year, and the credit risk has not increased significantly. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	79,245	134,452	117,071	130,622

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	996	3,233	5,851	4,967
Impairment losses(reversal), net *(note 7)*	2,237	2,618	(884)	419
At the end of year/period	3,233	5,851	4,967	5,386

An impairment analysis is performed at the end of each of the Relevant Periods, using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the reporting period about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

Set out below is the information during the Relevant Periods about the credit risk exposure on the Group's trade receivables using a provision matrix:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
Expected credit loss rate	3.92%	4.17%	4.07%	3.96%
Gross carrying amount (RMB'000)	82,478	140,303	122,038	136,008
Expected credit losses (RMB'000)	3,233	5,851	4,967	5,386

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
Third parties	82,243	139,998	121,996	135,765
Less: Impairment of trade receivables	(3,224)	(5,838)	(4,965)	(5,376)
Trade receivables, net	79,019	134,160	117,031	130,389
Bill receivable	245	258	758	–
	79,264	134,418	117,789	130,389

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	79,019	134,160	117,031	130,389

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	960	3,224	5,838	4,965
Impairment losses/(reversal), net	2,264	2,614	(873)	411
At the end of year/period	3,224	5,838	4,965	5,376

Set out below is the information during the Relevant Periods about the credit risk exposure on the Company's trade receivables using a provision matrix:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	Current	*Current*	*Current*	*Current*
Expected credit loss rate	3.92%	4.17%	4.07%	3.96%
Gross carrying amount (RMB'000)	82,243	139,998	121,996	135,765
Expected credit losses (RMB'000)	3,224	5,838	4,965	5,376

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Prepayments	21,717	19,131	42,896	49,392
Deposits and other receivables*	12,409	37,510	16,061	5,154
Value-added tax recoverable	3,750	2,613	13,070	16,079
Prepaid tax	2,889	2,371	4,182	3,178
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	40,765	61,625	79,637	79,363
Less: Impairment of deposits and other receivables**	(251)	(742)	(310)	(100)
Total	40,514	60,883	79,327	79,263
Non-current				
Prepayment for purchase of property, plant and equipment	21,315	6,283	2,271	3,376
Prepayment for purchase of leasehold land	–	–	25,870	–
Prepayment for purchase of intangible assets	–	1,478	1,154	1,871
Value-added tax recoverable	7,325	–	–	961
Deposits and other receivables*	34,039	12,495	2,500	2,500
	62,679	20,256	31,795	8,708
Less: Impairment of deposits and other receivables**	(689)	(247)	(48)	(49)
Total	61,990	20,009	31,747	8,659

* Deposits and other receivables are unsecured and non-interest-bearing.

** As at the end of the Relevant Periods, the impairment of the financial assets included in prepayments, other receivables and other assets were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for deposits and other receivables are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	921	940	989	358
Impairment losses/(reversal), net *(note 7)*	19	49	(631)	(209)
At the end of year/period	940	989	358	149

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Prepayments	21,587	16,262	31,597	46,064
Deposits and other receivables*	12,349	37,386	15,790	4,870
Value-added tax recoverable	49	93	178	219
Prepaid tax	2,871	2,371	3,837	2,834
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Amounts due from subsidiaries*	77,853	68,098	174,248	229,091
	114,709	124,210	229,078	288,638
Less: Impairment of deposits and other receivables**	(249)	(739)	(304)	(95)
Total	114,460	123,471	228,774	288,543
Non-current				
Prepayment for purchase of property, plant and equipment	5,568	108	264	271
Prepayment for purchase of intangible assets	–	325	–	300
Deposits and other receivables*	34,039	12,495	2,500	2,500
	39,607	12,928	2,764	3,071
Less: Impairment of deposits and other receivables**	(689)	(247)	(48)	(49)
Total	38,918	12,681	2,716	3,022

* Deposits and other receivables and the amounts due from subsidiaries are unsecured, and non-interest-bearing.

** As at the end of the Relevant Periods, the impairment of the financial assets included in prepayments, other receivables and other assets were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss. The impairment of amounts due from subsidiaries is considered to be minimal.

The loss allowance for amounts due from subsidiaries is considered to be minimal.

The movements in the loss allowance for other receivables are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	919	938	986	352
Impairment losses/(reversal), net	19	48	(634)	(208)
At the end of year/period	938	986	352	144

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivable	36,496	24,500	18,289	37,408

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivable	36,496	24,500	18,289	35,461

The Group endorses or discounts certain bank acceptance bills in its routine management. Such bills receivable are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling.

22. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	212,170	172,476	187,496	117,807

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances Denominated in				
– RMB	177,647	167,361	185,853	114,665
– USD	34,503	5,106	1,629	3,138
– Others	20	9	14	4
	212,170	172,476	187,496	117,807

The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	210,250	166,537	179,566	106,702

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances Denominated in				
– RMB	176,393	163,931	178,915	103,955
– USD	33,857	2,606	651	2,747
	210,250	166,537	179,566	106,702

23. TRADE PAYABLES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	23,320	32,322	69,994	50,600

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on transaction date, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	23,320	31,391	69,994	50,600
One year to two years	–	931	–	–
Total	23,320	32,322	69,994	50,600

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables due to subsidiaries	5,723	24,197	30,943	21,655
Trade payables due to third parties	23,292	30,875	63,977	49,963
	29,015	55,072	94,920	71,618

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on transaction date, is as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	29,015	54,141	94,920	71,618
One year to two years	–	931	–	–
Total	29,015	55,072	94,920	71,618

The trade payables are non-interest-bearing and are mainly on credit terms with credit years of 30 or 60 days.

24. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of products	3,858	6,743	4,688	2,517

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale of products	3,858	6,692	4,688	2,517

Contract liabilities represented the obligations to transfer goods to customers for which the Group has received consideration.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits payable	4,750	200	–	–
Payroll payables	11,992	14,946	21,131	27,173
Accruals	667	693	2,570	1,258
Other payables	726	152	192	–
Payables for purchase of property, plant and equipment*	44,640	22,143	20,694	33,156
Output value-added tax to be transferred	189	728	575	284
Other tax payables	2,589	4,266	2,567	3,017
	65,553	43,128	47,729	64,888

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits payable	4,750	200	–	–
Payroll payables	10,925	13,081	17,811	24,090
Accruals	660	686	2,525	1,258
Other payables	4,388	4,049	5,158	4,401
Payables for purchase of property, plant and equipment	67	48	67	103
Output value-added tax to be transferred	189	721	575	284
Other tax payables	2,562	4,249	2,506	2,578
	23,541	23,034	28,642	32,714

* For the balance in respect of letters of credit issued by the Group to its suppliers included in the payables for purchase of property, plant and equipment, banks generally charge a negotiate fee in the range of 1.75% to 2.10% as finance cost upon the completion of negotiation of letters of credit by suppliers. Other than the balance of letters of credit, the other payables and accruals are non-interest-bearing and repayable on demand.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025			As at 31 May 2026		
	Effective Interest rate (%)	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*
Current												
Bank loans – unsecured	–	–	–	–	–	–	2.11	2026	40,026	2.11	2026	40,024
Other loans – secured *(ii)*	4.90	2024	20,030	–	–	–	–	–	–	–	–	–
Current portion of long-term bank loans – secured *(iii)* & *(iv)*	3.50~3.70	2024	32	3.15~3.50	2025	27,681	3.15~3.50	2026	32,876	2.85	2027	33,123
Current portion of long term bank loans – unsecured	–	–	–	–	–	–	–	–	–	2.19	2026	1,142
Discounted bills receivables	–	–	–	–	–	–	1.48~1.70	2026	565	–	–	–
Total – current			20,062			27,681			73,467			74,289
Non-current												
Bank loans – secured *(iii)* & *(iv)*	3.50~3.70	2028	28,908	3.15~3.50	2028	78,478	3.15~3.50	2028	62,821	2.19~2.85	2028	56,822
Bank loans – unsecured	–	–	–			–	–	–	–	2.19	2028	59,000
Total – non-current			28,908			78,478			62,821			115,822
Total			48,970			106,159			136,288			190,111

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable:				
Within one year or on demand	32	27,681	72,902	74,289
In the second year	7,516	32,800	30,451	41,264
In the third to fifth years, inclusive	21,392	45,678	32,370	74,558
Subtotal	28,940	106,159	135,723	190,111
Discounted bills receivables:				
Within one year or on demand	–	–	565	–
Subtotal	–	–	565	–
Other borrowings repayable:				
Within one year or on demand	20,030	–	–	–
Subtotal	20,030	–	–	–
Total	48,970	106,159	136,288	190,111

The Company

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025			As at 31 May 2026		
	Effective Interest rate (%)	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*	*Effective Interest rate (%)*	*Maturity*	*RMB'000*
Current												
Bank loans – unsecured	–	–	–	–	–	–	2.11	2026	40,026	2.11	2026	40,024
Other loans – secured *(ii)*	4.90	2024	20,030	–	–	–	–	–	–	–	–	–
Current portion of long term bank loans – unsecured	–	–	–	–	–	–	–	–	–	2.19	2026	1,142
Total – current			20,030			–			40,026			41,166
Non-current												
Bank loans – unsecured	–	–	–	–	–	–	–	–	–	2.19	2028	59,000
Total – non-current			–			–			–			59,000
Total			20,030			–			40,026			100,166

Notes:

(i) All borrowings were denominated in RMB as at the end of the Relevant Periods.

(ii) As at 31 December 2023, the Group pledged certain invention patents and utility model patents as collateral to secure borrowings from certain financial institutions as collateral to secure other loans. These patent rights had not previously been capitalised in the financial statements.

(iii) As at 31 December 2023, land use right with a net carrying amounts of RMB5,974,000 were pledged to secure the bank loans. In September 2024, the land use right pledge was released (note 15).

As at 31 December 2024, 31 December 2025 and 31 May 2026, machinery with net carrying amount of RMB5,433,000, RMB32,499,000 and RMB79,167,000 was pledged to secure the bank loans (note 14).

As at 31 May 2026, the buildings of Zhuhai Vergiga Semiconductor Co., Ltd. located in High-Tech District, Zhuhai with a net carrying amount of approximately RMB108,311,000 were pledged to secure a loan borrowings cap to RMB156,000,000 from China Merchants Bank (note 14).

(iv) As at the end of the Relevant Periods, certain directors provided guarantees for bank borrowings of the Group (note 36(c)).

27. DEFERRED INCOME

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	682	659	734	719

The movements of deferred income for the Relevant Periods are as follows:

	Year ended 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of the year/period	688	682	659	734
Grants received during the year/period	–	–	101	–
Amounts released to profit or loss during the year/period	(6)	(23)	(26)	(15)
At end of the year/period	682	659	734	719

28. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

The Group

	Impairment of inventories	Impairment of trade and other receivables	Deferred income	Losses available for offsetting against future taxable profits	Lease liabilities	Unrealised profit/(losses) from intercompany transactions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	3,162	291	172	975	282	42	4,924
Deferred tax credited/(charged) to the statement of profit or loss during the year	3,922	336	(1)	1,142	64	(11)	5,452
At 31 December 2023	7,084	627	171	2,117	346	31	10,376

	Impairment of inventories	Impairment of trade and other receivables	Deferred income	Losses available for offsetting against future taxable profits	Lease liabilities	Unrealised profit/(losses) from intercompany transactions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	7,084	627	171	2,117	346	31	10,376
Deferred tax credited/(charged) to the statement of profit or loss during the year	1,623	400	(6)	4,977	(73)	(377)	6,544
At 31 December 2024	8,707	1,027	165	7,094	273	(346)	16,920
At 1 January 2025	8,707	1,027	165	7,094	273	(346)	16,920
Deferred tax (charged)/credited to the statement of profit or loss during the year	(1,624)	(228)	9	(194)	349	963	(725)
At 31 December 2025	7,083	799	174	6,900	622	617	16,195
At 1 January 2026	7,083	799	174	6,900	622	617	16,195
Deferred tax (charged)/credited to the statement of profit or loss during the period	(353)	32	(3)	7,612	(110)	(1,099)	7,083
At 31 May 2026	6,730	831	171	14,512	512	(482)	23,278

The Company

	Impairment of inventories	Impairment of trade and other receivables	Deferred income	Losses available for offsetting against future taxable profits	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	3,108	282	–	398	241	4,029
Deferred tax credited/(charged) to the statement of profit or loss during the year	3,846	343	–	(398)	105	3,896
At 31 December 2023	6,954	625	–	–	346	7,925
At 1 January 2024	6,954	625	–	–	346	7,925
Deferred tax credited/(charged) to the statement of profit or loss during the year	1,648	399	–	1,001	(104)	2,944
At 31 December 2024	8,602	1,024	–	1,001	242	10,869
At 1 January 2025	8,602	1,024	–	1,001	242	10,869
Deferred tax (charged)/credited to the statement of profit or loss during the year	(1,649)	(226)	15	1,815	330	285
At 31 December 2025	6,953	798	15	2,816	572	11,154
At 1 January 2026	6,953	798	15	2,816	572	11,154
Deferred tax (charged)/credited to the statement of profit or loss during the period	(474)	30	(1)	2,441	(91)	2,908
At 31 May 2026	6,479	828	14	5,257	481	14,062

The movements in deferred tax liabilities during the Relevant Periods are as follows:

The Group

	Right-of-use assets
	RMB'000
At 1 January 2023	267
Deferred tax charged to the statement of profit or loss during the year	78
At 31 December 2023	345
At 1 January 2024	345
Deferred tax credited to the statement of profit or loss during the year	(76)
At 31 December 2024	269
At 1 January 2025	269
Deferred tax charged to the statement of profit or loss during the year	350
At 31 December 2025	619
At 1 January 2026	619
Deferred tax credited to the statement of profit or loss during the period	(114)
At 31 May 2026	505

The Company

	Right-of-use assets
	RMB'000
At 1 January 2023	228
Deferred tax charged to the statement of profit or loss during the year	117
At 31 December 2023	345
At 1 January 2024	345
Deferred tax credited to the statement of profit or loss during the year	(108)
At 31 December 2024	237
At 1 January 2025	237
Deferred tax charged to the statement of profit or loss during the year	332
At 31 December 2025	569
At 1 January 2026	569
Deferred tax credited to the statement of profit or loss during the period	(95)
At 31 May 2026	474

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group and the Company for financial reporting purposes:

The Group

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	10,031	16,651	15,576	22,773
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–	–

The Company

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	7,580	10,632	10,585	13,588
Net deferred tax liabilities recognised in the statement of financial position	–	–	–	–

29. SHARE CAPITAL

Share capital

A summary of movements in the share capital is as follows:

	Number of shares in issue	Share capital
		RMB'000
As at 31 December 2023, 2024, 2025 and 31 May 2026	61,880,000	61,880

30. SHARE-BASED PAYMENTS

The Group approved and adopted a share award scheme (the "Share Award Scheme") for certain employees of the Group ("Share Incentive Participants") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group. The Share Award Scheme became effective on 13 December 2021 and will remain in force throughout the year during which all Share Incentive Participants hold the restricted share units ("RSUs").

In order to implement the Share Award Scheme, Zhejiang Free Trade Zone Weizhuyexin Technology Partnership (Limited Partnership), Zhoushan Leading Integrated Circuit Partnership (Limited Partnership) and Zhoushan Tuowei Semiconductor Technology Partnership (Limited Partnership) were established and designated as share platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share platforms. Zhejiang Free Trade Zone Weizhuyexin Technology Partnership (Limited Partnership), with a registered capital of RMB28,760,000, holds 902,397 shares (2,188,490 shares after conversion into a joint stock company and capitalization of capital reserve) of the Company. Zhoushan Leading Integrated Circuit Partnership (Limited Partnership), with a registered capital of RMB7,500,000, holds 2,430,936 shares (5,895,498 shares after conversion into a joint stock company and capitalization of capital reserve) of the Company. Zhoushan Tuowei Semiconductor Technology Partnership (Limited Partnership) with a registered capital of RMB7,500,000, holds 3,333,333 shares (8,083,989 shares after conversion into a joint stock company and capitalization of capital reserve) of the Company.

On 8 February 2021, Zhoushan Tuowei Semiconductor Technology Partnership (Limited Partnership) granted 12% of the partnership's property shares, corresponding to 400,000 shares of Company (970,079 shares after conversion into a joint stock company and capitalization of capital reserve), to a core employee at an consideration amount of RMB900,000.

On 13 December 2021, the Group indirectly granted 43,643 RSUs and 2,188,490 RSUs of the Company to 39 and 19 eligible employees at a subscribed price of RMB36.12 and RMB31.87 through Zhoushan Leading Intergrated Circuit Partnership (Limited Partnership) and Zhejiang Free Trade Zone Weizhuyexin Technology Partnership (Limited Partnership), respectively.

On 3 November 2022, the Group indirectly granted 142,842 RSUs of the Company to 41 eligible employees at a subscribed price of RMB88.36 through Zhoushan Leading Integrated Circuit Partnership (Limited Partnership).

On 5 March 2025, the Group indirectly granted 395,697 RSUs of the Company to 5 eligible employees at a subscribed price of RMB13.14 through Zhejiang Free Trade Zone Weizhuyexin Technology Partnership (Limited Partnership).

On 26 March 2026, the Group indirectly granted 187,237 RSUs and 414,720 RSUs of the Company to 2 and 1 eligible employees at a subscribed price of RMB13.14 through Zhoushan Leading Integrated Circuit Partnership (Limited Partnership) and Zhejiang Free Trade Zone Weizhuyexin Technology Partnership (Limited Partnership) respectively.

All of the RSUs granted to the Share Incentive Participants shall become vested subject to the later of a successful [**REDACTED**] condition (the "[**REDACTED**] Condition") and an enforceable prohibition year (one or three years) being calculated from the date of the completion of the [**REDACTED**]. The [**REDACTED**] Condition would be satisfied when the ordinary shares of the Company are successfully [**REDACTED**] on a recognised stock exchange.

The fair value of the RSUs granted on 5 March 2025 is measured by using the discounted cashflow method.

The following table lists the significant inputs to the discounted cashflow fair value model used:

	5 March 2025
Expected volatility	58.30%
Risk-free interest rate (%)	2
DLOM (Discounts For Lack of Marketability) (%)	14

The fair value of the RSUs granted on 26 March 2026 was estimated as at the grant date by reference to recent equity transaction prices.

The shares of the Company granted indirectly through the share platforms and the outstanding shares under the Share Award Scheme during the Relevant Periods were as follows:

	Number of shares
At 1 January 2023	3,339,813
Granted during the year	–
Forfeited during the year	(1,185,861)
At 31 December 2023	2,153,952
At 1 January 2024	2,153,952
Granted during the year	–
Forfeited during the year	(561,127)
At 31 December 2024	1,592,825
At 1 January 2025	1,592,825
Granted during the year	395,697
Forfeited during the year	(90,119)
At 31 December 2025	1,898,403
At 1 January 2026	1,898,403
Granted during the period	601,957
Forfeited during the period	(13,724)
At 31 May 2026	2,486,636

The aforesaid transactions have been accounted for as share-based payment transactions. During the Relevant Periods, the Group recognized a reversal of share-based payment expense of RMB2,395,000, and share-based payment expenses of RMB298,000, RMB5,357,000 and RMB3,966,000, respectively.

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Capital reserve

The capital reserve mainly represents the difference between the value of share capital and the consideration received.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 30 to the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iv) Statutory surplus reserve

In accordance with the Company Law of the PRC, the companies in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of its registered capital. The statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	523,516	6,072	5,805	535,393
Profit for the year	–	–	18,298	18,298
Total comprehensive income for the year	–	–	18,298	18,298
Share-based payments	–	(2,395)	–	(2,395)
At 31 December 2023	523,516	3,677	24,103	551,296

	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	523,516	3,677	–	24,103	551,296
Profit for the year	–	–	–	28,398	28,398
Total comprehensive income for the year	–	–	–	28,398	28,398
Share-based payments	–	298	–	–	298
Transferred from retained profits	–	–	2,204	(2,204)	–
At 31 December 2024	523,516	3,975	2,204	50,297	579,992

	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	523,516	3,975	2,204	50,297	579,992
Profit for the year	–	–	–	44,951	44,951
Total comprehensive income for the year	–	–	–	44,951	44,951
Share-based payments	–	5,357	–	–	5,357
Transferred from retained profits	–	–	4,496	(4,496)	–
At 31 December 2025	523,516	9,332	6,700	90,752	630,300

	Capital reserve	Share-based payment reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2026	523,516	9,332	6,700	90,752	630,300
Profit for the period	–	–	–	6,305	6,305
Total comprehensive income for the period	–	–	–	6,305	6,305
Share-based payments	–	3,966	–	–	3,966
At 31 May 2026	523,516	13,298	6,700	97,057	640,571

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the five months ended 31 May 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,558,000, RMB1,025,000, RMB4,022,000, RMB39,245,000 and RMB581,000 respectively, in respect of lease arrangements for plant and properties.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank and other borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	1,778	15,021	16,799
Changes from financing cash flows	(1,981)	31,838	29,857
New leases	2,558	–	2,558
Interest expense	62	2,111	2,173
Early termination of lease liabilities	(64)	–	(64)
At 31 December 2023	2,353	48,970	51,323
At 1 January 2024	2,353	48,970	51,323
Changes from financing cash flows	(1,351)	54,325	52,974
New leases	1,025	–	1,025
Interest expense	101	2,864	2,965
Early termination of lease liabilities	(360)	–	(360)
At 31 December 2024	1,768	106,159	107,927
At 1 January 2025	1,768	106,159	107,927
Changes from financing cash flows	(1,844)	27,391	25,547
New leases	4,022	–	4,022
Interest expense	84	2,738	2,822
Early termination of lease liabilities	(304)	–	(304)
At 31 December 2025	3,726	136,288	140,014
At 1 January 2026	3,726	136,288	140,014
Changes from financing cash flows	(440)	52,760	52,320
New leases	39,245	–	39,245
Interest expense	72	1,628	1,700
Settlement of discounted bills receivables upon maturity	–	(565)	(565)
At 31 May 2026	42,603	190,111	232,714
At 1 January 2025	1,768	106,159	107,927
Changes from financing cash flows	(577)	513	(64)
New leases	581	–	581
Interest expense	35	1,582	1,617
At 31 May 2025 (unaudited)	1,807	108,254	110,061

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statement of cash flows are as follows:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (Unaudited)*	*RMB'000*
Within operating activities	58	41	32	11	18
Within financing activities	1,981	1,351	1,844	577	440
Total	2,039	1,392	1,876	588	458

33. COMMITMENTS

The Group had the following capital commitments at the end of each reporting year:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Equipments	37,986	10,960	5,574	9,108
Building construction	14,274	1,720	29,957	67,011
	52,260	12,680	35,531	76,119

34. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank facilities are included in note 26 to the Historical Financial Information.

35. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety during the Relevant Periods

(a) At 31 December 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB192,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

(b) At 31 December 2025, the Group discounted certain bills receivable accepted by banks in Mainland China (the "Discounted Bills") with a carrying amount of RMB565,000 to certain banks (the "Discounting"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank loans. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties.

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024, 2025 and 31 May 2026, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB7,871,000, RMB7,345,000, RMB4,808,000 and RMB1,494,000. At 31 December 2023, 2024, 2025 and 31 May 2026, the Group discounted certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain reputable banks with a carrying amount in aggregate of Nil, Nil, RMB14,241,000 and Nil. The Derecognised Bills had a maturity of one to six months at the end of the reporting year. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised

Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024, 2025 and 31 May 2026, the Group has recognised loss amounted to Nil, Nil, RMB189,000 and Nil on the date of transfer of the Derecognised Bills.

36. RELATED PARTY TRANSACTIONS

(a) Names and relationships of the related parties:

	Relationship with the Group
Nanjing X-IPM Technologies Co., Ltd	Dr. LUO Ming, a Non-executive director of the Company, is a director of Nanjing X-IPM Technologies Co., Ltd
OPPO Guangdong Mobile Communications Co., Ltd ("OPPO Guandong")	Shareholder of the Company with more than 5% of direct shareholding
Mr. Li Weicong	Chairman and Chief Executive Officer
Ms. Wu Shaodan	The spouse of Chairman and Chief Executive Officer

(b) The Group had the following transactions with related parties during the Relevant Periods and the five months ended 31 May 2025:

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Sales of products:					
OPPO Guandong	–	9	–	–	–
Nanjing X-IPM Technologies Co., Ltd	10	–	–	–	–
	10	9	–	–	–

(c) Guarantees provided by related parties:

31 December 2023

Guarantees provided by:

	Amount	Duration	Nature
	RMB'000		
Mr. Li Weicong	3,973	2021~2023	Lease
Mr. Li Weicong**	1,742	2023~2025	Lease
Mr. Li Weicong	10,000	2022~2023	Borrowing
Mr. Li Weicong and Ms. Wu Shaodan	45,000*	2022~2023	Borrowing
Mr. Li Weicong and Ms. Wu Shaodan	20,000	2023~2024	Borrowing
Mr. Li Weicong and Ms. Wu Shaodan***	156,000	2022~2028	Borrowing, Facility

31 December 2024

Guarantees provided by:

	Amount	Duration	Nature
	RMB'000		
Mr. Li Weicong**	1,742	2023~2025	Lease
Mr. Li Weicong and Ms. Wu Shaodan	20,000	2023~2024	Borrowing
Mr. Li Weicong and Ms. Wu Shaodan***	156,000	2022~2028	Borrowing, Facility

31 December 2025

Guarantees provided by:

	Amount	Duration	Nature
	RMB'000		
Mr. Li Weicong**	1,742	2023~2025	Lease
Mr. Li Weicong and Ms. Wu Shaodan***	156,000	2022~2028	Borrowing

31 May 2026

Guarantees provided by:

	Amount	Duration	Nature
	RMB'000		
Mr. Li Weicong and Ms. Wu Shaodan***	156,000	2022~2028	Borrowing

* Shenzhen High-tech Investment and Financing Guarantee Co., Ltd provided guarantee on bank borrowings of the Group amounted to RMB15,000,000, Mr. Li Weicong and Ms. Wu Shaodan provided counter-guarantee to Shenzhen High-tech Investment and Financing Guarantee Co., Ltd in the equivalent amount of RMB15,000,000 during the year 2022 and 2023.

Mr. Li Weicong and Ms. Wu Shaodan provided guarantee on bank borrowings of the Group with an amount cap to RMB30,000,000 during the year 2022 and 2023.

** Mr. Li Weicong provided guarantees for office leases of the Group with an amount cap to RMB1,742,000 with the guarantee year from 2023 to 2025. The guarantee from Mr. Li Weicong has been released with the termination of office leases.

*** Mr. Li Weicong and Ms. Wu Shaodan provided guarantees for bank and other borrowings of the Group with an amount cap to RMB156,000,000 with the guarantee year from 2022 to 2028. The guarantee from Mr. Li Weicong and Ms. Wu Shaodan will be removed on or before [**REDACTED**].

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Five months ended 31 May	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	4,373	4,722	5,039	2,011	1,814
Performance related bonuses	1,873	1,676	2,385	994	723
Pension scheme contributions	608	612	606	238	199
Share-based payments	686	(269)	1,842	499	1,736
	7,540	6,741	9,872	3,742	4,472

(e) Redemption rights of the Pre-[REDACTED] Investors granted by related parties

According to the share subscription agreements entered by the Company and the shareholders, the Pre-[**REDACTED**] Investors had been granted the redemption right provided by the Controlling Shareholders and the founders (collectively, the "Related Parties Redemption Right"). The Company is not a party to the Related Parties Redemption Right during the Relevant Periods. The Company has not provided any guarantees with respect to such redemption rights during the Relevant Periods and taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that no financial liability regarding redemption rights granted by controlling shareholders was required to be recorded by the Company during the Relevant Periods.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

Financial assets

The Group

Financial assets	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	36,496	24,500	18,289	37,408
At amortised cost:				
Cash and cash equivalents	212,170	172,476	187,496	117,807
Trade and bills receivables	79,490	134,710	117,829	130,622
Financial assets included in prepayments, deposits and other receivables	45,508	49,016	18,203	7,505
	337,168	356,202	323,528	255,934

The Company

Financial assets	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	36,496	24,500	18,289	35,461
At amortised cost:				
Cash and cash equivalents	210,250	166,537	179,566	106,702
Trade and bills receivables	79,264	134,418	117,789	130,389
Financial assets included in prepayments, deposits and other receivables	123,303	116,993	192,186	7,226
	412,817	417,948	489,541	244,317

Financial liabilities

The Group

Financial liabilities	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At amortised cost:				
Trade payables	23,320	32,322	69,994	50,600
Financial liabilities included in other payables and accruals	50,116	22,495	20,886	33,156
Lease liabilities	2,353	1,768	3,726	42,603
Interest bearing bank and other borrowings	48,970	106,159	136,288	190,111
	124,759	162,744	230,894	316,470

The Company

Financial liabilities	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At amortised cost:				
Trade payables	29,015	55,072	94,920	71,618
Financial liabilities included in other payables and accruals	9,205	4,297	5,225	4,504
Lease liabilities	2,353	1,622	3,515	3,224
Interest bearing bank and other borrowings	20,030	–	40,026	100,166
	60,603	60,991	143,686	179,512

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2023, 2024, 2025 and 31 May 2026, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2023, 2024, 2025 and 31 May 2026 were assessed to be insignificant.

Fair value hierarchy

The Group

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	36,496	–	36,496

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	24,500	–	24,500

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	18,289	–	18,289

As at 31 May 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	37,408	–	37,408

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

The fair values of the bank acceptance bills at fair value through other comprehensive income (Level 2) have been calculated by discounting the expected cash flows from the receivables based on the market interest rates of instruments with similar terms and risks.

The Company

The following tables illustrate the fair value measurement hierarchy of the Company's financial instruments:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	36,496	–	36,496

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	24,500	–	24,500

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	18,289	–	18,289

As at 31 May 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	35,461	–	35,461

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through other comprehensive income. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, other receivables and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long-term borrowings. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain certain of its interest-bearing bank borrowings at floating interest rates. At the end of each Relevant Periods, approximately 6%, 25%, 27% and 19% of the Group's interest-bearing borrowings bore interest at floating rates. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table details the effect on the Group's loss before tax for each of the Relevant Periods and accumulated losses as at the end of each reporting year that a 25-basis-point increase or decrease in interest rate would have.

	Increase/(Decrease) in basis points	(Increase)/ Decrease in loss before tax	(Increase)/ Decrease in accumulated losses
		RMB'000	*RMB'000*
31 December 2023			
Increase of interest rate	25	(5)	(5)
Decrease of interest rate	(25)	5	5

	Increase/(Decrease) in basis points	(Increase)/ Decrease in loss before tax	(Increase)/ Decrease in accumulated losses
		RMB'000	*RMB'000*
31 December 2024			
Increase of interest rate	25	(49)	(49)
Decrease of interest rate	(25)	49	49
31 December 2025			
Increase of interest rate	25	(69)	(69)
Decrease of interest rate	(25)	69	69
31 May 2026			
Increase of interest rate	25	(68)	(68)
Decrease of interest rate	(25)	68	68

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax.

	Year ended 31 December			Five months ended 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB/USD				
Strengthened 5%	(3,312)	(1,848)	(645)	(1,175)
Weakened 5%	3,312	1,848	645	1,175

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and staging as at the end of each of the Relevant Periods

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	82,478	82,478
Financial assets included in prepayments, deposits and other receivables – Normal**	46,448	–	–	–	46,448
Financial assets at fair value through other comprehensive income	36,496	–	–	–	36,496
Cash and cash equivalents	212,170	–	–	–	212,170
	295,114	–	–	82,478	377,592

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	140,303	140,303
Financial assets included in prepayments, deposits and other receivables – Normal**	50,005	–	–	–	50,005
Financial assets at fair value through other comprehensive income	24,500	–	–	–	24,500
Cash and cash equivalents	172,476	–	–	–	172,476
	246,981	–	–	140,303	387,284

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	122,038	122,038
Financial assets included in prepayments, deposits and other receivables – Normal**	18,561	–	–	–	18,561
Financial assets at fair value through other comprehensive income	18,289	–	–	–	18,289
Cash and cash equivalents	187,496	–	–	–	187,496
	224,346	–	–	122,038	346,384

At 31 May 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	136,008	136,008
Financial assets included in prepayments, deposits and other receivables – Normal**	7,654	–	–	–	7,654
Financial assets at fair value through other comprehensive income	37,408	–	–	–	37,408
Cash and cash equivalents	117,807	–	–	–	117,807
	162,869	–	–	136,008	298,877

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

As at 31 December 2023, 2024, 2025 and 31 May 2026, the Group had certain concentrations of credit risk as 26%, 35%, 23% and 43% of the Group's trade and bills receivables were due from the largest customer, and 85%, 85%, 58% and 75% of the Group's trade and bills receivables were due from the five largest customers.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	As at 31 December 2023		
	Less than 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	23,320	–	23,320
Financial liabilities included in other payables and accruals	50,116	–	50,116
Lease liabilities	1,223	1,246	2,469
Interest bearing bank and other borrowings	21,455	30,855	52,310
	96,114	32,101	128,215

	As at 31 December 2024		
	Less than 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	32,322	–	32,322
Financial liabilities included in other payables and accruals	22,495	–	22,495
Lease liabilities	1,258	584	1,842
Interest bearing bank and other borrowings	30,781	82,464	113,245
	86,856	83,048	169,904

	As at 31 December 2025		
	Less than 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	69,994	–	69,994
Financial liabilities included in other payables and accruals	20,886	–	20,886
Lease liabilities	1,658	2,313	3,971
Interest bearing bank and other borrowings	76,029	65,949	141,978
	168,567	68,262	236,829

	As at 31 May 2026		
	Less than 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	50,600	–	50,600
Financial liabilities included in other payables and accruals	33,156	–	33,156
Lease liabilities	41,057	1,718	42,775
Interest bearing bank and other borrowings	77,790	118,451	196,241
	202,603	120,169	322,772

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December			As at 31 May
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	745,462	811,120	939,285	1,031,009
Total liabilities	144,736	190,779	263,159	351,438
Asset-liability ratio	19%	24%	28%	34%

40. EVENTS AFTER THE REPORTING YEAR

There is no significant event subsequent to 31 May 2026.

41. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any year subsequent to 31 May 2026.

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

[**REDACTED**]

TAXATION OF SECURITY HOLDERS

Income tax and capital gains tax of holders of the H shares is subject to the laws and practices of the PRC and of jurisdictions in which holders of the H shares are resident or otherwise subject to tax. The following summary of certain relevant taxation provisions is based on current laws and practices, and has not taken in to account the expected change or amendment to the relevant laws or policies and does not constitute any opinion or advice. The discussion does not deal with all possible tax consequences relating to an investment in the H shares, nor does it take into account the specific circumstances of any particular investor, some of which may be subject to special regulation. Accordingly, you should consult your own tax adviser regarding the tax consequences of an investment in the H shares. The discussion is based upon laws and relevant interpretations in effect as of the Latest Practicable Date, all of which are subject to change or adjustment and may have retrospective effect.

This discussion does not address any aspects of PRC taxation other than income tax, capital gains tax, value-added tax, stamp duty and estate duty. Prospective [**REDACTED**] are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

TAXATION IN MAINLAND CHINA

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) (the "**IIT Law**"), latest amended by the Standing Committee of the National People's Congress (the "SCNPC") on August 31, 2018 and effective on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法實施條例》) amended by the State Council on December 18, 2018 and effective on January 1, 2019, dividends paid by PRC companies to individual investors are ordinarily subject to a withholding income tax levied at a flat rate of 20%. Meanwhile, according to Notice on Issues Relating to Differentiated Individual Income Tax Policies for Dividends and Bonuses of Listed Companies (《關於上市公司股息紅利差別化個人所得稅政策有關問題的通知》) issued by the Ministry of Finance, the State Administration of Taxation (the "STA") and the China Securities Regulatory Commission (the "CSRC") on September 7, 2015 and effective on September 8, 2015, for shares of listed companies obtained by individuals via public offerings and market transfer and held for more than one year, the income from dividends and bonuses thereof shall temporarily be exempt from individual income tax. For shares of listed companies obtained by individuals via public offerings and market transfer and held for less than one month (including one month), the income from dividends and bonuses thereof shall be fully included in the individual's taxable income amount; where the shares are held for a period from one month up to one year (including one year), 50% of the income from dividends and bonuses therefrom shall temporally be included in the individual's taxable income amount; the aforesaid income shall be subject to individual income tax based on 20% tax rate on a unified basis.

Pursuant to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》), signed by the Mainland of China and the Hong Kong Special Administrative Region on August 21, 2006, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity),

but such tax shall not exceed 10% of the total amount of dividends payable. If a Hong Kong resident directly holds 25% or more of the equity interests in a PRC company and the Hong Kong resident is the beneficial owner off the dividends and meets other conditions, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol of the State Taxation Administration to the Arrangement between the Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《國家税務總局關於<內地和香港特別行政區關於對所得避免雙重徵税和防止偷漏税的安排>第五議定書》) (the "**Fifth Protocol**"), issued by the STA and effective on December 6, 2019, provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Enterprise Investors

Pursuant to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法》) (the "**EIT Law**") promulgated by the SCNPC, latest amended and became effective on December 29, 2018, and the Implementation Regulations for the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得税法實施條例》), latest amended by the State Council on December 6, 2024 and became effective on January 20, 2025, a non-resident enterprise is subject to a 10% enterprise income tax on PRC-sourced income, including dividends paid by a PRC resident enterprise that issues and lists shares in Hong Kong, if such non-resident enterprise does not have an establishment or place of business in the PRC or has an establishment or place of business in the PRC but the PRC-sourced income is not actually connected with such establishment or place of business in the PRC. The aforesaid income tax payable by non-resident enterprises shall be withheld at source, and the payer shall be the withholding agent, and the tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due. Such tax may be reduced or exempted pursuant to an applicable treaty for the avoidance off double taxation.

Pursuant to the Notice on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Which Are Overseas Non-resident Enterprises (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得税有關問題的通知》) issued by the STA and effective on November 6, 2008, a PRC resident enterprise is required to withhold enterprise income tax at a flat rate of 10% on dividends paid to non-PRC resident enterprise holders of H Shares which are derived out of profit generated since 2008. The Reply on the Collection of Enterprise Income Tax on Dividends Received by Non-resident Enterprises from Holding B Shares and Other Shares (《關於非居民企業取得B股等股票股息徵收企業所得税問題的批覆》) promulgated by the State Administration of Taxation on July 24, 2009 and implemented from the same day further provides that PRC-resident enterprises listed on Chinese and overseas stock exchanges by issuing stocks must withhold enterprise income tax at a flat rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Such tax rates may be further modified pursuant to the tax treaty or agreement that China has concluded with a relevant jurisdiction, where applicable.

According to the Arrangement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (《對所得避免雙重徵税和防止偷漏税的安排》), the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal entity), but such tax shall not exceed 10% of the total dividends payable by the PRC company. If a Hong Kong resident directly holds 25% or more of equity interest in a PRC company and the Hong Kong resident is the beneficial owner of the dividends and meets other conditions, such tax shall not exceed 5% of the total dividends payable by the PRC company. The Fifth Protocol provides that such provisions shall not apply to arrangements or transactions made for one of the primary purposes of obtaining such tax benefits.

Tax Treaties

Non-resident investors residing in jurisdictions which have entered into treaties or adjustments for the avoidance of double taxation with the PRC might be entitled to a reduction of the Chinese corporate income tax imposed on the dividends received from PRC companies. Non-resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the Chinese tax authorities for a refund of the corporate income tax in excess of the agreed tax rate, and the refund application is subject to approval by the Chinese tax authorities.

Tax on Gains from Share Transfer

Individual Investors

According to the IIT Law and its implementation rules, individuals are subject to individual income tax at the rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises. Under the Circular of the Ministry of Finance and the State Taxation Administration on Declaring that Individual Income Tax Continues to Be Exempted over Individual Income Tax from Transfer of Shares (Cai Shui Zi [1998] No. 61) (《財政部、國家税務總局關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (the "**Circular 61**") issued by the Ministry of Finance and SAT on March 30, 1998, from January 1, 1997, gains of individuals from the transfer of shares of listed companies continue to be exempted from individual income tax. According to Announcement of the Ministry of Finance and the State Taxation Administration on the Catalog of Preferential Individual Income Tax Policies with Continued Effect (《財政部、國家税務總局關於繼續有效的個人所得税優惠政策目錄的公告》) issued by the Ministry of Finance and the STA on December 29, 2018, the Circular 61 will continue to be effective.

However, the Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的通知》), jointly issued by the Ministry of Finance, SAT and CSRC and effective on December 31, 2009, states that individuals' income from the transfer of listed shares obtained from the public offering of listed companies and of shares listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restriction (as defined in the Supplementary Notice on Issues Concerning the Levy of Individual Income Tax on Individuals' Income from the Transfer of Restricted Stocks of Listed Companies (《關於個人轉讓上市公司限售股所得徵收個人所得税有關問題的補充通知》) jointly issued and implemented by relevant departments on November 10, 2010). As of the Latest Practicable Date, no aforesaid provisions have expressly provided that individual income tax shall be levied from non-Chinese resident individuals on the transfer of shares in PRC resident enterprises listed on overseas stock exchanges.

Enterprise Investors

In accordance with the EIT Law and its implementation rules, a non-resident enterprise is generally subject to corporate income tax at the rate of a 10% on PRC-sourced income, including gains derived from the disposal of equity interests in a PRC resident enterprise, if it does not have an establishment or premise in the PRC or has an establishment or premise in the PRC but its PRC-sourced income has no real connection with such establishment or premise. Such income tax payable for non-resident enterprises are deducted at source, where the payer of the income is required to withhold the income tax from the amount to be paid to the non-resident enterprise. Such tax may be reduced or exempted pursuant to relevant tax treaties or agreements on avoidance of double taxation.

Taxation Policy of Shanghai-Hong Kong Stock Connect

Under the Notice of the Ministry of Finance and the State Taxation Administration and the China Securities Regulatory Commission on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (Cai Shui [2014] No. 81) (《財政部、國家税務總局、中國證券監督管理委員會關於滬港股票市場交易互聯互通機制試點有關税收政策的通知》) which came into effect on November 17, 2014, for dividends and bonus obtained by mainland individual investors investing in H shares listed on the Hong Kong Stock Exchange (the "**HKSE**") through Shanghai-Hong Kong Stock Connect, the H-share companies shall apply to the China Securities Depository and Clearing Corporation Limited (the "**CSDC**") for provision by CSDC to the H-share companies register of individual investors in Mainland China, and the H-share companies shall withhold individual income tax at the rate of 20%.

Income from share dividend derived by Mainland China corporate investors from investment in shares listed on the HKSE through the Shanghai-Hong Kong Stock Connect shall be included in their total income and be subject to enterprise income tax pursuant to the law. Income from share dividend derived by a Mainland China resident enterprise for holding H shares over 12 consecutive months shall be exempted from enterprise income tax pursuant to the law. The H shares company is not required to withhold income tax on share dividend for its Mainland China corporate investors, and the corporate investors shall make declaration and payment for the tax payable amount voluntarily.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得税政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

Taxation Policy of Shenzhen-Hong Kong Stock Connect

Under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Cai Shui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關税收政策的通知》) which came into effect on December 5, 2016, the income from the transfer price difference obtained by domestic enterprises investing in stocks listed on the Hong Kong Stock Exchange via the Shenzhen — Hong Kong Stock Connect is included in their total income, and subject to the enterprise income tax according to law. For dividends and bonus income obtained by mainland individual investors investing in H shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect, the H-share companies shall apply to CSDC for provision by CSDC to the H-share companies register of individual investors in Mainland China, and individual income tax shall be withheld by H-share companies at the tax rate of 20%.

Income from dividends and bonuses derived by a corporate investor in Mainland China from investment in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall be included in the total income amount, and subject to enterprise income tax pursuant to the law. Income from dividends and bonuses derived by a Mainland China resident enterprise for H shares held for 12 months consecutively shall be exempted from enterprise income tax pursuant to the law. The H-share company shall not withhold income tax on dividends and bonuses for corporate investors in Mainland China, and the tax payable amount shall be declared and paid by the corporate investor.

Pursuant to the Announcement on Continuing the Implementation of the Individual Income Tax Policies Concerning the Shanghai-Hong Kong Stock Connect and the Shenzhen-Hong Kong Stock Connect and the Mutual Recognition of Funds between Mainland China and Hong Kong (《關於延續實施滬港、深港股票市場交易互聯互通機制和內地與香港基金互認有關個人所得税政策的公告》) which promulgated on August 21, 2023 and implemented on the same date, the transfer spread income derived by mainland individual investors from investing in shares listed on the HKSE through Shenzhen-Hong Kong Stock Connect shall continue to be exempted from individual income tax until December 31, 2027.

Stamp Duty

According to the Stamp Duty Law of the People's Republic of China (《中華人民共和國印花税法》), which was promulgated on June 10, 2021 and came into effect on July 1, 2022, PRC stamp duty only applies to specific taxable document executed or received within the PRC, having legally binding force in the PRC and protected under the PRC laws, thus the requirements of the stamp duty imposed on the transfer of shares of PRC listed companies shall not apply to the acquisition and disposal of H Shares by non-PRC investors outside of the PRC.

Estate Duty

As of the date of this document, no estate duty has been levied in the PRC under the PRC laws.

MAJOR TAXATION OF THE COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and its implementation rules, all the domestic enterprises in China (including foreign-invested enterprises) shall be subject to enterprise income tax at the uniform tax rate of 25%.

According to the Administrative Measures for Determination of High and New Tech Enterprises (《高新技術企業認定管理辦法》), which was promulgated by the Ministry of Science and Technology, the Ministry of Finance and the STA on April 14, 2008, amended on January 29, 2016 and became effective on January 1, 2016, an enterprise recognized as a high and new technology enterprise may apply for a preferential enterprise income tax rate of 15% pursuant to the relevant requirements of the EIT Law.

According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Preferential Income Tax Policies for Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家税務總局關於小微企業和個體工商戶所得税優惠政策的公告》), which was promulgated on March 26, 2023, the annual taxable income of a small low-profit enterprise that is not more than RMB1 million shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20%. According to the Announcement of the Ministry of Finance and the State Taxation Administration on the Relevant Tax and Fee Policies for Further Supporting the Development of Micro and Small Enterprises and Individual Industrial and Commercial Households (《財政部、國家税務總局關於進一步支持小微企業和個體工商戶發展有關税費政策的公告》), which was promulgated on Aug 2, 2023, the taxable income of a small low-profit enterprise shall be calculated at the reduced rate of 25%, and the policy of payment of enterprise income tax at the rate of 20% shall continue to be implemented until December 31, 2027.

Value-added Tax

Pursuant to the Provisional Regulations of the People's Republic of China on Value-Added Tax (《中華人民共和國增值税暫行條例》), which was promulgated by the State Council, and last revised and became effective on 19 November 2017, and the Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值税暫行條例實施細則》), which was promulgated by the Ministry of Finance, and last revised on 28 October 2011 and effective on 1 November 2011, all entities and individuals that engage in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC are taxpayers of value-added tax (the "**VAT**") and shall pay VAT. Unless stated otherwise, for payers who sell or import goods, and provide processing, repairs and replacement services in the PRC, the tax rate shall be 17%, and be, in certain specified circumstances, 11%, 6% and 0%.

According to the Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to VAT Rates (《財政部、税務總局關於調整增值税税率的通知》) which was promulgated on 4 April 2018 and came into effect on 1 May 2018, the original rates of 17% and 11% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16% and 10%, respectively.

According to the Announcement on Policies for Deepening the VAT Reform (《關於深化增值税改革有關政策的公告》), which was promulgated by the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on 20 March 2019 and became effective on 1 April 2019, the original rates of 16% or 10% applicable to the general VAT payers' sales activities or imports goods that are subject to VAT are adjusted to 13% or 9%, respectively.

On 25 December 2024, the SCNPC promulgated the Value-added Tax Law of the People's Republic of China (《中華人民共和國增值税法》) ("**VAT Law"**), which came into effect on 1 January 2026, and the Provisional Regulations of the PRC on Value-Added Tax will be repealed concurrently. Pursuant to the VAT Law, entities and individuals (including individual industrial and commercial proprietors) selling goods, services, intangible assets, real estate and importing goods within the territory of the PRC are taxpayers of VAT and shall pay VAT in accordance with the provisions of the law. Unless stated otherwise, for payers who sell goods, and provide processing, repairs and replacement services and rental services of tangible movable assets as well as import goods, the tax rate shall be 13%, and be, in certain specified circumstances, 9%, 6% and 0%.

Preferential Tax Policy for the Integrated Circuit Industry

As listed in the Guidance of Preferential Tax Policy for Software Enterprises and Integrated Circuit Enterprises (《軟件企業和集成電路企業税費優惠政策指引》) issued by the STA in May 21, 2022, the integrated circuit industry enjoys a variety of tax preferences. The integrated circuit design, equipment, materials, packaging and testing enterprises encouraged by the State, for example, can enjoy regular exemption or reduction of the enterprise income tax; key integrated circuit design enterprises encouraged by the State can enjoy the regular exemption or reduction of enterprise income tax; staff training expenses of integrated circuit design enterprises can be deducted before tax according to the actual amount incurred.

According to the Notice of the State Council on Promulgation of Several Policies for Promoting the High-quality Development of Integrated Circuit and Software Industries in the New Era (Guo Fa [2020] No. 8) (《國務院關於印發新時期促進集成電路產業和軟件產業高質

量發展若干政策的通知》) (國發[2020]8號) (the "**No. 8 Notice**") and the Announcement on Enterprise Income Tax Policies for Promoting High-quality Development of Integrated Circuit Industry and Software Industry (《關於促進集成電路產業和軟件產業高質量發展企業所得稅政策的公告》) jointly promulgated by the Ministry of Finance, the STA, the NDRC and the MIIT, the integrated circuit design, equipment, materials, packaging and testing and software enterprises encouraged by the State are exempted from enterprise income tax during the first year and the second year from the profit-making year. During the third year to the fifth year, the enterprise income tax shall be levied at half of the statutory tax rate of 25%. Key integrated circuit design enterprises and software enterprises encouraged by the State shall be exempted from enterprise income tax during the first year to the fifth year since the profit-making year, and the enterprise income tax shall be levied at a reduced tax rate of 10% in successive years. Notice of the National Development and Reform Commission and Other Departments on Making Relevant Requirements for the List of Integrated Circuit Enterprises or Projects and Software Enterprises Entitled to Preferential Tax Policies for 2024 (《國家發展改革委等部門關於做好2024年享受稅收優惠政策的集成電路企業或項目、軟件企業清單制定工作有關要求的通知》), on the basis of the No. 8 Notice, makes detailed description of the conditions and project standards for enterprises that enjoy preferential tax policy.

FOREIGN EXCHANGE ADMINISTRATION IN THE PRC

The lawful currency of the PRC is the Renminbi. The State Administration of Foreign Exchange (the "SAFE"), authorized by the People's Bank of China (the "PBOC"), is empowered with the functions of administering all matters relating to foreign exchange, including the enforcement of foreign exchange regulations.

Pursuant to the Regulations of the People's Republic of China on Foreign Exchange Control (《中華人民共和國外匯管理條例》) amended by the State Council and became effective on August 5, 2008, all international payments and transfers are classified into current account items and capital account items. The PRC does not impose restrictions on international payments and transfers under current account items. Foreign exchange income from the current account of PRC enterprises may be retained or sold to financial institutions engaged in the settlement and sale of foreign exchange in accordance with relevant provisions of the State. The retention or sale of foreign exchange receipts under capital accounts to financial institutions engaging in settlement and sale of foreign exchange shall be subject to the approval of foreign exchange administrative authorities, unless otherwise stipulated by the State.

Pursuant to the Regulations for the Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) promulgated by the PBOC on June 20, 1996 and became effective on July 1, 1996, the remaining restrictions on convertibility of foreign exchange in respect of current account items are abolished while the existing restrictions on foreign exchange transactions in respect of capital account items are retained.

According to relevant laws and regulations of the PRC, PRC enterprises (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items, may without the approval of the SAFE, effect payment from their foreign exchange accounts at the designated foreign exchange banks, on the strength of valid receipts and proof of transactions. Foreign-invested enterprise that need to distribute profits to their shareholders in foreign exchange and Chinese enterprise that need to pay fixed dividends in foreign exchange in accordance with the requirements shall pay from its foreign exchange account or pay at the designated foreign exchange bank by a resolution of the board of directors on the distribution of profits.

According to the Decision of the State Council on Canceling and Adjusting a Group of Administrative Approval Items and Other Matters (《國務院關於取消和調整一批行政審批項目等事項的決定》) promulgated by the State Council and effective on October 23, 2014, the administrative approval of the SAFE and its branches on matters concerning the repatriation and settlement of foreign exchange of overseas-raised funds through overseas listing has been canceled.

According to the Notice of the State Administration of Foreign Exchange on Issues Relating to Foreign Exchange Control Pertaining to Overseas Listing (《國家外匯管理局關於境外上市外匯管理有關問題的通知》) promulgated by the SAFE on December 26, 2014, the State Administration of Foreign Exchange, its branches and foreign exchange administration departments (the "**SAFE**") shall supervise, manage and inspect the business registration, account opening and utilization, cross-border income and expenditure, and fund exchange of domestic companies involved in overseas listing. A domestic company shall complete registration formalities for overseas listing with the SAFE's local branch at its place of registration within 15 working days from completion of issuance for its overseas listing. If a domestic shareholder of a domestic company intends to increase or reduce its overseas shareholding in accordance with the relevant provisions after the company has been listed overseas, he/she shall apply for registration of overseas shareholding with the local foreign exchange authority with relevant materials within 20 working days before the proposed increase or reduction. Domestic companies (except banking financial institutions) shall, with the certificate of registration for overseas listing business, open a "**special foreign exchange account for overseas listing of domestic companies**" with a domestic bank for their initial offering (or additional offering) and repurchase business, in order to handle the exchange and transfer of funds for the relevant business. Funds raised from overseas listing of a domestic company may be repatriated to China or deposited overseas, and the usage of funds shall be consistent with the relevant contents set out in the publicly disclosed documents such as the document or the corporate bonds offering documentation, shareholders' circular and the board of directors or shareholders' general meeting resolution.

Pursuant to the Notice of the State Administration of Foreign Exchange on Further Streamlining and Improving Foreign Exchange Administration Policies of Direct Investment (《國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知》) issued on February 13, 2015 and implemented from June 1, 2015, the State Administration of Foreign Exchange has cancelled the approval of foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment. Instead, banks will directly review and handle foreign exchange registration under domestic direct investment and foreign exchange registration under overseas direct investment (the "**foreign exchange registration of direct investment**") in accordance with the Notice and the "**Operational Guidelines for Direct Investment Foreign Exchange Business**" (《直接投資外匯業務操作指引》). The State Administration of Foreign Exchange and its branches will indirectly supervise direct investment foreign exchange registration through banks.

According to the Notice of the State Administration of Foreign Exchange on Policies for Reforming and Regulating the Control over Foreign Exchange Settlement under the Capital Account (《國家外匯管理局關於改革和規範資本項目結匯管理政策的通知》) promulgated by the SAFE on June 9, 2016, domestic institutions may settle their foreign exchange receipts under the capital account (including repatriated funds raised through overseas listing) entitled to discretionary settlement according to relevant policies with banks as actually needed for business operation. Domestic institutions may, at their discretion, settle up to 100% of their foreign exchange receipts under the capital account for the time being. The SAFE may adjust the aforesaid proportion in due time in light off the balance of payment.

This Appendix sets out a summary of the principal PRC laws, regulations and policies which are relevant to the Company's ongoing day-to-day business operations in the PRC. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix III — Taxation and Foreign Exchange". The principal objective of this summary is to provide potential [**REDACTED**] with an overview of the principal laws and regulatory provisions applicable to the Company. This summary is not intended to include all the data which are important to the potential [**REDACTED**]. For a discussion of laws and regulations which are relevant to the Company's business, see section headed "Regulatory Overview" in this document.

PRC LEGAL SYSTEM

The PRC legal system is based on the Constitution of the People's Republic of China (the "Constitution") which was amended and came into effect on 11 March 2018 and is made up of written laws, administrative regulations, local regulations, autonomous regulations, separate regulations, rules and regulations of State Council departments, rules and regulations of local governments, laws of special administrative regions and international treaties of which the PRC government is the signatory and other regulatory documents. Court judgments do not constitute legally binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the People's Republic of China which was last amended on 13 March 2023 and came into effect on 15 March 2023 (the "Legislation Law"), the NPC and NPC Standing Committee are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing State organs, civil, criminal and other matters. The NPC Standing Committee formulates and amends the laws other than those required to be enacted by the NPC and to supplement and amend parts of the laws enacted by the NPC during the adjournment of the NPC, provided that such supplements and amendments are not in conflict with the basic principles of such laws.

The State Council is the highest organ of state administration and has the power to formulate administrative regulations based on the Constitution and laws. The people's congresses of the provinces, autonomous regions and municipalities directly under the central government and their standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their respective standing committees may formulate local regulations on aspects such as urban and rural construction and management, ecological civilization development, historical and cultural protection, and grassroots governance based on the specific circumstances and actual needs of such cities, provided that such local regulations do not contravene any provision of the Constitution, laws, administrative regulations and local regulations of their respective provinces or autonomous regions. If the law provides otherwise on the formulation of local regulations by cities divided into districts, those provisions shall prevail. Such local regulations will become enforceable after being reported to and approved by the standing committees of the people's congresses of the relevant provinces or autonomous regions.

The standing committees of the people's congresses of the provinces or autonomous regions shall examine the legality of local regulations submitted for approval, and such approval shall be granted within four months if they are not in conflict with the Constitution, laws, administrative regulations and local regulations of the relevant provinces or autonomous

regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in light of the political, economic and cultural characteristics of the ethnic groups in the areas concerned.

The ministries and commissions of the State Council, PBOC, the National Audit Office, the subordinate institutions with administrative functions directly under the State Council, and the organizations prescribed by laws may formulate departmental rules and regulations within the permissions of their respective departments based on the laws as well as the administrative regulations, decisions and orders of the State Council.

The NPC has the power to amend or repeal any inappropriate laws enacted by the NPC Standing Committee, and to repeal any autonomous regulations or separate regulations approved by the NPC Standing Committee that are in conflict with the Constitution or the Legislation Law. The NPC Standing Committee has the power to repeal any administrative regulations that are in conflict with the Constitution and the laws, and to repeal any local regulations that are in conflict with the Constitution, the laws, and the administrative regulations, and to repeal autonomous regulations and separate regulations approved by the standing committees of the people's congresses of the provinces, autonomous regions or municipalities directly under the central government that are in conflict with the Constitution and the Legislation Law. The State Council has the right to amend or repeal any inappropriate departmental and local government regulations. The people's congresses of the provinces, autonomous regions and municipalities directly under the central government have the right to amend or repeal any inappropriate local laws or regulations promulgated or approved by their respective standing committees. The standing committees of local people's congresses have the right to repeal any inappropriate rules established by the people's governments at the same level, and the people's governments of provinces and autonomous regions have the right to amend or repeal any inappropriate rules developed by the people's governments at lower levels.

Pursuant to the Resolution of the Standing Committee of the National People's Congress Providing an Improved Interpretation of the Law (《全國人民代表大會常務委員會關於加強法律解釋工作的決議》) passed on 10 June 1981, in cases where the scope of provisions of laws or decrees needs to be further defined or additional stipulations need to be made, the NPC Standing Committee shall provide interpretations or make stipulations by means of decrees. Issues related to the application of laws in a court trial should be interpreted by the Supreme People's Court, issues related to the application of laws in a prosecution process of the procuratorate should be interpreted by the Supreme People's Procuratorate, and issues related to the application of laws other than in a court trial or in a prosecution process of the procuratorate should be interpreted by the State Council and the competent authorities. At the regional level, the power to interpret regional regulations is vested in the regional legislative and administrative authorities which promulgate such regulations.

PRC JUDICIAL SYSTEM

According to the Constitution and the Organic Law of the People's Courts of the People's Republic of China amended by the NPC Standing Committee on 26 October 2018 and becoming effective on 1 January 2019, the people's courts of the PRC are divided into the Supreme People's Court, the local people's courts at all levels and special people's courts. The local people's courts at all levels are divided into three levels, namely, the basic people's courts, the intermediate people's courts and the higher people's courts. The basic people's courts may set up special civil courts based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ of the State. The Supreme

People's Court shall supervise the administration of justice by the local people's courts at all levels and by the special people's courts. The people's courts at a higher level shall supervise the judicial work of the people's courts at lower levels.

The people's courts employ a two-tier trial system, i.e., judgments or rulings of the second instance at the people's courts are final. A party may appeal against the judgment or ruling of the first instance of a local people's court. The people's procuratorate may present a protest to the people's courts at the next higher level in accordance with the procedures stipulated by the laws. In the absence of any appeal by the parties and any protest by the people's procuratorate within the stipulated period, the judgments or rulings of the people's courts are final. Judgments or rulings of the second instance of the intermediate people's courts, the higher people's courts and the Supreme People's Court and those of the first instance of the Supreme People's Court are final. However, if the Supreme People's Court finds any definite errors in a legally effective final judgment or ruling of a people's court at any lower level, the people's courts at the next higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or the chief judge of a people's court at any level finds any definite errors in a legally effective final judgment or ruling of such court, the case can be retried according to judicial supervision procedures.

The Civil Procedure Law of the People's Republic of China (the "Civil Procedure Law"), last amended on 1 September 2023 and effective from 1 January 2024, prescribes the conditions for instituting a civil action, the jurisdiction of the people's court, the procedures for conducting a civil action, and the procedures for enforcement of a civil judgment or ruling. All parties to a civil action conducted within the PRC must abide by the Civil Procedure Law of the People's Republic of China. A civil case is generally under the jurisdiction of the court located in the defendant's place of domicile. The litigants of a contract dispute or other property rights dispute may agree in writing on selection of the people's court at the location of the defendant's domicile, place of performance of contract, place of execution of contract, location of the plaintiff's domicile, location of the subject matter, etc. or a venue which has actual connection with the dispute to be the people's court which has jurisdiction, but shall not violate the provisions of the Civil Procedure Law on grade jurisdiction and exclusive jurisdiction.

A foreign individual, a person without nationality, a foreign enterprise or a foreign organization is given the same litigation rights and obligations as a citizen, a legal person or other organizations of the PRC when initiating actions or defending against litigations at a people's court. Should a foreign court limit the litigation rights of PRC citizens or enterprises, the people's court of the PRC may apply the same limitations to the citizens or enterprises of such foreign country. A foreign individual, a person without nationality, a foreign enterprise or a foreign organization must engage a PRC lawyer in case he or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court of the PRC. In accordance with the international treaties concluded or acceded to by China, or with the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation and collect evidence and conduct other actions on its behalf. A people's court shall not entertain any request for indicial assistance from foreign courts that may violate China's sovereignty, security or public interests.

All parties to a civil action shall be bound by legally effective judgments and rulings. If any party to a civil action refuse to abide by a judgment or ruling made by a people's court or an award made by an arbitration tribunal in the PRC, the other party may apply to the people's court for the enforcement of the same within two years, subject to application for postponed enforcement or revocation. The laws governing the suspension or interruption of the statute of

limitations shall apply to the suspension or interruption of the statute of limitations for the application for enforcement. If a party fails to satisfy a judgment within the period specified by the enforcement approval granted by the court, the court may, upon the application of the other party, mandatorily enforce the judgment against such party.

Where a party applies for enforcement of a legally effective judgment or ruling made by a people's court, and the opposite party or his property is not within the territory of the PRC, may directly apply for recognition and enforcement of the judgment or ruling to the foreign court which has jurisdiction over the case. The people's court may also, in accordance with the provisions of the international treaties concluded or acceded to by China, or with the principle of reciprocity, request recognition and enforcement of the judgment or ruling by the foreign court. Similarly, if a legally effective judgment or ruling made by a foreign court requires recognition and enforcement by a people's court of the PRC, the party concerned may directly apply for recognition and enforcement to the intermediate people's court of the PRC which has jurisdiction. The foreign court may also, in accordance with the provisions of the international treaties concluded or acceded to by that foreign country and the PRC or with the principle of reciprocity, request recognition and enforcement by a people's court. However, such judgment or ruling that would violate the basic legal principles of the PRC, or compromise its sovereignty, security or societal public interest shall not be recognized and enforced.

THE COMPANY LAW, TRIAL MEASURES AND GUIDELINES FOR ARTICLES OF ASSOCIATION

A joint stock limited by shares established in the PRC seeking a listing on the Hong Kong Stock Exchange is mainly subject to the following laws and regulations of the PRC.

The Company Law of the People's Republic of China (the "Company Law") was adopted by the Standing Committee of the Eighth National People's Congress at its fifth session on 29 December 1993 and came into effect on 1 July 1994. It was successively amended on 25 December 1999, 28 August 2004, 27 October 2005, 28 December 2013, 26 October 2018 and 29 December 2023. The latest revision of the Company Law took effect on 1 July 2024.

The Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises (the "Trial Measures"), promulgated by the CSRC on 17 February 2023 and effective from 31 March 2023, are applicable to both direct and indirect overseas securities offering and listing activities of domestic enterprises. The Trial Measures also establish the filing procedures, administration methods and regulatory requirements for such overseas securities transactions.

On 28 March 2025, the CSRC promulgated the newly amended Guidelines for Articles of Association of Listed Companies (the "Guidelines for Articles of Association"), With immediate effect. Pursuant to the Trial Measures and its supporting Guidelines of Regulatory Rules Application — Overseas Offering and Listing No. 1 (《監管規則適用指引 — 境外發行上市類第1號》), domestic enterprises that pursuing direct overseas offering and listing shall formulate the articles of association and standardize corporate governance with reference to the Guidelines for Articles of Association and other relevant provisions of the CSRC on corporate governance.

Set out below is a summary of the major provisions of the Company Law, the Trial Measures and the Guidelines for Articles of Association which are applicable to the Company.

General Provisions

"A joint stock limited by shares" refers to an enterprise legal person established under the Company Law of China, whose registered capital is divided into shares of equal value. Shareholders bear liability to the company solely within the limit of the shares they have subscribed for, and the company shall be liable for its debts with all its assets.

A company must conduct its business in accordance with laws and regulations as well as social morality and business ethics. A company may invest in other limited liability companies. The liabilities of the company to such invested companies are limited to the amount invested. Unless otherwise specified by laws, a company cannot be the capital contributor bearing the several and joint liabilities associated with the debts of the invested enterprises.

Incorporation

A company limited by shares may be incorporated by way of establishment by sponsorship or by way of establishment by share offer, with the incorporation requiring not fewer than one but not more than two hundred sponsors, of whom more than half must have their domiciles within the territory of the People's Republic of China.

For a company limited by shares incorporated by way of establishment by sponsorship, the sponsors shall subscribe for the entire shares to be issued upon the company's formation as prescribed in its articles of association; for a company incorporated by way of establishment by share offer, the sponsors shall subscribe for no less than thirty-five percent (35%) of the total shares required for the company's establishment under its articles of association, provided that where laws or administrative regulations stipulate otherwise, such provisions shall prevail.

Promoters of a company limited by share established by sponsorship or by way of establishment by share offer, within 30 days after full payment has been made for the shares to be issued at the time of establishment, hold an establishment meeting of the company. The promoters shall notify each subscriber of the date of the meeting or make a public announcement 15 days before the meeting is held. The establishment meeting shall not be held unless the subscribers who hold more than half of the voting rights attend the meeting. Where a limited company by share is established by way of establishment by share offer, the convening and voting procedures for the establishment meeting shall be prescribed by the articles of association of the company or the agreement of the promoters.

The establishment meeting of a company shall exercise the following functions and powers:

(i) deliberating on the report on the preparations for establishment of the company by promoters;

(ii) adopting the articles of association;

(iii) electing directors and supervisors;

(iv) reviewing the expenses for the establishment of the company;

(v) reviewing the valuations of the non-monetary property contributed by the promoters; and

(vi) where any force majeure or any major change of business conditions directly affects the establishment of the company, the resolution of not establishing the company may be made.

The resolutions made at the establishment meeting about the matters as mentioned in the preceding paragraph shall be adopted by the subscribers present at the meeting who represent more than half of the voting rights.

Within 30 days after the conclusion of the establishment meeting, the Board of Directors shall apply to the registration authority for registration of the incorporation of the company limited by shares. The company is formally established and has the status of a legal person after the business license has been issued by the relevant registration authority.

Registered Shares and Issue of Shares

Under the Company Law, a shareholder may make capital contributions in currency, or in kind, intellectual property, land use right, stock rights, creditor's rights or other non-monetary property that may be assessed in currency and transferred according to law, except the property that may not be used as capital contributions according to any law or administrative regulation.

The capital of a company limited by shares shall be divided into shares. All the shares of the company shall alternatively be shares with or without par value in accordance with the articles of association. Where par value shares are adopted, all the shares shall be of equal value. The company may, according to the Articles of Association, convert all the issued par value shares into no par value shares, or vice versa. Where no par value shares are adopted, more than half of the proceeds from the issuance of the shares shall be included in the registered capital.

A company limited by shares shall make a register of shareholders and keep it in the company. The register of shareholders shall contain the following items:

(i) name and domicile of each shareholder;

(ii) class and number of shares subscribed for by each shareholder;

(iii) serial number of shares if the shares are issued in paper form; and

(iv) date on which each shareholder acquired the shares.

Shares of a company limited by shares shall be issued under the principle of fairness and impartiality. The shares of the same class shall have the same rights. Shares of the same class in the same issue shall be issued at the same price and on the same conditions. The same price shall be paid for each share subscribed for by a subscriber. The issue price of par value shares may be based on the face value or exceed the face value but shall not be lower than the face value.

The Trial Measures provides that a company that offers and lists securities on overseas markets may raise funds and pay dividends in a foreign currency or Renminbi. Under certain circumstances, such as equity incentives and the acquisition of assets through the issuance of securities, a domestic enterprise is allowed to issue securities to specific domestic targets when

it directly issues and lists overseas. This authorization operates without prejudice to additional compliance obligations for variable interest entity (VIE) structured enterprises, which must demonstrate eligibility within permitted industry sectors as jointly cataloged by relevant regulatory authorities.

Under the Trial Measures, for a domestic company directly offering and listing overseas, shareholders of its domestic unlisted shares applying to convert such shares into shares listed and traded on an overseas trading venue shall conform to relevant regulations promulgated by the CSRC, and authorize the domestic company to file with the CSRC on their behalf. The term "domestic unlisted shares" in the preceding paragraph refers to shares offered by a domestic company but not listed or quoted for trading on any domestic trading venues. Domestic unlisted shares shall be centrally registered and deposited at a domestic securities depository and settlement agency. The registration and settlement of overseas listed shares are subject to applicable rules in overseas markets.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with Trial Measures, submit filing reports, legal opinions and other relevant materials, and truthfully, accurately and completely explain shareholder information and other information. Where a domestic enterprise directly issues and is listed overseas, the issuer shall file with the CSRC. If a domestic enterprise indirectly issues and is listed overseas, the issuer shall designate a major domestic operating entity as the domestic responsible person and file with the CSRC.

Increase in Share Capital

Pursuant to the relevant provisions of the Company Law, where a company limited by shares intends to issue new shares, its shareholders' meeting shall make a resolution about the following matters:

(i) the class and amount of the new shares;

(ii) the issuing price of the new shares;

(iii) the beginning and ending dates for the issuance of the new shares;

(iv) the class and amount of the new shares to be issued to the original shareholders; and

(v) if any no par value stock is issued, the proceeds from the issuance of the new shares shall be included into the registered capital.

Where a company intends to make public offering of shares, it shall go through the registration with the security's regulatory authority of the State Council and announce the document.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law:

(i) the company shall prepare a balance sheet and an inventory of property;

(ii) the reduction of registered capital must be approved by shareholders at the shareholders' meeting;

(iii) the company shall notify its creditors within ten days from the date of the resolution of the shareholders' meeting to reduce the registered capital and make an announcement in the newspaper or the National Enterprise Credit Information Publicity System within 30 days;

(iv) the creditors have the right to demand the company to settle the debts or provide corresponding guarantees within 30 days from the date of receipt of the notice, or within 45 days from the date of the announcement if the notice has not been received; and

(v) the company shall apply to the company registration authority for change in registration.

Where a company reduces its registered capital, it shall reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless it is otherwise prescribed by any law, or is agreed upon by all the shareholders of a limited liability company or is otherwise prescribed by the Articles of Association of a company limited by shares.

Share Buy-Back

Under the Company Law, no company may purchase its own shares except under any of the following circumstances:

(i) where the company's registered capital is reduced;

(ii) where it merges with another company holding its shares;

(iii) where its shares are used for employee stock ownership plan or equity incentives;

(iv) where any shareholder, who raises objections to the resolution of the shareholders' meeting on the merger or split-up of the company, requests the company to purchase its shares;

(v) where its shares are used for converting the corporate bonds into convertible stocks issued by the company; or

(vi) it is necessary for a listed company to maintain its company value and its shareholders' equity.

Where a company purchases its own shares under any of the circumstances as mentioned in items (i) or (ii) of the preceding paragraph, a resolution of the shareholders' meeting shall be adopted. Where a company purchases its own shares under any of the circumstances as mentioned in items (iii), (v) or (vi) of the preceding paragraph, a resolution shall be adopted at the meeting of the board of directors with the attendance of not less than two thirds of the directors, according to the articles of association or the shareholders' meeting of the company.

After the company purchases its own shares according to the first paragraph of this Article, the shares purchased shall be written off within ten days after the purchase date under the circumstance as mentioned in item (i); the shares shall be transferred or written off within six months under the circumstance as mentioned in items (ii) or (iv); and the shares held accumulatively by the company shall not exceed 10% of the total shares issued and be transferred or written off within three years under any of the circumstances as mentioned in items (iii), (v) or (vi).

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, the share transfer by a shareholder shall be conducted on a lawfully established stock exchange or by any other means as prescribed by the State Council. The stocks shall be transferred by a shareholder in the form of endorsement or by any other means prescribed by the relevant laws or administrative regulations. After the transfer, the company shall record the name and domicile of the transferred in the register of shareholders. The register of shareholders shall not be modified within 20 days before any shareholders' meeting is held, or within five days prior to the benchmark date decided by the company for the distribution of dividends. Where it is otherwise provided for in any law, administrative regulation or by the security's regulatory authority of the State Council for the modification of the register of shareholders of a listed company, such provisions shall prevail.

Under the Company Law, the shares issued before a company makes a public offering of shares shall not be transferred within one year after the date when the shares of the company are listed and traded on the stock exchange. Where it is otherwise provided for in any law, administrative regulation or by the security's regulatory authority of the State Council for the transfer of shares held by the shareholders or actual controllers of a listed company, such provisions shall prevail.

The directors, supervisors and senior management members of the company shall declare to the company the shares they hold and the changes thereof. During the term of office as determined when they assume the posts, the shares transferred each year shall not exceed 25% of the total shares of the company held by them. The shares of the company held by them shall not be transferred within one year after the date when the shares of the company are listed and traded on the stock exchange. Any of the aforesaid persons shall not transfer the shares of the company held within six months after he/she leaves office. Any other restrictions on the transfer of the company's shares held by directors, supervisors or senior management members of the company may be specified in the articles of association.

Where the shares are pledged within the time limit for restricted transfer as provided for by laws and administrative regulations, the pledgee may not exercise the pledge right within such restricted period.

Shareholders

Under the Company Law and Guidelines for Articles of Association, the rights of a shareholder include:

(i) to receive dividends and other forms of distributions in proportion to their shareholdings;

(ii) to legally request to hold, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and to exercise voting rights;

(iii) to supervise a company's business operations, and to present proposals or to raise inquiries;

(iv) to transfer, present or pledge shares held in accordance with laws, administrative regulations and the provisions of the Articles of Association;

(v) to inspect or copy the articles of association, share register, minutes of shareholders' meetings, resolutions of meetings of the board of directors, and financial and accounting reports, and to review the company's accounting books and accounting vouchers if the shareholders meet the requirements;

(vi) in the event of the winding-up or liquidation of a company, to participate in the distribution of remaining property of a company in proportion to the number of shares held;

(vii) to request the company to purchase their shares if the shareholders object to the resolutions on the company's merger or division made by the shareholders' meeting.

(viii) other rights conferred by laws, administrative regulations, departmental rules and the Articles of Association.

The obligations of a shareholder include:

(i) to comply with laws, administrative regulations and the Articles of Association;

(ii) to pay subscription money according to the number of shares subscribed and the method of subscription;

(iii) not to withdraw their share capital, except as otherwise provided by laws and regulations;

(iv) not to abuse their shareholders' rights to damage the interests of a company or other shareholders; not to abuse the independent legal person status of a company and the limited liability of shareholders to damage the interests of the creditors of a company;

(v) other obligations conferred by laws, administrative regulations and the Articles of Association.

Shareholders' Meetings

Under the Company Law, the shareholders' meeting of a company limited by shares is made up of all shareholders. The shareholders' meeting is the authority of a company, which shall exercise the following functions and powers:

(i) electing and replacing directors and supervisors and deciding on their remunerations;

(ii) deliberating on and approving the reports of the board of directors;

(iii) deliberating on and approving the reports of the board of supervisors;

(iv) deliberating on and approving the plans for profit distribution and making up losses of the company;

(v) making resolutions on the increase or decrease of the registered capital of the company;

(vi) making resolutions on the issuance of corporate bonds;

(vii) making resolutions on the merger, split-up, dissolution, liquidation or change of corporate form of the company;

(viii) amending the articles of association; and

(ix) other functions and powers as prescribed in the articles of association.

Under the Company Law, an annual shareholders' meeting shall be held every year. If any of the following circumstances occurs, an interim shareholders' meeting shall be held within two months:

(i) where the number of directors is less than two thirds of the number as provided for by the Company Law or the articles of association;

(ii) where the unrecovered losses of the company reach one third of the total share capital;

(iii) where the shareholders who separately or aggregately hold 10% or more of the company's shares so request;

(iv) where the board of directors deems it necessary;

(v) where the board of supervisors so proposes; or

(vi) other circumstances as provided for in the articles of association.

The shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board of directors. If the chairman is unable or fails to perform his/her duties, the meeting shall be presided over by the deputy chairman. If the deputy chairman is unable or fails to perform his/her duties, the meeting shall be presided over by a director jointly elected by more than half of the directors.

If the board of directors is unable or fails to perform the duties of convening the shareholders' meeting, the board of supervisors shall timely convene and preside over the meeting. If the board of supervisors fails to convene and preside over the meeting, shareholders who separately or aggregately hold 10% or more of the shares of the company for 90 or more consecutive days may convene and preside over the meeting by themselves.

If the shareholders who separately or aggregately hold 10% or more of the shares of the company request to convene an interim shareholders' meeting, the board of directors and the board of supervisors shall, within 10 days after the receipt of such request, decide whether to hold an interim shareholders' meeting and reply to the shareholders in writing.

The time and place of the shareholders' meeting and the matters to be deliberated shall be notified to each shareholder 20 days before a shareholders' meeting is held. For an interim shareholders' meeting, a notice shall be served to each shareholder 15 days in advance.

The shareholders who separately or aggregately hold 1% or more of the shares of the company may, 10 days before a shareholders' meeting is held, submit an interim proposal in writing to the board of directors. The interim proposal shall contain a clear topic for discussion and specific matters for resolution. The board of directors shall, within 2 days after it receives such a proposal, notify other shareholders and submit the interim proposal to the shareholders' meeting for deliberation, unless the interim proposal is in violation of any law, administrative regulation or the articles of association or fails to fall into the scope of functions of the shareholders' meeting. The company shall not raise the shareholding proportion of the shareholder who brings forward any interim proposal.

Under the Company Law, a shareholder may entrust a proxy to attend a shareholders' meeting, and it should clarify the matters, power and time limit of the proxy. The proxy shall present a written power of attorney issued by the shareholder to a company and shall exercise his voting rights within the scope of authorization. There is no specific provision in the Company Law regarding the number of shareholders constituting a quorum in a shareholders' meeting.

Under the Company Law, a shareholder who attends the shareholders' meeting has one vote for each share held by it, except the shareholders of classified shares. The company may not have a voting right for the shares it holds.

Under the Company Law and the Guidelines for Articles of Association, a resolution made at the shareholders' meeting shall be adopted by more than half of the voting rights held by the shareholders who attend the meeting. A resolution made at the shareholders' meeting on modifying the articles of association, increasing or reducing the registered capital as well as merger, split-up, dissolution or change of the corporate form shall be adopted by two thirds or more of the voting rights held by the shareholders who attend the meeting.

The shareholders' meeting may, in electing the directors or supervisors, adopt a cumulative voting system according to the articles of association or the resolutions of the shareholders' meeting. Under the cumulative voting system, when the shareholders' meeting elects the directors or supervisors, each shareholder is entitled to one vote per share, multiplied by the number of candidates and uses them all for one candidate for director or supervisor.

The Board of Directors

Under the Company Law, a company limited by shares shall have a board of directors, which consists of more than three members. The term of office of directors shall be prescribed in the articles of association, but each term shall not exceed three years. After the term of office of a director expires, he/she may be reelected to serve another term.

The board of directors shall have one chairman and may have deputy chairmen. The chairman and deputy chairmen shall be elected by more than half of all the directors. The chairman shall convene and preside over the meetings of the board of directors and check the implementation of the resolutions of the board of directors. The deputy chairmen shall assist the chairman in work. If the chairman is unable or fails to perform his/her duties, a deputy chairman shall perform such duties. If the deputy chairman is unable or fails to perform his/her duties, a director jointly elected by more than half of the directors shall perform such duties.

Under any of the following circumstances, anyone may not act as a director of a company:

(i) having no capacity for civil conduct or having limited capacity for civil conduct;

(ii) having been sentenced to any criminal penalty due to an offence of corruption, bribery, encroachment of property, misappropriation of property or disrupting the order of the socialist market economy, or having been deprived of political rights due to a crime, where a five-year period has not elapsed since the expiration of execution period. If he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension of sentence;

(iii) serving as a director, factory director or manager of a company or enterprise which has been bankrupt and liquidated and being personally liable for the bankruptcy of such company or enterprise, where a three-year period has not elapsed since the completion of the bankruptcy and liquidation;

(iv) acting as the legal representative of a company or enterprise whose business license has been revoked or which was ordered to close down due to any violation of the law and being personally liable, where a three-year period has not elapsed since the date of revocation of business license or the order for closure; or

(v) being listed as a dishonest person subject to enforcement by the people's court due to his/her failure to pay off a relatively large number of due debts.

The board of directors shall convene at least two meetings every year. Each meeting shall be notified to all directors and supervisors 10 days before it is held. The board of directors shall exercise the following functions and powers:

(i) convening the shareholders' meeting and reporting its work to the shareholders' meeting;

(ii) executing the resolutions of the shareholders' meeting;

(iii) deciding on the business plans and investment scheme of the company;

(iv) formulating the plans for profit distribution and making up for loss of the company;

(v) formulating the plan for increasing or decreasing the registered capital, as well as the plan for issuance of corporate bonds;

(vi) formulating the plan for merger, division, dissolution, or change of corporate form of the company;

(vii) deciding on the establishment of the internal management body of the company;

(viii) deciding on the appointment or dismissal of the manager of the company and the remuneration thereof, and, according to the nomination of the manager, deciding on hiring or dismissing deputy managers and financial director of the company as well as their remuneration;

(ix) formulating the basic management rules of the company; and

(x) other functions and powers specified in the articles of association or granted by the shareholders' meeting.

No meeting of the board of directors may be held unless more than half of the directors are present. A resolution made by the board of directors shall be adopted by more than half of all the directors. For voting on a resolution of the board of directors, each director shall have one vote. The board of directors shall prepare minutes regarding the decisions on the matters discussed at the meetings, which shall be signed by the directors' present.

The directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting for any reason, he/she may, by issuing a written power of attorney, entrust another director to attend the meeting on his/her behalf. The power of attorney shall indicate the scope of authorization. The directors shall be responsible for the resolutions made by the board of directors. Where a resolution of the board of directors is in violation of any law, administrative regulation, the articles of association or resolution of the shareholders' meeting and causes any serious loss to the company, the directors who participate in adopting such resolution shall be liable for compensation to the company. If a director is proved to have expressed his/her objection to the voting on such resolution and such objection has been recorded in the minutes, he/she may be exempted from liability.

The Board of Supervisors

Under the Company Law, a company limited by shares may have a board of supervisors which shall no fewer than 3 members. The members of the board of supervisors shall include shareholders' representatives and an appropriate proportion of employees' representatives of the company, among which the proportion of the employees' representatives shall not be lower than one third, and the concrete proportion shall be specified in the articles of association. The employees' representatives who serve as members of the board of supervisors shall be democratically elected by employees through democratic procedures as prescribed by law. No director or senior management member may concurrently hold the post of supervisor. A company limited by shares with a small scale or small number of shareholders may, as an exception, dispense with the board of supervisors, but may have one supervisor, who shall exercise the functions and powers of the board of supervisors as prescribed by the Company Law.

The board of supervisors shall have one chairman and may have one or two deputy chairmen. The chairman and deputy chairmen shall be elected by a simple majority of all supervisors. The chairman shall convene and preside over the meetings of the board of supervisors. In the event that the chairman is unable or to perform the duties, a deputy chairman shall convene and preside over the meeting. Where neither the chairman nor any deputy chairman is able to act, a supervisor designated by a simple majority of all supervisors shall assume such responsibilities. The election and removal of the chairman and deputy chairmen shall be reported to the relevant government authority for recorded.

The board of supervisors shall exercise the following functions and powers:

(i) examining the financial affairs of the company;

(ii) supervising the acts of the directors and senior management members in the performance of their duties, and proposing the removal of the directors and senior management members who have violated laws, administrative regulations, the articles of association or the resolutions of the shareholders' meeting;

(iii) requiring the directors and senior management members to correct their acts if such acts damage the interests of the company;

(iv) proposing to convene interim shareholders' meetings, and convening and presiding over the shareholders' meeting when the board of directors fails to implement the duties to convene and preside over the shareholders' meeting as prescribed in the Company Law;

(v) presenting proposals to the shareholders' meetings;

(vi) initiating lawsuits against the directors and senior management members according to Article 189 of the Company Law; and

(vii) other functions and powers provided for in the articles of association.

A company limited by shares may, instead of setting up board of supervisors, in accordance with the provisions of its articles of association, set up an audit committee consisting of directors on its board of directors to exercise the powers and functions of the board of supervisors.

On 27 December 2024, the CSRC promulgated the Transitional Arrangements for the Implementation of Supporting Rules under the New Company Law (關於新《公司法》配套制度規則實施相關過渡期安排), according to which, listed companies shall, before 1 January 2026, in accordance with the provisions of the Company Law, the Provisions of the State Council on the Implementation of the Registration Management System for Registered Capital under the Company Law of the PRC (《國務院關於實施<中華人民共和國公司法>註冊資本登記管理制度的規定》), provide in the articles of association for the establishment of an audit committee in the board of directors, exercising the powers and functions of the board of supervisors as stipulated in the Company Law, and the listed companies shall have no board of supervisors or supervisors. Before a listed company adjusts the establishment of its internal supervisory body, the board of supervisors or supervisors shall continue to comply with the provisions in the original rules of the CSRC.

Managers and Senior Management Members

Pursuant the Company Law, a company limited by shares may establish the position of manager, who shall be appointed or removed as decided by the board of directors. The manager shall be responsible to the board of directors and exercise his/her functions and powers according to the articles of association or the authorization of the board of directors. The manager shall attend the meetings of the board of directors as a non-voting member.

According to the Company Law, senior management members refer to the general manager, deputy general manager, chief financial official, board of directors of a listed company, and any other persons as specified in the articles of association.

Duties of Directors, Supervisors and Senior Management Members

Directors, supervisors and senior management members of the company shall under the Company Law to comply with the relevant laws, regulations and the articles of association, and have fiduciary and diligent duties to the company. Directors, supervisors and senior management members shall assume the obligation of loyalty to the company and take measures to avoid the conflict between their own interests and those of the company and never seek any improper interests by taking advantage of their powers.

The directors, supervisors and senior management members shall assume the duty of diligence to the company. When performing their duties, they shall, for the best interests of the company, exercise the reasonable care that shall be generally possessed by a manager.

Directors, supervisors and senior management members are prohibited from:

(i) embezzling the property or misappropriating the funds of the company;

(ii) depositing the funds of the company into an account opened in his/her own name or in the name of any other individual;

(iii) giving bribes or accepting any other illegal proceeds by taking advantage of his/her power;

(iv) taking commissions from the transactions between the company and any other person into his/her own pocket;

(v) unlawfully disclosing the confidential information of the company; or

(vi) other acts in violation of the obligation of loyalty to the company.

Where any director, supervisor or member of senior management members directly or indirectly concludes a contract or conducts a transaction with his/her company, he/she shall report the matters relating to the conclusion of the contract or transaction to the board of directors or shareholders' meeting, which shall be subject to the resolution of the board of directors or shareholders' meeting according to the articles of association.

Where any of the near relatives of the directors, supervisors or senior management members, or any of the enterprises directly or indirectly controlled by the directors, supervisors or senior management members or any of their near relatives, or any of the related parties who has any other related-party relationship with the directors, supervisors or senior management members, concludes a contract or conducts a transaction with the company, the provisions of the preceding paragraph shall apply.

No director, supervisor or senior management member may take advantage of his/her position to seek any business opportunity that belongs to the company for himself/herself or any other person except under any of the following circumstances:

(i) where he/she has reported to the board of directors or the shareholders' meeting and has been approved by a resolution of the board of directors or the shareholders' meeting according to the articles of association; or

(ii) where the company cannot make use of the business opportunity as stipulated by laws, administrative regulations or the articles of association.

Where any director, supervisor or senior management member fails to report to the board of directors or the shareholders' meeting and obtain an approval by resolution of the board of directors or the shareholders' meeting according to the articles of association, he/she may not engage in any business that is similar to that of the company where he/she holds office for himself/herself or for any other person.

Where any director, supervisor or senior management member violates any law, administrative regulation or the articles of association during the performance of duties and causes any loss to the company, he/she shall be liable for compensation.

Finance and Accounting

Under the Company Law, a company shall establish its financial and accounting systems according to laws, administrative regulations and the regulations of the financial department of the State Council. At the end of each fiscal year, the company shall prepare a financial accounting report which shall be audited by an accounting firm in accordance with the law. The financial accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

The financial accounting report of a company limited by shares shall be made available for inspection by the shareholders at the company not later than twenty days before the annual shareholders' meeting; a company limited by shares that has publicly issued shares shall announce its financial accounting report.

The premiums received by a company from the issuance of shares at an issue price in excess of the par value of the shares, the amount of share proceeds from the issuance of no-par value shares that have not been credited to the registered capital, and other items required by the financial department of the State Council to be included in the capital reserve shall be classified as the capital reserve of the company.

The reserve of a company shall be used for making up losses, expanding the production and business scale or increasing the registered capital of the company. Where the reserve of a company is used for making up losses, the discretionary reserve and statutory reserve shall be firstly used. If losses still cannot be made up, the capital reserve can be used according to the relevant provisions. Where the statutory reserve is converted to increase registered capital, the amount of such reserve retained shall not be less than 25% of the registered capital of the company prior to the conversion.

No company may keep any accounting books other than the statutory accounting books. No account shall be opened in the name of any individual for the deposit of a company's funds.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the employment or dismissal of an accounting firm undertaking a company's auditing business shall be subject to decision by the shareholders' meeting, the board of directors or the board of supervisors in accordance with the provisions of the company's articles of association. When a company's shareholders' meeting, board of directors or the board of supervisors votes on the dismissal of an accounting firm, the accounting firm shall be allowed to state its own opinions. A company shall provide true and complete accounting documents, accounting books, financial accounting reports and other accounting information to the accounting firm engaged by it, and shall not refuse, conceal or misrepresent them.

The Guidelines for Articles of Association provide that a company's engagement of an accounting firm shall be subject to decision by the shareholders' meeting. The board of directors shall not engage any accounting firm before the decision is made by the shareholders' meeting. The audit fee to the accounting firm shall be subject to decision by the shareholders' meeting.

Profit Distribution

When a company distributes its after-tax profit for the current year, 10% of the profit shall be accrued and included in the company's statutory reserve. Such accrual is no longer required when the accumulated amount of the company's statutory reserve is 50% or more of the company's registered capital. Where the accumulative amount of the company's statutory reserve is not enough to make up for the losses of the previous year, the current year's profits shall first be used to make up for the losses before the statutory reserve is accrued according to the provisions of the preceding provision. After having accrued statutory reserves from the after-tax profits, a company can also set aside discretionary reserve from the after-tax profits upon a resolution made by the shareholders' meeting. The residual after-tax profits after a company have made up its losses and accrued reserve shall be distributed by the company (in the case of a company limited by shares) in proportion to the shares held by its shareholders, except as otherwise provided for in the company's articles of association. Profit shall not be distributed for a company's shares held by the company.

Where a company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall refund the profits distributed to the company, and the shareholders and the liable directors, supervisors and senior management members shall be held liable for compensation if any loss is caused to the company.

If the shareholders' meeting resolves to distribute profits, the board of directors shall do so within six months after the resolution is made.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons:

(i) the expiration of the business period stipulated in the company's articles of association or the occurrence of other causes of dissolution stipulated in the company's articles of association;

(ii) dissolution by a resolution of the shareholders' meeting;

(iii) dissolution due to merger or demerger of the company;

(iv) suspension of the business license, being ordered to close down or being revoked in accordance with the law; or

(v) being dissolved by the People's Court in accordance with the provisions of Article 231 of the Company Law.

If any of the situations for dissolution as mentioned in the preceding paragraph arises, a company shall publicize the situations through the National Enterprise Credit Information Publicity System within ten days.

Where the company is dissolved in accordance with sub-paragraph (i) above, it may carry on its existence by amending its articles of association or upon a resolution of the shareholders' meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting. Where the company is dissolved pursuant to sub-paragraphs (i), (ii), (iv) or (v) above, it shall be liquidated. The directors, who are the liquidation obligors of the company, shall form a liquidation group to carry out liquidation

within 15 days from the date of occurrence of the cause of dissolution. The liquidation group shall be composed of the directors, unless it is otherwise provided for in the company's articles of association or other persons are otherwise elected by a resolution of the shareholders' meeting. The liquidation obligors shall be liable for compensation if they fail to fulfill their obligations of liquidation in a timely manner, and thus any loss is caused to the company or the creditors.

The liquidation group fails to be formed within the time limit or fails to carry out the liquidation after its formation, any interested party may request the people's court to designate relevant persons to form a liquidation group. The people's court shall accept such requests and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group may exercise the following functions and powers during the period of liquidation:

(i) liquidating the property of the company, preparing a balance sheet and an inventory of property, respectively;

(ii) notifying the company's creditors by mail or public announcement;

(iii) handling and liquidating the unfinished business of the company;

(iv) paying off the taxes overdue by the company and the taxes incurred in the process of liquidation;

(v) liquidation of claims and debts;

(vi) distributing the remaining property after all the debts of the company are paid off; and

(vii) representing the company in civil litigation activities.

The liquidation group shall notify the company's creditors within ten days after its formation and shall make a public announcement in the newspaper or on the National Enterprise Credit Information Publicity System within 60 days. The creditors shall file their proofs of claim with the liquidation group within 30 days after the receipt of the notice or within 45 days after the issuance of the public announcement if they do not receive such notice. When filing a proof of claim, the creditors shall describe the relevant matters of claim and provide the relevant evidentiary materials. The liquidation group shall register the proof of claim. During the period for filing proofs of claims, the liquidation group shall not pay off for any of the creditors.

After paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensations, the outstanding taxes and the debts of the company with the property of the company, the remaining assets may, in the case of a limited liability company, be distributed in proportion to the capital contributions of the shareholders, and in the case of a company limited by shares, distributed in proportion to the shares held by the shareholders.

During the period of liquidation, the company survives, but shall not carry out any business operation unrelated to the liquidation. The property of the company shall not be distributed to the shareholders until it has been liquidated in accordance with the preceding paragraph.

Where the liquidation group finds that the property of the company is not sufficient for paying off the debts after liquidating the property of the company and preparing a balance sheet and an inventory of property, it shall file an application to a people's court for bankruptcy liquidation. After the people's court accepts the application for bankruptcy, the liquidation group shall hand over the liquidation matters to the bankruptcy administrator designated by the people's court.

The members of the liquidation group performing their duties of liquidation are obliged to loyalty and diligence. Any member of the liquidation group who neglects to fulfill his/her liquidation duties, thus causing any loss to the company, shall be liable for compensation, and any member of the liquidation group, who causes any loss to any creditor due to his/her intentional or gross negligence, shall be liable for compensation.

Upon completion of the liquidation of the company, the liquidation group shall produce a liquidation report, report the same to the shareholders' meeting or the people's court for confirmation, and submit the same to the company registration authority to apply for deregistration of the company.

Where, after three years since the business license of a company is revoked, or the company is ordered to close down or is revoked, the company fails to apply for its deregistration with the company registration authority, the said authority may announce the company's deregistration through the National Enterprise Credit Information Publicity System for a period of no less than 60 days. If there is no objection after the announcement period expires, the company registration authority may deregister the company.

Overseas Listing

According to the Trial Measures, initial public offerings or listings by an issuer in overseas markets shall be filed with the CSRC within three working days after the application document for offering and listing is submitted overseas. Subsequent securities offerings of an issuer in the same overseas market where it has previously offered and listed securities shall be filed with the CSRC within three working days after the offering is completed. Subsequent securities offerings and listings of an issuer in other overseas markets than where it has previously offered and listed securities shall be filed pursuant to provisions in the first sentence of this paragraph.

Loss of Share Certificates

A shareholder may, if his share certificate(s) in registered form is either stolen, lost or destroyed, apply to a people's court for a declaration that such certificate(s) will no longer be valid in accordance with the public notice procedures set out in the Civil Procedure Law of the People's Republic of China. After the people's court declared that such certificate(s) will no longer be valid, the shareholder may apply to the company for the issue of a replacement certificate(s).

Suspension and Termination of Listing

The Company Law has deleted provisions governing suspension and termination of listing. The Securities Law of the People's Republic of China (2019 Revision) (《中華人民共和國證券法(2019年修訂)》) has also deleted provisions regarding suspension of listing. Where listed securities fall under the delisting circumstances stipulated by the stock exchange, the stock exchange shall terminate its listing and trading in accordance with the business rules.

According to the Trial Measures, upon the occurrence of voluntary or mandatory delisting after an issuer has offered and listed securities in an overseas market, the issuer shall submit a report thereof to CSRC within three working days after the occurrence and public disclosure of the event.

Securities Laws and Regulations

In October 1992, the State Council established the Securities Commission and the CSRC.

The Securities Commission was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of the securities market, guiding, coordinating and supervising all securities-related institutions in China, and overseeing the CSRC. The CSRC, as the regulatory body of the Securities Commission, was tasked with drafting securities market supervision rules, regulating securities firms, overseeing public securities offerings by Chinese companies both domestically and internationally, standardizing securities trading, compiling securities-related statistical data, and conducting related research and analysis. On 29 March 1998, the State Council merged these two entities and restructured the CSRC.

The Interim Regulations on the Administration of Stock Issuance and Trading, promulgated by the State Council and effective as of 22 April 1993, set out the application and approval procedures for public stock offerings, stock trading, acquisitions of listed companies, custody, clearing, and transfer of listed shares, information disclosure by listed companies, investigations and penalties, and arbitration of disputes.

The Regulations of the State Council on Domestic-Listed Foreign-Invested Shares of Joint Stock Limited Companies promulgated by the State Council and effective as of 25 December 1995, mainly govern the issuance, subscription, trading, and dividend payment of domestic-listed foreign-invested shares, as well as the information disclosure of joint stock limited companies that have domestic-listed foreign-invested shares.

The Securities Law of the People's Republic of China ("PRC Securities Law"), most recently amended by the Standing Committee of the National People's Congress on 28 December 2019, and effective from 1 March 2020, establishes a comprehensive regulatory framework for the Chinese securities market by formulating a series of regulations on areas including securities issuance and trading in China, acquisitions of listed companies, stock exchanges, securities firms, and the duties and liabilities of the State Council's securities regulatory authority. The PRC Securities Law stipulates those domestic enterprises issuing securities overseas or listing their securities on foreign exchanges — whether directly or indirectly — must comply with relevant regulations issued by the State Council. Currently, the issuance and trading of overseas-listed shares are primarily governed by rules and regulations promulgated by the State Council and the CSRC.

Arbitration and Enforcement of Arbitral Awards

Under the Arbitration Law of the People's Republic of China (the "Arbitration Law"), as amended by the Standing Committee of the National People's Congress on 1 September 2017, and effective from 1 January 2018, the Arbitration Law shall apply to foreign-related economic disputes where the parties have entered into a written agreement to submit the matters to an arbitration commission established in accordance with the Arbitration Law for arbitration.

Prior to the formulation of arbitration rules by the China Arbitration Association, arbitration commissions may formulate provisional arbitration rules in accordance with the Arbitration Law and the relevant provisions of the Civil Procedure Law of the People's Republic of China. If the parties have concluded an arbitration agreement and one-party initiates litigation before a people's court, the court shall not accept the case, unless the arbitration agreement is invalid.

The Arbitration Law adopts a final and binding arbitration system, with arbitral awards being legally binding on all parties. If a party fails to comply with an arbitral award, the other party may apply to a people's court for enforcement of the arbitral award in accordance with the Civil Procedure Law of the People's Republic of China. However, if the arbitration procedure violates the law — including instances where the composition of the arbitration commission breaches statutory procedures, the matters decided fall outside the scope of the arbitration agreement, or the arbitration commission lacks jurisdiction — the people's court may rule not to enforce the award made by the arbitration commission. For legally effective arbitral awards rendered within the People's Republic of China, if a party requests enforcement and the person against whom enforcement is sought or their property is not within the territory of the People's Republic of China, the party may directly apply to a foreign court with jurisdiction for recognition and enforcement of the award. Similarly, a people's court may recognize and enforce arbitral awards issued by foreign arbitration institutions based on the principle of reciprocity or any relevant international treaties to which China is a party.

Pursuant to the Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland and the Hong Kong Special Administrative Region, issued by the Supreme People's Court on 24 January 2000, and effective from 1 February 2000, as well as the Supplementary Arrangement Concerning Mutual Enforcement of Arbitral Awards Between the Mainland and the Hong Kong Special Administrative Region, issued by the Supreme People's Court on 26 November 2020, and effective from 27 November 2020, arbitral awards made by Mainland arbitration institutions are enforceable in Hong Kong, and vice versa.

Judicial Judgments and Their Enforcement

According to the Arrangement of the Supreme People's Court on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases with Jurisdiction Agreed upon by the Parties between the Courts of the Mainland and of the Hong Kong Special Administrative Region (promulgated by the Supreme People's Court on 3 July 2008, and effective as of 1 August 2008; repealed on 29 January 2024), for enforceable final judgments for payment of money made by the courts of the Chinese Mainland or the courts of Hong Kong in civil and commercial cases with a written jurisdiction agreement, the parties may, in accordance with this arrangement, apply to the courts of the Chinese Mainland or the courts of Hong Kong for recognition and enforcement of such judgments. A "written jurisdiction agreement" referred to an agreement in writing that expressly designated either Chinese Mainland courts or Hong Kong courts as having exclusive jurisdiction to resolve disputes arising from or related to specific legal relationships, whether such disputes had already

occurred or might occur in the future. Therefore, final judgments from the Chinese mainland or Hong Kong that meet certain conditions stipulated in the aforementioned regulations can, upon application by the parties, be recognized and enforced by the courts of the Chinese mainland or the Hong Kong Special Administrative Region.

On 25 January 2024, the Supreme People's Court issued the Arrangement on Mutual Recognition and Enforcement of Judgments in Civil and Commercial Cases Between the Courts of the Mainland and of the Hong Kong Special Administrative Region (the "New Arrangement"), which came into effect on 29 January 2024. The New Arrangement establishes a clearer mechanism for the mutual recognition and enforcement of a broader range of civil and commercial judgments between the Hong Kong Special Administrative Region and Mainland China.

This appendix mainly provides [**REDACTED**] with an overview of the Company's Articles of Association. Since the following content is a summary, it does not contain all the information that may be important to [**REDACTED**].

SHARES

Issue of Shares

The shares of the Company are issued in the form of registered stock.

The Company shall issue shares in an open, fair and just manner, and each share of the same class has the same right. All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share subscribed.

All shares issued by the Company shall be ordinary shares, with a par value denominated in Renminbi, and the par value per share shall be RMB1.00. The domestic shares issued by the Company shall be centrally registered and deposited with a domestic securities registration and settlement institution. The registration and settlement arrangements for overseas listed shares shall be governed by the rules of the stock exchange on which the Company's shares are listed.

Increase, Decrease and Repurchase of Shares

Increase and Decrease of Shares

In accordance with the needs of its business operation and development, and in compliance with applicable laws, administrative regulations, departmental rules and regulatory documents, the Company may increase its capital in the following ways upon separate resolutions adopted by the shareholders' meeting:

(i) a public offering of shares;

(ii) a private placement of shares;

(iii) allotment of bonus shares to existing shareholders;

(iv) conversion of funds in the capital reserve to share capital;

(v) other means stipulated by laws and administrative regulations or approved by China Securities Regulatory Commission ("CSRC") or the securities regulatory authority of the place where the Company's shares are listed.

The Company may reduce its registered capital. Any reduction of the registered capital of the Company shall be carried out in accordance with the procedures prescribed by the Company Law, the Hong Kong Listing Rules, other relevant regulations and the provisions of the Articles of Association.

Repurchase of Shares

The Company shall not repurchase its own shares. However, this does not apply in any of the following circumstances:

(i) to reduce the Company's registered capital;

(ii) to merge with another company that holds the Company's shares;

(iii) to use the shares for an employee stock ownership plan or equity incentive;

(iv) shareholders object to resolutions of the shareholders' meeting concerning merger or division of the Company, requiring the Company to purchase their shares;

(v) to use the shares to convert into the convertible corporate bonds issued by the Company;

(vi) when it is necessary for the Company to safeguard its own value and the rights and interests of shareholders.

The Company may acquire its own shares through the following methods: Making a repurchase offer to all shareholders on a pro rata basis; Repurchasing through public trading on the stock exchange where the Company's shares are listed; Repurchasing by way of an agreement outside the stock exchange where the Company's shares are listed; Other methods permitted by laws, administrative regulations, the China Securities Regulatory Commission, and the stock exchange where the Company's shares are listed.

In the case of acquiring the Company's own shares under the circumstances stipulated in (I) and (II) above, a resolution of the shareholders' meeting shall be required. In the case of the Company acquiring its own shares under the circumstances stipulated in (III) and (V) above, a resolution of the Board meeting attended by more than two-thirds of the directors is sufficient, and there is no need to convene a shareholders' meeting.

After the Company acquires its own shares in accordance with the above-mentioned provisions, in the case of (I), the shares shall be cancelled within 10 days from the date of acquisition; in the cases of (II) and (IV), the shares shall be transferred or cancelled within 6 months. When the Company acquires its own shares in accordance with (III) and (V) above, the number of acquired shares shall not exceed 10% of the total number of the Company's issued shares, and the acquired shares shall be transferred or cancelled within 3 years.

The Company shall perform information disclosure obligations in accordance with the provisions of the Securities Law, the Hong Kong Listing Rules, and other regulatory rules of the place where the Company's shares are listed when acquiring its own shares.

Share Transfer

The shares of the Company can be transferred according to law.

The Company does not accept the Company's shares as the subject matter of a pledge.

Shares issued prior to the Company's public offering of shares shall not be transferred within one year from the date of listing on the stock exchange. Directors and senior management of the Company shall report to the Company their holdings of the Company's shares and any changes therein. During their tenure, the number of shares transferred each year shall not exceed 25% of the total number of shares they hold in the Company. The shares of the Company held by them shall not be transferred within one year from the date of listing on the stock exchange. The aforementioned personnel shall not transfer the shares of the Company held by them within six months after resignation.

Shareholders and Shareholders' Meetings

Shareholders

The Company shall establish a register of shareholders, which shall record the following particulars: The name or designation and domicile of each shareholder; The number of shares held by each shareholder; The serial number of the shares held by each shareholder; the date on which each shareholder acquired the shares.

The register of shareholders shall be sufficient evidence to prove that shareholders hold the Company's shares. The shareholders enjoy rights and fulfill obligations as per the class of the shares they hold. Shareholders holding the same class of shares shall enjoy equal rights and assume the same obligations.

If the Company convenes a shareholders' meeting, distributes dividends, conducts liquidation or executes any other act requiring identification of shareholders, the convener of the Board meeting or shareholders' meeting shall determine the equity registration date, at the end of which the shareholders in the register shall be shareholders entitled to relevant interests.

The shareholders of the Company shall have the following rights:

(i) to receive dividends and profit distributions in any other form in proportion to the shares they hold;

(ii) to legally require, convene, preside over, attend or appoint a shareholder proxy to attend the shareholders' meeting and exercise corresponding right to speak and vote;

(iii) to supervise, present suggestions on or make inquiries about the operations of the Company;

(iv) to transfer, give as gift or pledge their shares in accordance with the laws, administrative regulations, the Articles of Association and other relevant requirements;

(v) to inspect the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of the Board meetings, and financial and accounting reports;

(vi) in the event of the termination or liquidation of the Company, to participate in the distribution of the remaining property of the Company in proportion to the shares held by them;

(vii) with respect to a shareholder who votes against any resolution adopted at any shareholders' meetings on the merger or division of the Company, to request the Company to repurchase the shares held by him/her/it;

(viii) other rights stipulated by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

If any shareholder needs to access the relevant information or obtain materials as set out in the preceding article, the said shareholder shall provide the Company with written documents bearing evidence of the class and number of shares held by him/her/it, and the Company will provide the said information or materials as required by the said shareholder upon authentication of the said shareholder.

Where the contents of a resolution of the shareholders' meeting or the Board meeting of the Company violate the laws or administrative regulations, the shareholders shall be entitled to petition the people's court to declare the resolution invalid. Where the convening procedures or voting method of a shareholders' meeting or a Board meeting violate the laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, the shareholders shall be entitled to petition to the people's court for revocation within 60 days from the date it was made, except for those with only minor defects in the convening procedure or voting method of the shareholders' meeting and the Board meeting and those without material impact on resolutions. A shareholder who was not notified to attend the shareholders' general meeting may request the People's Court to revoke the resolution within 60 days from the date on which the shareholder became aware or should have become aware of the adoption of the resolution. If the right of revocation is not exercised within one year from the date of adoption of the resolution, such right shall be extinguished.

Where the directors or senior management members other than members of the Audit Committee violate the provisions of the laws, administrative regulations or the Articles of Association during the performance of their duties of the Company and cause losses to the Company, the shareholders severally or jointly holding 1% or more shares of the Company for a period of 180 consecutive days or longer may submit a written request to the Audit Committee to file a lawsuit with the people's court; where the members of the Audit Committee violate the provisions of laws, administrative regulations or the Articles of Association in the performance of their duties of the Company and cause losses to the Company, the aforesaid shareholders may submit a written request to the Board of Directors to file a lawsuit with the people's court.

If the Audit Committee or the Board of Directors refuses to institute legal proceedings after receipt of the written request of the shareholders as stipulated in the preceding paragraph or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstance is urgent or any delay of legal proceedings may incur irrecoverable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall be entitled to directly institute legal proceedings to the people's court in their own names in the interests of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby incurring any loss of the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than 180 days continuously may institute legal proceedings to the people's court according to the aforesaid provision.

Where directors or senior management violate the provisions of laws, administrative regulations or the Articles of Association, damaging the interests of shareholders, the shareholders may file a lawsuit with the people's court.

The shareholders of the Company shall undertake the following obligations:

(i) to observe the laws, administrative regulations and the Articles of Association;

(ii) to pay capital contribution as per the shares subscribed for and the method of subscription;

(iii) not to exit shares unless in the circumstances stipulated by laws and regulations;

(iv) not to abuse shareholder's right to harm the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company or shareholder's limited liability to harm the interests of creditors of the Company;

(v) other obligations stipulated by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

If a shareholder of the Company abuses its shareholder rights and causes losses to the Company or other shareholders, it shall bear compensation liability in accordance with the law. Shareholders of the Company who abuse the independent legal person status of the Company and shareholders' limited liability to evade debts and severely infringe upon the interests of the Company's creditors shall assume joint and several liabilities for the Company's debts.

Any shareholder holding more than 5% of the voting shares in the Company shall submit a written report to the Company on the same day such shareholder pledges any of its shares.

The controlling shareholder, de facto controller, directors, and senior management of the Company shall not damage the interests of the Company by making use of their related relationship, otherwise, they shall make compensation for the loss incurred to the Company.

The controlling shareholder and de facto controller of the Company have fiduciary duties towards the Company and the public shareholders of the Company. The controlling shareholders shall exercise their rights as contributors in strict compliance with the laws. The controlling shareholders shall not infringe upon the legitimate rights and interests of the Company and the public shareholders of the Company through profit distribution, asset restructuring, foreign investment, capital appropriation and loan guarantee, and shall not make use of their controlling status to jeopardize the interests of the Company and the public shareholders of the Company.

General Rules for the Shareholder's Meeting

The shareholders' meeting is the organ of authority of the Company, and shall exercise the following functions and powers pursuant to the law:

(i) to elect and replace directors and to decide on matters relating to the remuneration of directors;

(ii) to consider and approve reports of the Board;

(iii) to consider and approve the Company's profit distribution plans and loss recovery plans;

(iv) to resolve on the increase or reduction of the registered capital of the Company;

(v) to resolve on the issuance and repurchase of the corporate bonds, any equity interest or other debt financing instruments;

(vi) to resolve on the merger, division, dissolution and liquidation of the Company or change of its corporate form;

(vii) to amend the Articles of Association;

(viii) to resolve on the engagement and dismissal of accounting firms by the Company;

(ix) to consider and approve the matters concerning guarantees as specified in Article 43 of the Articles of Association;

(x) to consider and approve the matters concerning transaction as specified in Article 44 of the Articles of Association;

(xi) to consider and approve the matters concerning financial assistance as specified in Article 45 of the Articles of Association;

(xii) to consider matters regarding the Company's purchase or sale of material assets within one year in excess of 30% of the latest audited total assets of the Company;

(xiii) to consider and approve matters relating to the changes in the use of proceeds from share offerings;

(xiv) to consider equity incentive plans and employee stock ownership plans;

(xv) to consider other issues that should be decided by the shareholders' meeting as stipulated by the laws, administrative regulations, departmental rules, the Hong Kong Listing Rules or the Articles of Association.

Unless otherwise provided by laws, administrative regulations, regulations of the CSRC or rules of the stock exchange, the aforesaid functions and powers of the shareholders' meeting shall not be exercised by the Board of Directors or other institutions and individuals by means of authorization. However, the shareholders' meeting of the Company may authorize the Board to resolve on the issuance of corporate bonds.

The shareholders' meetings include annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meeting shall be convened once a year, and be held within 6 months after the end of the previous fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months from the date of occurrence of any of the following circumstances:

(i) the number of directors is less than the number required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;

(ii) the unrecovered losses of the Company amount to 1/3 of the total paid-in capital;

(iii) it is required by shareholder(s) individually or jointly holding more than 10% equity of the Company;

(iv) when deemed necessary by the Board of Directors;

(v) when proposed by the Audit Committee;

(vi) Other circumstances stipulated by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed, or the Articles of Association.

The venue for the shareholders' meeting of the Company shall be the domicile of the Company or other locations specified in the meeting notice. The shareholders' meeting shall be held by means of an on-site meeting at a designated venue. The Company shall also provide online voting (if applicable), video conferencing, and telephone conferencing facilities for shareholders to participate in the shareholders' meeting in accordance with the securities regulatory rules of the place where the Company's shares are listed. Shareholders participating in the shareholders' meeting through the aforementioned means shall be deemed present.

Convening of the Shareholders' Meeting

The shareholders' general meeting shall be convened by the Board of Directors in accordance with the law. The convener shall notify all shareholders by means of a public announcement 21 days prior to the convening of the annual shareholders' general meeting, and 15 days prior to the convening of an extraordinary shareholders' general meeting. When calculating the notice period, the date of the meeting shall be excluded.

Independent non-executive directors are entitled to propose to the Board on convening an extraordinary shareholders' meeting. Where independent non-executive Directors propose to convene an extraordinary shareholders' meeting, the Board shall, in accordance with the laws, administrative regulations, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed, and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary shareholders' meeting within 10 days upon the receipt of the proposal. Where the Board agrees to convene an extraordinary shareholders' meeting, a notice on the convening of the shareholders' meeting shall be issued within 5 days after the resolution is passed by the Board; where the Board does not agree to convene an extraordinary shareholders' meeting, it shall explain the reasons thereof.

The Audit Committee has the right to propose to the Board of Directors to convene an extraordinary shareholders' meeting, and such proposal shall be submitted to the Board of Directors in writing. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary shareholders' meeting within 10 days upon the receipt of the proposal.

Where the Board agrees to convene an extraordinary shareholders' meeting, a notice on the convening of the meeting shall be issued within 5 days after the resolution is passed by the Board, and the changes made to the original proposal in the notice shall be approved by the Audit Committee. Where the Board does not agree to convene an extraordinary shareholders' meeting, or fails to reply within 10 days upon the receipt of the proposal, the Board shall be deemed as not being able to perform or failing to perform its duty to convene the shareholders' meeting, and the Audit Committee may convene and preside over such meeting on its own.

Shareholders individually or in aggregate holding more than 10% of the Company's shares shall have the right to request the Board to convene an extraordinary shareholders' meeting and such request shall be made in writing to the Board. The written request should state the subject of the meeting and present a complete proposal. The Board shall, in accordance with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, reply in writing on whether or not to approve the convening of an extraordinary shareholders' meeting within 10 days upon the receipt of the request.

Where the Board agrees to convene an extraordinary shareholders' meeting, a notice on the convening of the shareholders' meeting shall be issued within 5 days after the resolution is passed by the Board, and the changes made to the original request in the notice shall be approved by relevant shareholders. Where it is otherwise provided in the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail. If the Board refuses to convene an extraordinary shareholders' meeting or fails to give a response within 10 days after receiving the request, shareholders who individually or jointly hold more than 10% of the Company's shares have the right to propose to the Audit Committee to convene an extraordinary shareholders' meeting and shall submit a written request to the Audit Committee.

Where the Audit Committee agrees to convene an extraordinary shareholders' meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. Changes made to the original request in the notice shall be approved by relevant shareholders. If the Audit Committee fails to serve a notice of shareholders' meeting within the prescribed period, it shall be deemed as failing to convene and preside over the shareholders' meeting, and the shareholders severally or jointly holding more than 10% shares of the Company for consecutively 90 days may convene and preside over the meeting by themselves.

If the Audit Committee or shareholders decide to convene a shareholders' meeting on their own, they must notify the Board of Directors in writing.

For the shareholders' meeting convened by the Audit Committee or shareholders on their own, the Board shall provide cooperation.

For the shareholders' meetings convened by the Audit Committee or shareholders on their own, the Company shall bear the necessary expenses for the meeting.

Proposals and Notices of Shareholders' Meetings

A proposal of a shareholders' meeting shall fall into the functions and powers of the shareholders' meeting. There shall be definite topics and specific matters for resolution. The proposal shall comply with the relevant provisions of the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

Where the Company convenes a shareholders' meeting, the Board, Audit Committee, and shareholder(s) individually or jointly holding more than 1% shares of the Company may make proposals to the Company. The shareholders individually or jointly holding more than 1% of the shares of the Company may raise temporary proposals and submit them to the convener in 10 days before the shareholders' meeting is held. The convener shall issue a supplementary notice of the shareholders' meeting and announce the contents of such temporary proposals within 2 days upon receipt thereof.

Except as provided by the preceding paragraph and the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, the convener shall not amend the proposals already specified in the notice of the shareholders' meeting or add new proposals subsequent to the issue of the notice of the shareholders' meeting. The shareholders' meeting shall not vote or resolve on any proposals which are not contained in a notice of the shareholders' meeting or are not in compliance with the Articles of Association.

The convener shall notify all shareholders at least 21 days prior to the date of convening an annual shareholders' meeting and at least 15 days prior to the date of convening an extraordinary shareholders' meeting. When the Company calculates the starting date, the date of the meeting shall be excluded.

The notice of a shareholders' meeting shall specify:

(i) time, venue and duration of the meeting;

(ii) matters and proposals submitted for consideration at the meeting;

(iii) a clear statement that all shareholders are entitled to attend the shareholders' meeting and appoint proxies in writing to attend and vote at such meeting and that such proxies need not be shareholders of the Company;

(iv) name and telephone number of the contact person of the meeting;

(v) where a shareholders' meeting is held via online or other means, the voting time and voting procedure of such means (if any).

After the notice of the shareholders' general meeting has been issued, the meeting shall not be postponed or cancelled without justifiable cause, and the proposals specified in the notice shall not be cancelled. In the event of postponement or cancellation, the convener shall announce the reasons at least 2 working days prior to the originally scheduled date of the meeting.

Holding of Shareholders' Meetings

Shareholders may attend the shareholders' general meeting in person or appoint a proxy to attend and vote on their behalf. Each shareholder is entitled to appoint one proxy. If the shareholder is a corporate entity, it may appoint one representative to attend any shareholders' general meeting of the Company and vote at such meeting. If such corporate entity has appointed a representative to attend any meeting, it shall be deemed to be present in person.

An individual shareholder attending the meeting in person shall present their identity card or other valid identification document certifying their identity. If appointing a proxy to attend the meeting, the proxy shall present their own valid identification document and the shareholder's power of attorney.

A corporate shareholder shall be represented by its legal representative or a proxy appointed by the legal representative. The form for appointing a representative may be signed by its duly authorized personnel. If the legal representative attends the meeting, they shall present their identity card and valid documentation certifying their status as the legal representative. If a proxy attends the meeting, the proxy shall present their own identity card and a written power of attorney issued by the legal representative of the corporate shareholder in accordance with the law.

If the shareholder is a recognized clearing house (or its agent) as defined by the relevant regulations promulgated from time to time in Hong Kong, the shareholder may authorize one or more persons it deems appropriate to act as its agents or representatives at any shareholders' meeting (and/or creditors' meeting). However, if more than one person is authorized, the power of attorney or authorization document shall specify the number and class of shares covered by such authorization for each such person, and the power of attorney or authorization document

shall be signed by an authorized person of the recognized clearing house. Persons so authorized may attend the meeting on behalf of the recognized clearing house (or its agent) (without presenting shareholding certificates, notarized authorizations and/or further evidence to prove their formal authorization), and may speak and exercise other rights at the meeting as if such persons were individual shareholders of the Company. These authorized persons shall enjoy the same legal rights as other shareholders, including the rights to speak and vote.

The power of attorney used by shareholders to appoint proxies to attend the shareholders' meeting shall contain the following information:

(i) name of the proxy;

(ii) whether the proxy has voting rights;

(iii) instructions on voting for, against, or abstaining for each proposed resolution listed in the agenda of the shareholders' general meeting;

(iv) date of issuance and validity period of the power of attorney;

(v) signature or seal of the appointing shareholder. If the appointing shareholder is a corporate entity, the corporate seal shall be affixed.

During the shareholders' general meeting, all directors and the board secretary of the Company shall attend the meeting, while the general manager and other senior management personnel shall attend as non-voting participants.

The shareholders' meetings shall be presided over by the chairman of the Board of Directors. Where the chairman cannot or does not fulfill the duty thereof, the vice chairman shall preside over the meeting. Where the vice chairman cannot or does not fulfill the duty thereof, more than half of the directors may jointly elect a director to preside over the meeting. A shareholders' meeting convened by the Audit Committee itself shall be presided over by the convener of the Audit Committee. When the convener of the Audit Committee is unable to perform or fails to perform his/her duties, one member of the Audit Committee jointly recommended by more than half of the Audit Committee members shall preside over the meeting. A shareholders' meeting convened by the shareholders themselves shall be presided over by a representative elected by the convener.

If the presiding officer of a shareholders' general meeting violates the procedural rules, rendering the meeting unable to proceed, the shareholders' general meeting may, upon approval by a majority of the shareholders with voting rights present on-site, elect a new presiding officer to continue conducting the meeting.

Resolutions and Voting at Shareholders' Meetings

Resolutions of the shareholders' meeting are classified into ordinary resolutions and special resolutions. An ordinary resolution shall be passed by more than half of the voting rights held by the shareholders (including proxies) attending the shareholders' meeting. A special resolution shall be passed by not less than two-thirds of the voting rights held by the shareholders (including proxies) attending the shareholders' meeting.

The following matters shall be approved by ordinary resolution at the shareholders' meeting:

(i) the Board of Directors' work report;

(ii) the profit distribution plan and loss recovery plan proposed by the Board of Directors;

(iii) the appointment or removal of members of the Board of Directors and their remuneration and payment methods;

(iv) the Company's annual report;

(v) other matters which, under applicable laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association, are not required to be approved by special resolution.

The following matters shall be approved by special resolution at the shareholders' meeting:

(i) increase or reduction of the registered capital of the Company;

(ii) division, spin-off, merger, dissolution, liquidation, or change of corporate form of the Company;

(iii) amendments to these Articles of Association;

(iv) the acquisition or disposal of significant assets or provision of guarantees within one year exceeding 30% of the Company's latest audited total assets;

(v) equity incentive plans;

(vi) appointment, removal and remuneration of the auditor;

(vii) variation of rights attached to any class of shares;

(viii) Other matters required by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association to be approved by special resolution, as well as other matters which the shareholders' general meeting determines by ordinary resolution will have a material impact on the Company and require approval by special resolution.

If the share capital of the Company includes shares of different classes, unless otherwise provided, any variation of the rights attached to shares of a class must be approved by a special resolution passed at a separate class meeting of the holders of that class of shares. For the purpose of this Article, the Company's A Shares and H Shares shall be deemed to be of the same class.

Shareholders (including their proxies) shall have the right to speak and vote at the shareholders' general meeting, unless required to abstain from voting on specific matters under laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association. Shareholders (including their proxies) shall exercise their voting rights in proportion to the number of voting shares they represent, with each share carrying one vote.

Shares held by the Company itself shall carry no voting rights and shall be excluded from the total number of voting shares present at the shareholders' general meeting. In accordance with applicable laws and regulations and the Hong Kong Stock Exchange's Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution or is restricted to voting only for (or against) a resolution, any votes cast by such shareholder or their proxy in violation of such requirements or restrictions shall not be counted in the total number of voting shares.

When the shareholders' general meeting considers matters related to connected transactions, connected shareholders shall not participate in the voting, and the number of voting shares they represent shall not be included in the total number of valid votes. The resolution of the shareholders' general meeting shall disclose the voting results of non-connected shareholders.

Except in special circumstances such as a crisis of the Company, the Company shall not enter into any contract that entrusts the management of the entirety or material part of the Company's business to a person other than a director, manager, or other senior management personnel, unless such contract is approved by a special resolution of the shareholders' general meeting.

Board of Directors

Directors

Directors of the Company shall be natural persons. Any person who falls under any of the following circumstances shall not serve as a director of the Company:

(i) having no or limited civil capacity;

(ii) having been subject to criminal penalties for corruption, bribery, misappropriation of property, embezzlement of property, or disrupting the socialist market economic order, where five years have not yet elapsed since the completion of the sentence, or having been deprived of political rights due to criminal offenses, where five years have not yet elapsed since the completion of the sentence, or where the person was given a suspended sentence and two years have not yet elapsed since the end of the probation period;

(iii) having served as a director, factory director, or general manager of a company or enterprise that went bankrupt during their tenure and was personally responsible for the bankruptcy, where three years have not yet elapsed since the conclusion of the bankruptcy liquidation;

(iv) having served as the legal representative of a company or enterprise whose business license was revoked or which was ordered to shut down due to violations of laws and was personally responsible, where three years have not yet elapsed since the date of revocation or closure;

(v) being listed by a People's Court as a dishonest person subject to enforcement due to failure to repay substantial personal debts when due;

(vi) being subject to market entry prohibition measures by the CSRC and the period of prohibition has not yet expired;

(vii) other circumstances stipulated by laws, administrative regulations, departmental rules, or the securities regulatory rules of the place where the Company's shares are listed.

Any election, appointment, or engagement of a director in violation of the above provisions shall be invalid. If a director, during his/her term of office, falls into any of the above circumstances, the Company shall remove such person from his/her position.

Directors shall be elected or replaced by the shareholders' meeting and may be removed by the shareholders' meeting before the expiration of their term. Each term of the Board of Directors shall last for three years. Directors shall be eligible for re-election upon expiration of their term of office.

The term of a director shall commence from the date he/she assumes office and end upon the expiry of the term of the current Board of Directors. If a director is not re-elected in time after the expiration of his/her term, the original director shall continue to perform his/her duties in accordance with laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association until a new director takes office.

A director may concurrently serve as the general manager or other member of senior management.

Directors shall comply with laws, administrative regulations, and the Articles of Association. Directors owe the Company the following duties of loyalty:

(i) Not to use their positions to accept bribes or other illegal gains, and not to misappropriate the Company's property;

(ii) Not to misappropriate Company funds;

(iii) Not to deposit Company assets or funds in an account opened in their own name or in the name of another individual;

(iv) Not to lend Company funds to others or use Company property to provide guarantees for others without the approval of the shareholders' general meeting or the board of directors, in violation of these Articles of Association;

(v) Not to use their positions to seek business opportunities that belong to the Company for themselves or others. However, the following circumstances are excluded:

a). Having reported to the board of directors or the shareholders' general meeting and obtained approval through a resolution of the board of directors or the shareholders' general meeting in accordance with these Articles of Association;

b). The Company is unable to utilize the business opportunity in accordance with laws, administrative regulations, or these Articles of Association.

(vi) Not to operate for themselves or others any business similar to that of the Company without having reported to the board of directors or the shareholders' general meeting and obtained approval through a resolution of the board of directors or the shareholders' general meeting in accordance with these Articles of Association;

(vii) Not to accept commissions from transactions with the Company for themselves;

(viii) Not to disclose Company secrets without authorization;

(ix) Not to use their connected relationships to harm the interests of the Company;

(x) Other fiduciary duties stipulated by laws, administrative regulations, departmental rules, and the Articles of Association.

If a director enters into a contract or engages in a transaction with the Company directly or indirectly, they shall report the matters related to the contract or transaction to the board of directors or the shareholders' general meeting and obtain approval through a resolution of the board of directors or the shareholders' general meeting in accordance with the Articles of Association.

Where close relatives of directors or senior management members, or enterprises directly or indirectly controlled by directors, senior management members, or their close relatives, or other persons with connected relationships with directors or senior management members, enter into contracts or conduct transactions with the Company, the provisions of item above shall apply.

Any gains obtained by a director in violation of the provisions of this article shall belong to the Company; if losses are caused to the Company, the director shall be liable for compensation.

Directors shall comply with laws, administrative regulations, and these Articles of Association, and shall owe the following duties of diligence to the Company:

(i) Act honestly and in good faith in the best interests of the Company as a whole;

(ii) Exercise their powers for proper purposes;

(iii) Be accountable to the Company for the application or misapplication of the Company's assets;

(iv) Avoid actual and potential conflicts of interest and duty;

(v) Make full and fair disclosure of any interests in contracts entered into with the Company;

(vi) Exercise the skill, care, and diligence that may reasonably be expected of a person with their knowledge and experience holding their office within the Company;

(vii) Exercise the powers granted by the Company prudently, diligently, and diligently to ensure the Company's business activities comply with the requirements of national laws, administrative regulations, and national economic policies, and do not exceed the business scope specified in the business license;

(viii) Treat all shareholders fairly;

(ix) Keep themselves reasonably informed about the Company's business operations and management;

(x) Provide written confirmation opinions on the Company's periodic reports to ensure the information disclosed by the Company is true, accurate, and complete;

(xi) Provide the audit committee with relevant information and materials truthfully and not obstruct the exercise of its powers; and

(xii) Other duties of care stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed, and these Articles of Association.

If a director fails to attend two consecutive board meetings in person without authorizing another director to attend on their behalf, they shall be deemed unable to perform their duties, and the board of directors shall recommend their removal by the shareholders' general meeting.

A director may resign prior to the expiration of their term. A director shall submit a written resignation report to the board of directors.

If the resignation of a director results in the number of directors falling below the legal minimum, the resigning director shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules, and these Articles of Association until the newly elected director assumes office.

Except under the circumstances described in the preceding paragraph, a director's resignation shall take effect upon delivery of the resignation report to the board of directors.

Upon the effectiveness of a director's resignation or the expiration of their term, they shall complete all handover procedures with the board of directors. The fiduciary duties owed to the Company and its shareholders shall not terminate immediately upon the end of their term but shall remain effective for a reasonable period as stipulated in these Articles of Association.

Unless otherwise provided in the Articles of Association or with lawful authorization from the board of directors, no director may represent the Company or the board of directors in their personal capacity. When a director acts in their personal capacity, and a third party would reasonably believe that the director is acting on behalf of the Company or the board of directors, the director shall declare their position and identity in advance.

If a director causes losses to the Company by violating laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed, or these Articles of Association in the performance of their duties, they shall be liable for compensation.

The number of independent non-executive directors shall not be less than three and shall constitute at least one-third of the entire board of directors. At least one independent non-executive director shall possess appropriate professional qualifications as required by the Hong Kong Listing Rules or have appropriate accounting or related financial management expertise. At least one independent non-executive director shall be ordinarily resident in Hong Kong. All independent non-executive directors must meet the independence requirements under the Hong Kong Listing Rules. Independent non-executive directors shall perform their duties in accordance with laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed, these Articles of Association, and other relevant provisions.

Board of Directors

The Board of Directors of the Company shall consist of nine directors, including three independent non-executive directors, with one chairman.

The Board of Directors shall establish special committees such as an Audit Committee, a Nomination Committee, and a Remuneration and Appraisal Committee.

The Board of Directors shall exercise the following powers:

(i) Convening shareholders' meetings and reporting to the shareholders' meeting;

(ii) Implementing resolutions of the shareholders' meeting;

(iii) Determining the Company's business plans and investment schemes;

(iv) Formulating the Company's profit distribution plans and plans for making up losses;

(v) Formulating plans for increases or decreases in the Company's registered capital, issuance of bonds or other securities, and listing;

(vi) Drafting plans for major acquisitions, acquisition of the Company's own shares, mergers, divisions, dissolution, or changes to the Company's corporate form;

(vii) Determining matters such as the Company's external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, within the scope authorized by the shareholders' general meeting;

(viii) Determining the structure of the Company's internal management bodies;

(ix) Appointing or dismissing the Company's General Manager, Board Secretary, and other senior management personnel, and determining their remuneration, rewards, and penalties; based on the nomination of the General Manager, appointing or dismissing the Company's Deputy General Managers, financial controller, and other senior management personnel, and determining their remuneration, rewards, and penalties;

(x) Formulating the Company's basic management systems;

(xi) Formulating proposals for amendments to the Company's Articles of Association;

(xii) Proposing to the shareholders' general meeting the appointment or replacement of the accounting firm auditing the Company;

(xiii) Listening to work reports from the Company's General Manager and reviewing their work;

(xiv) Managing the Company's information disclosure matters;

(xv) Other functions and powers granted by laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed, these Articles of Association, or the shareholders' general meeting. The chairman of the Board shall exercise the following powers:

Matters exceeding the scope of authorization by the shareholders' general meeting shall be submitted to the shareholders' general meeting for deliberation.

The Board of Directors shall define its authority over matters such as external investments, acquisition and disposal of assets, asset mortgages, external guarantees, entrusted wealth management, connected transactions, and external donations, and establish stringent review and decision-making procedures. Major investment projects shall be evaluated by relevant experts and professionals and submitted to the shareholders' general meeting for approval.

The Board of Directors shall have one chairman and no vice-chairman. The chairman shall be elected by a majority vote of all directors.

The Chairman shall exercise the following functions and powers:

(i) Presiding over shareholders' general meetings and convening and presiding over meetings of the Board of Directors;

(ii) Supervising and inspecting the implementation of resolutions of the Board of Directors;

(iii) Signing bonds and other securities issued by the Company;

(iv) Signing important documents of the Board of Directors and other documents that require the signature of the legal representative of the Company;

(v) Exercising the functions and powers of the legal representative;

(vi) Exercising special authority over the Company's affairs in compliance with legal provisions and the Company's interests under emergency circumstances such as force majeure events (e.g., major natural disasters), and reporting to the Board of Directors and the shareholders' general meeting thereafter;

(vii) Other functions and powers granted by the Board of Directors.

Board meetings are classified into regular meetings and extraordinary meetings. The Board shall convene at least four regular meetings annually, approximately once per quarter, which shall be convened by the chairman with a notice issued at least 14 days prior to each meeting.

Under the following circumstances, the chairman shall convene and preside over an extraordinary Board meeting within 10 days upon receiving a proposal:

(i) where shareholders representing more than one-tenth of the voting rights propose so;

(ii) where more than one-third of the directors jointly propose so;

(iii) where more than one-half of the independent non-executive directors jointly propose so;

(iv) where the chairman deems it necessary;

(v) where the Audit Committee proposes so;

(vi) where the General Manager proposes so;

(vii) other circumstances as specified in these Articles of Association.

A Board meeting shall only be held if more than half of the directors are present. A Board resolution must be passed by a majority of all directors. Each director shall have one vote in Board resolutions. In the event of a tie, the chairman shall have a casting vote.

Where a director has a connected relationship with an entity or individual involved in a matter to be considered at a Board meeting, the director shall report such relationship to the Board in writing in a timely manner. A connected director shall not vote on such matter or act as a proxy for other directors in voting, and the votes they hold shall not be counted in the total voting rights. The Board meeting may be held with the attendance of more than half of the non-connected directors, and the resolution must be passed by a majority of the non-connected directors. Where the number of non-connected directors attending the meeting is less than three, the matter shall be submitted to the shareholders' meeting for consideration.

Directors shall be held accountable for resolutions adopted by the Board of Directors. Where a resolution of the Board violates laws, administrative regulations, these Articles of Association, or resolutions of the shareholders' meeting, thereby causing material losses to the Company, the directors who participated in the adoption of such resolution shall be liable for compensation to the Company. However, a director may be exempted from such liability if it is proven that the director expressed dissent during the voting process and such dissent was recorded in the minutes of the meeting.

Special Committees of the Board of Directors

The Company shall establish an Audit Committee under the Board of Directors, which shall exercise the functions and powers of a supervisory committee as provided in the Company Law. The Audit Committee shall consist of three members, all of whom shall be independent directors. One of them, who shall possess accounting expertise, shall act as the convener.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and for supervising and assessing both internal and external auditing and internal control. The following matters shall be submitted to the Board of Directors for consideration only after being approved by a majority of all members of the Audit Committee:

(i) the financial information disclosed in financial and accounting reports and periodic reports, and the internal control evaluation report;

(ii) the engagement or dismissal of accounting firms responsible for auditing the listed company;

(iii) the appointment or dismissal of the chief financial officer of the listed company;

(iv) changes in accounting policies or accounting estimates, or corrections of material accounting errors not due to changes in accounting standards;

(v) other matters as required by laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or these Articles of Association.

The Company shall establish a Nomination Committee and a Remuneration and Appraisal Committee under the Board of Directors, which shall perform their duties in accordance with these Articles of Association and the authorization of the Board of Directors. Proposals from the special committees shall be submitted to the Board of Directors for consideration and decision. The Board of Directors shall be responsible for formulating the working rules of the special committees.

General Manager and Other Senior Management Members

The Company shall have one General Manager, who shall be appointed or dismissed by the Board of Directors. The General Manager, Deputy General Manager(s), financial controller, and Board Secretary of the Company shall be the senior management personnel of the Company. Directors may be appointed to concurrently serve as the General Manager, Deputy General Manager(s), or other senior management personnel.

The circumstances under which a person may not serve as a director, as stipulated in these Articles of Association, shall apply equally to senior management personnel. The provisions of these Articles of Association regarding directors' duties of loyalty and care shall also apply to senior management personnel. Personnel holding administrative positions other than director or supervisor in the controlling shareholder unit of the Company shall not serve as senior management personnel of the Company. The Company's senior management personnel shall receive their salaries solely from the Company and shall not be paid by the controlling shareholder on behalf of the Company.

The term of office for the General Manager and Deputy General Manager(s) shall be three years, and they may serve consecutive terms if reappointed.

The general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

(i) to preside over the production and business operations of the Company, organize the implementation of Board resolutions, and report to the Board of Directors;

(ii) to organize the implementation of the Company's annual business plan and investment proposals;

(iii) to formulate plans for the establishment of internal management organizations of the Company;

(iv) to formulate the Company's basic management systems;

(v) to formulate the Company's specific rules and policies;

(vi) to propose to the Board of Directors the appointment or dismissal of other senior management members;

(vii) to decide on the appointment or dismissal of management personnel other than those whose appointments or dismissals must be determined by the Board of Directors;

(viii) to formulate the compensation, benefits, and reward and punishment policies for the Company's employees, and to decide on the appointment or dismissal of employees of the Company;

(ix) to sign daily administrative, business, and financial documents;

(x) to represent the Company in handling external matters and signing routine business contracts of the Company upon authorization by the Board of Directors;

(xi) to decide on other significant transaction matters beyond those requiring approval by the shareholders' general meeting or the Board of Directors.

(xii) other functions and powers granted by these Articles of Association or the Board of Directors.

The General Manager shall attend meetings of the Board of Directors as a non-voting participant. A Non-director General Manager shall have no voting rights at board meetings.

The General Manager and Deputy General Manager(s) may resign prior to the expiration of their term. The specific procedures and measures for the resignation of the General Manager and Deputy General Manager(s) shall be stipulated in the labor contract between the General Manager and the Company.

The Company shall have a Board Secretary responsible for preparing shareholders' general meetings and board meetings, maintaining document custody, managing shareholder records, handling information disclosure matters, assisting independent non-executive directors in performing their duties, and other related affairs.

The Board Secretary shall comply with the relevant provisions of laws, administrative regulations, departmental rules, and these Articles of Association.

Senior management personnel of the Company shall perform their duties faithfully and uphold the best interests of the Company and all its shareholders. If senior management personnel cause harm to the Company's interests due to failure to perform their duties faithfully or breach of fiduciary obligations, they shall be liable for compensation in accordance with the law. If senior management personnel cause losses to the Company by violating laws, administrative regulations, departmental rules, the Hong Kong Listing Rules, other regulatory rules of the place where the Company's shares are listed, or these Articles of Association in the performance of their duties, they shall be liable for compensation.

Finance, Accounting, and Audit

The Company shall formulate its financial and accounting system in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, and the provisions of the relevant national authorities.

The Company shall not establish any set of accounting books in addition to the statutory accounting books. The Company's funds shall not be deposited into any account opened in the name of an individual.

When distributing profits for a given year, the Company shall allocate 10% of its after-tax profits to the statutory reserve fund. Where the accumulated amount of the statutory reserve fund has reached more than 50% of the Company's registered capital, no further allocation is required. Where the statutory reserve fund is insufficient to cover losses carried over from previous years, the Company shall use the current year's profits to offset such losses before making allocations to the statutory reserve fund as specified above.

After the Company has allocated after-tax profits to the statutory reserve fund, it may, subject to a resolution of the shareholders' meeting, allocate additional amounts to a discretionary reserve fund.

Any remaining after-tax profits following the offsetting of losses and the appropriation to the reserve funds shall be distributed to shareholders in proportion to their shareholdings, unless otherwise provided in these Articles of Association.

If the Company distributes profits to shareholders in violation of the above provisions, such shareholders shall return the improperly distributed profits to the Company. Any director or senior management member who is held responsible and causes losses to the Company shall be liable for compensation.

Shares held by the Company shall not be entitled to profit distribution.

The Company's reserve funds may be used to cover losses, expand production and operations, or be converted into share capital. Where reserve funds are used to cover losses, discretionary reserve funds and statutory reserve funds shall be used first. If the losses still cannot be fully covered, the capital reserve may be used in accordance with applicable regulations. Where the statutory reserve fund is converted into registered capital, the balance of such statutory reserve fund retained shall not be less than 25% of the Company's registered capital prior to the conversion.

Following the resolution of the shareholders' meeting on a profit distribution plan, or after the Board of Directors has formulated a specific plan based on the dividend distribution conditions and upper limit as approved at the annual shareholders' meeting for the next year's interim dividend, the distribution of dividends (in cash or shares) shall be completed within two months.

The Company may distribute dividends in cash or stock.

The Company shall implement an internal audit system and appoint full-time audit personnel to conduct internal audit supervision over the Company's financial revenues and expenditures and economic activities. The Company's internal audit system and the responsibilities of audit personnel shall be implemented after approval by the Board of Directors. The head of audit shall report to the Board of Directors.

The Company shall engage an accounting firm that meets the requirements under applicable laws and regulations to conduct audits of its financial statements, perform capital verification, and provide other relevant consulting services. The term of appointment shall be one year and may be renewed upon expiration.

The engagement of an accounting firm by the Company must be decided by the shareholders' meeting. The Board of Directors shall not engage an accounting firm without the prior approval of the shareholders' meeting.

The Company shall ensure that the engaged accounting firm is provided with true and complete accounting vouchers, books, financial and accounting reports, and other accounting information. The Company shall not refuse to provide, conceal, or misrepresent such information.

Merger, Division, Capital Increase, Capital Reduction, Dissolution and Liquidation

Merger, Division, Capital Increase and Capital Reduction

The Company may conduct a merger by way of absorption or by establishing a new company. In the case of an absorption merger, one company absorbs another, and the absorbed company shall be dissolved. In the case of a merger by establishing a new company, two or more companies combine to form a new company, and all merging parties shall be dissolved.

When the Company merges with a company in which it holds 90% or more of the shares, the merged company is not required to obtain a resolution of the shareholders' meeting. However, the Company shall notify its other shareholders, who have the right to request the Company to acquire their equity or shares at a reasonable price.

Where the consideration for the merger paid by the Company does not exceed 10% of the Company's net assets, approval by the shareholders' meeting is not required, unless otherwise provided in these Articles of Association. A merger that does not require a resolution of the shareholders' meeting pursuant to the foregoing shall be approved by a resolution of the Board of Directors.

In the case of a merger, the merging parties shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the merger resolution and shall make an announcement within 30 days in a newspaper or via the National Enterprise Credit Information Publicity System. Creditors may request the Company to repay debts or provide a corresponding guarantee within 30 days from the date of receipt of such notice, or within 45 days from the date of the announcement if no notice was received. Upon a merger, the surviving company or the newly established company shall assume the debts and claims of all parties to the merger.

In the case of a division, the Company's assets shall be divided accordingly. The Company shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date on which the division resolution is passed and shall make an announcement within 30 days in a newspaper or via the National Enterprise Credit Information Publicity System. The debts incurred by the Company prior to the division shall be jointly and severally assumed by the companies resulting from the division, unless a written agreement regarding debt repayment has been otherwise reached between the Company and its creditors prior to the division.

If the Company needs to reduce its registered capital, it shall prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date on which the resolution on capital reduction is passed at the shareholders' meeting and shall make an announcement within 30 days in a newspaper or via the National Enterprise Credit Information Publicity System. Creditors may request the Company to repay debts or provide a corresponding guarantee within 30 days from the date of receipt of such notice, or within 45 days from the date of the announcement if no notice was received.

Capital reduction by the Company shall be carried out in proportion to the shareholders' capital contributions or shareholdings, unless otherwise provided by law or these Articles of Association. The Company shall reduce shares in accordance with the capital reduction plan as resolved by the shareholders' meeting, unless otherwise provided by law or these Articles of Association.

Where losses remain after the Company has covered them in accordance with Article 146 of these Articles of Association, the Company may reduce its registered capital to make up for the losses. When registered capital is reduced to make up losses, no distribution shall be made to shareholders, and shareholders shall not be exempted from the obligation to pay in their subscribed capital. Capital reduction under the above provision shall not be subject to paragraph 2 of Article 169 of these Articles of Association, but an announcement shall be made within 30 days from the date of the capital reduction resolution of the shareholders' meeting in a newspaper or via the National Enterprise Credit Information Publicity System. After the Company reduces its registered capital in accordance with the foregoing, it shall not distribute profits until the total amount of its statutory and discretionary reserves reaches 50% of the registered capital.

Where capital is reduced in violation of the Company Law or other applicable laws and regulations, any funds received by shareholders shall be returned to the Company; any reduction or exemption of shareholders' capital contributions shall be reinstated. Any losses thereby caused to the Company shall be subject to compensation by the responsible shareholders, directors and senior management members.

In the event of a merger or division resulting in changes to the Company's registration particulars, the Company shall complete the change registration with the company registration authority in accordance with the law. If the Company is dissolved, it shall apply for deregistration in accordance with the law. If a new company is established, it shall be registered in accordance with the law. If the Company increases or reduces its registered capital, it shall apply for change registration with the company registration authority in accordance with the law.

Dissolution and Liquidation

The Company shall be dissolved and liquidated according to law under any of the following circumstances:

(i) The business term stipulated in these Articles of Association expires or other dissolution causes specified in these Articles of Association occur;

(ii) A resolution is passed by the shareholders' general meeting to dissolve the Company;

(iii) Dissolution due to the merger or division of the Company;

(iv) The business license is revoked, the Company is ordered to close down, or it is dissolved by law;

(v) Where serious difficulties arise in the operation and management of the Company, and continuing its existence would cause significant harm to the interests of shareholders, and such difficulties cannot be resolved through other means, shareholder(s) holding 10% or more of the total voting rights of the Company may request the People's Court to dissolve the Company.

If any of the dissolution causes specified in the preceding paragraph occurs, the Company shall publicize the dissolution cause through the National Enterprise Credit Information Publicity System within 10 days.

If the Company falls under items (I) or (II) of Article 172 of these Articles of Association and has not yet distributed its assets to shareholders, it may continue to exist by amending these Articles of Association.

Amending these Articles of Association in accordance with the preceding paragraph requires approval by two-thirds or more of the voting rights held by shareholders present at the shareholders' general meeting.

If the Company is dissolved under items (I), (II), (IV) or (V) of Article 172 of these Articles of Association, it shall form a liquidation group within 15 days from the date the dissolution cause occurs and commence liquidation. The liquidation group shall be composed of directors, unless otherwise provided in these Articles of Association or the shareholders' general meeting resolves to appoint other persons. If the liquidation obligor fails to perform its liquidation obligations in a timely manner, causing losses to the Company or its creditors, it shall be liable for compensation.

If the liquidation group is not formed within the time limit to conduct liquidation, or after the liquidation group is formed, liquidation is not carried out, interested parties may apply to the People's Court to designate relevant persons to form a liquidation group to conduct liquidation.

If the Company is dissolved under item (IV) of Article 172 of these Articles of Association, the department that made the decision to revoke the business license, order the closure, or dissolve the Company, or the company registration authority, may apply to the People's Court to designate relevant persons to form a liquidation group to conduct liquidation.

During the liquidation period, the liquidation committee shall exercise the following powers:

(i) to sort out the Company's assets and prepare a balance sheet and an inventory of assets;

(ii) to notify and publicly announce to the Company's creditors;

(iii) to handle the Company's outstanding business related to liquidation;

(iv) to pay taxes owed and taxes arising in the course of liquidation;

(v) to settle claims and debts;

(vi) to distribute the remaining assets of the Company after repayment of debts;

(vii) to represent the Company in civil proceedings.

After liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan and submit it to the shareholders' general meeting or the People's Court for confirmation.

The remaining assets of the Company, after paying liquidation expenses, employees' wages, social insurance contributions, statutory compensation, settling outstanding taxes, and repaying the Company's debts, shall be distributed to shareholders in proportion to their shareholdings.

During the liquidation period, the Company shall continue to exist but shall not engage in any business activities unrelated to the liquidation. No distribution of the Company's assets to shareholders shall be made until the payments and settlements specified in the preceding paragraph have been completed. If, after liquidating the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group finds that the Company's assets are insufficient to repay its debts, it shall apply to the People's Court for bankruptcy liquidation.

After the Company is declared bankrupt by a ruling of the People's Court, the liquidation group shall transfer the liquidation affairs to the bankruptcy administrator appointed by the People's Court. Upon completion of the liquidation, the liquidation group shall prepare a liquidation report, submit it to the shareholders' general meeting or the People's Court for confirmation, and file it with the company registration authority to apply for cancellation of the Company's registration and announce the termination of the Company.

Members of the liquidation group shall perform their liquidation duties with duties of loyalty and care. If a member of the liquidation group fails to perform their liquidation duties diligently, causing losses to the Company, they shall be liable for compensation. If a member causes losses to creditors due to intentional misconduct or gross negligence, they shall be liable for compensation. If the Company is declared bankrupt in accordance with the law, bankruptcy liquidation shall be carried out in accordance with the relevant enterprise bankruptcy laws.

Amendments to the Articles of Association

The Company shall amend these Articles of Association under any of the following circumstances:

(i) the Company Law or other applicable laws, administrative regulations, or securities regulatory rules of the place where the Company's shares are listed are amended, resulting in inconsistencies with the provisions of these Articles of Association;

(ii) changes in the Company's circumstances result in inconsistencies with the matters recorded in these Articles of Association;

(iii) the shareholders' meeting resolves to amend these Articles of Association.

Any amendment to these Articles of Association that is approved by the shareholders' meeting and is subject to approval by the competent authorities shall be submitted for such approval. Where the amendment involves matters of company registration, change registration shall be carried out in accordance with the law.

The Board of Directors shall amend these Articles of Association in accordance with the resolutions of the shareholders' meeting and the approval opinions of the relevant competent authorities.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation of Our Company

Our Company was established as a limited liability company under the laws of the PRC on December 4, 2012, and was converted into a joint stock company with limited liability on June 28, 2022. We were registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on December 24, 2025, and have established a place of business in Hong Kong at 40/F, Dah Sing Financial Centre, No. 248 Queen's Road East, Wanchai, Hong Kong. Ms. Yung Mei Yee has been appointed as the authorized representative of our Company for the acceptance of service of process and notices in Hong Kong.

As our Company was established in the PRC, our operations are subject to the relevant laws and regulations of the PRC. A summary of relevant aspects of PRC law and our Articles of Association is set out in "Taxation and Foreign Exchange," "Summary of Principal Legal and Regulatory Provisions" and "Summary of Articles of Association" in Appendices III, IV and V to this document.

2. Changes in the Share Capital of Our Company

Save as disclosed in "History, Development and Corporate Structure," there has been no alteration in the share capital of the Company within two years immediately preceding the date of this document.

3. Changes in the Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our principal subsidiaries are set out in Note 1 to the Accountants' Report in Appendix I to this document.

The following subsidiaries of our Company were established within two years immediately preceding the date of this document:

Name of subsidiary	Place of incorporation	Date of incorporation	Registered capital
Hengqin Tuowei	PRC	February 28, 2025	RMB5,000,000
Vergiga Zhoushan	PRC	September 4, 2025	RMB80,000,000

There has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

4. Resolutions of Our Shareholders

On December 12, 2025, resolutions of our Shareholders were passed pursuant to which, among other things:

(a) subject to the completion of the [**REDACTED**], the Articles was approved and adopted with effect from the [**REDACTED**];

(b) the [**REDACTED**] (including the [**REDACTED**], [**REDACTED**] and [**REDACTED**]) and the [**REDACTED**] were approved and our Directors were authorized to allot and issue the [**REDACTED**] pursuant to the [**REDACTED**];

(c) the number of H Shares to be [**REDACTED**] shall be up to [**REDACTED**]% of the total share capital of our Company upon completion of the [**REDACTED**] and before any exercise of the [**REDACTED**], and the grant of the [**REDACTED**] in respect of no more than [**REDACTED**]% of the number of H Shares initially issued pursuant to the [**REDACTED**];

(d) subject to the completion of the [**REDACTED**], the granting of a general mandate to the Board to allot and issue Shares at any time within a period up to the date of the conclusion of the next annual general meeting of the Shareholders after the [**REDACTED**] or the date on which the Shareholders pass a special resolution to revoke or change such mandate, whichever is earlier, upon such terms and conditions and for such purposes and to such persons as the Board in their absolute discretion deem fit, and to make necessary amendments to the Articles of Association, provided that, the number of Shares to be issued shall not exceed 20% of the number of the Shares in issue as at the date of the resolution granting the general mandate; and

(e) subject to the filing procedure with the CSRC, upon completion of the [**REDACTED**], [**REDACTED**] Unlisted Shares will be converted into H Shares on a one-on-one basis.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of the business carried on or intended to be carried on by our Company) were entered into by any member of our Group within the two years preceding the date of this document and are or may be material:

(a) [●]; and

(b) the [**REDACTED**].

2. Our Intellectual Property Rights

(a) Trademarks

As of the Latest Practicable Date, we had registered the following trademarks which we consider to be material in relation to our business:

No.	Trademark	Class	Registrant	Place of registration	Registration number	Expiry date
1 . . .		9	The Company	PRC	16841041	June 27, 2036
2 . . .	威兆	9	The Company	PRC	52970332	November 27, 2031
3 . . .	威兆	42	The Company	PRC	56433072	February 6, 2032
4 . . .	vergiga	9	The Company	PRC	62152994	July 6, 2032
5 . . .	vergiga	42	The Company	PRC	62159188	July 13, 2032
6 . . .	vergiga semiconductor	9	The Company	PRC	62169758	August 27, 2033
7 . . .	威兆半导体 vergiga semiconductor	9	The Company	PRC	62152965	October 27, 2032
8 . . .		9	The Company	Taiwan	02195734	January 15, 2032
9 . . .		9	The Company	Singapore	40202113542Y	June 8, 2031
10 . .		9	The Company	India	5000273	June 10, 2031
11 . .		9	The Company	Hong Kong	305654999	June 10, 2031
12 . .		9	The Company	Malaysia	TM2021016203	June 9, 2031
13 . .		9	The Company	Japan	6532292	March 23, 2032
14 . .		9	The Company	Korea	40-2018-0097034	April 11, 2029

(b) Patents

As of the Latest Practicable Date, we had registered the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Patent number	Expiry date
1 . . .	A Terminal Structure, Semiconductor Device and its Manufacturing Method (一種終端結構、半導體器件及製作方法)	Invention Patent	Zhuhai Vergiga	ZL202110651512.4	June 9, 2041
2 . . .	A Terminal Structure, Semiconductor Device and its Manufacturing Method (一種終端結構、半導體器件及製作方法)	Invention Patent	Zhuhai Vergiga	ZL202110651513.9	June 9, 2041
3 . . .	Buried Layer Terminal Structure and its Preparation Method (埋層終端結構及其制備方法)	Invention Patent	Zhuhai Haochen	ZL202110695201.8	June 21, 2041
4 . . .	Composite Layer Terminal Structure and its Preparation Method (複合終端結構及其制備方法)	Invention Patent	Zhuhai Haochen	ZL202110695000.8	June 21, 2041
5 . . .	Ultra-junction MOSFET Devices and Chips (超結MOSFET器件及芯片)	Invention Patent	The Company	ZL202110554780.4	May 19, 2041
6 . . .	A Voltage Sampling Structure Based on SGT-MOSFETs (一種基於SGT-MOSFET的電壓採樣結構)	Invention Patent	The Company	ZL202210048704.0	January 16, 2042
7 . . .	A Integrated SGT-MOSFET Device for Voltage Sampling (一種集成式電壓採樣的SGT-MOSFET器件)	Invention Patent	The Company	ZL202210048703.6	January 16, 2042

No.	Patent	Patent type	Patentee	Patent number	Expiry date
8 . . .	Cell Structure, Transistor, and Manufacturing Method of Shielded Gate Metal Oxide Semiconductor Field Effect Transistor (屏蔽柵極金氧半場效晶體管元胞結構、晶體管及製造方法)	Invention Patent	The Company	ZL202210049709.5	January 16, 2042
9 . . .	A IGBT Device and its Manufacturing Method (一種IGBT器件及其製造方法)	Invention Patent	The Company	ZL202210062869.3	January 19, 2042
10 . .	A Shielded Gate Device Featuring Temperature Sampling (一種帶溫度採樣功能的屏蔽柵器件)	Invention Patent	The Company	ZL202210403811.0	April 17, 2042
11 . .	A Semiconductor Device, Terminal Structure and its Manufacturing Method (一種半導體器件、終端結構及其製造方法)	Invention Patent	The Company	ZL202210227409.1	March 9, 2042
12 . .	A IGBT Device and its Manufacturing Method (一種IGBT器件及其製造方法)	Invention Patent	The Company	ZL202210327695.9	March 30, 2042
13 . .	Trench Gate Ultra-junction VOMOS Devices, Chips, and Terminal Equipment (槽柵超結VDMOS器件、芯片及終端設備)	Invention Patent	The Company	ZL202110581224.6	May 25, 2041
14 . .	A Simulation Method of Ultra-junction MOSFET Device (一種超結MOSFET器件的仿真方法)	Invention Patent	The Company	ZL202210485117.8	May 5, 2042
15 . .	A SiC MOS Device Featuring Enhanced Short-Circuit Performance (一種改善短路特性的碳化硅MOS器件)	Invention Patent	The Company	ZL202210502977.8	May 9, 2042

No.	Patent	Patent type	Patentee	Patent number	Expiry date
16 . .	A Dual-channel MOSFET Device and its Manufacturing Method (一種雙溝道MOSFET器件及其製造方法)	Invention Patent	The Company	ZL202210631851.0	June 6, 2042
17 . .	A Conduction Voltage Drop Self-Clamping Semiconductor Device and its Manufacturing Method (一種具有導通壓降自鉗位的半導體器件及其製造方法)	Invention Patent	The Company	ZL202210777870.4	July 3, 2042
18 . .	A Staged Trench Gate SiC MOSFET Structure with Channel Diode and its Preparation Method (一種具有溝道二極管的階梯溝槽柵SiC MOSFET結構及其制備方法)	Invention Patent	The Company	ZL202210876258.2	July 24, 2042
19 . .	A Trench Gate SiC MOSFET Device with Dual-channel Diode and its Preparation Method (一種具有雙溝道二極管的溝槽柵SiC MOSFET器件及其制備方法)	Invention Patent	The Company	ZL202210876407.5	July 24, 2042
20 . .	A Novel Ultra-junction VDMOS Structure and its Preparation Method (一種超結VDMOS新結構及其制備方法)	Invention Patent	The Company	ZL202211078330.3	September 4, 2042
21 . .	Preparation Method of Ultra-junction MOSFETs (一種超結MOSFET的制備方法)	Invention Patent	The Company	ZL202110574914.9	May 24, 2041
22 . .	A Ultra-junction MOSFET (一種超結MOSFET)	Invention Patent	The Company	ZL202211077819.9	September 4, 2042

No.	Patent	Patent type	Patentee	Patent number	Expiry date
23 . .	A Thermal Dissipation Device and Thermal Dissipation Methods of Variable Frequency Drive MOSFETs (一種變頻器MOSFET的散熱裝置及散熱方法)	Invention Patent	The Company	ZL202210973299.3	August 14, 2042
24 . .	A Shielded Gate MOSFET and Manufacturing Method (一種屏蔽柵MOSFET及製作方法)	Invention Patent	The Company	ZL202111025942.1	September 1, 2041
25 . .	A Fast Recovery Diode and its Preparation Method (一種快恢復二極管及其制備方法)	Invention Patent	The Company	ZL202211234158.6	October 9, 2042
26 . .	Fast Recovery Diode and its Preparation Methods (快恢復二極管及其制備方法)	Invention Patent	The Company	ZL202211233564.0	October 9, 2042
27 . .	A Method, Device and Medium for Cleaning and Drying MOSFET Trenches with Feedback (一種反饋式MOSFET溝槽的清洗乾燥方法、裝置及介質)	Invention Patent	The Company	ZL202211142961.7	September 19, 2042
28 . .	A Finite Element Modeling Method and System Based on High Temperature Characteristics of IGBT (一種基於IGBT高溫特性的有限元建模方法及系統)	Invention Patent	The Company	ZL202211194490.4	September 28, 2042

No.	Patent	Patent type	Patentee	Patent number	Expiry date
29	A Dynamic Simulation Method and System of IGBT Fault Operation Parameters (一種IGBT故障運行參數的動態模擬方法及系統)	Invention Patent	The Company	ZL202211245103.5	October 11, 2042
30	A Semiconductor Device and its Manufacturing Method (半導體器件及其製造方法)	Invention Patent	The Company	ZL202211498206.2	November 27, 2042
31	Insulated Gate Bipolar Transistors (絕緣柵雙極型晶體管)	Invention Patent	The Company	ZL202211417218.8	November 13, 2042
32	A Terminal Voltage Withstand Adjustment Method of Insulated Gate Bipolar Transistors (絕緣柵雙極型晶體管的終端耐壓調整方法)	Invention Patent	The Company	ZL202211481979.X	November 23, 2042
33	Insulated Gate Bipolar Transistor (絕緣柵雙極型晶體管)	Invention Patent	The Company	ZL202211482984.2	November 23, 2042
34	Manufacturing Method of Insulated Gate Bipolar Transistors and Insulated Gate Bipolar Transistor (絕緣柵雙極型晶體管的製作方法及絕緣柵雙極型晶體管)	Invention Patent	The Company	ZL202211070222.1	August 31, 2042
35	A Insulated Gate Bipolar Transistor (一種絕緣柵雙極型晶體管)	Invention Patent	The Company	ZL202211029687.2	August 24, 2042
36	High-voltage Silicon Carbide Power Device Terminal and its Manufacturing Method (高壓碳化硅功率器件終端及其製造方法)	Invention Patent	The Company	ZL202310047582.8	January 30, 2043

No.	Patent	Patent type	Patentee	Patent number	Expiry date
37 . .	Semiconductor Devices (半導體器件)	Invention Patent	The Company	ZL202310075946.3	February 6, 2043
38 . .	Insulated Gate Bipolar Transistor and its Gate Voltage Control Method for Carrier Concentration (絕緣柵雙極型晶體管及其載流子濃度控制方法)	Invention Patent	The Company	ZL202310256833.3	March 16, 2043
39 . .	Semiconductor Devices (半導體器件)	Invention Patent	The Company	ZL202310534527.1	May 11, 2043
40 . .	Semiconductor Devices (半導體器件)	Invention Patent	The Company	ZL202310534526.7	May 11, 2043
41 . .	Semiconductor Device and its Manufacturing Method (半導體器件及其製造方法)	Invention Patent	The Company	ZL202310614487.1	May 28, 2043
42 . .	Silicon Carbide MOSFET Device and its Manufacturing Method (碳化硅MOSFET器件及其製造方法)	Invention Patent	The Company	ZL202310614471.0	May 28, 2043
43 . .	Silicon Carbide MOSFET Device with High UIS Capability and its Manufacturing Method (具有高UIS能力的碳化硅MOSFET器件及其製造方法)	Invention Patent	The Company	ZL202310614478.2	May 28, 2043
44 . .	Vertical Semiconductor Device and its Manufacturing Method (半導體縱向器件及其生產方法)	Invention Patent	The Company	ZL202111213211.X	October 17, 2041

No.	Patent	Patent type	Patentee	Patent number	Expiry date
45 . .	A Vertical Semiconductor Device and its Manufacturing Method (一種半導體縱向器件及其生產方法)	Invention Patent	The Company	ZL202111213878.X	October 17, 2041
46 . .	Semiconductor Device and its Manufacturing Method (半導體器件及其製造方法)	Invention Patent	The Company	ZL202310844509.3	July 10, 2043
47 . .	Semiconductor Device and its Preparation Method (半導體器件及其制備方法)	Invention Patent	The Company	ZL202310844510.6	July 10, 2043
48 . .	Gallium Nitride Power Devices (A Gallium Nitride Power Device and its Preparation Method) (氮化鎵功率器件(一種氮化鎵功率器件及其制備方法))	Invention Patent	The Company	ZL202410065349.7	January 16, 2044
49 . .	Bidirectional Gallium Nitride Power Devices (A Bidirectional Gallium Nitride Power Device and its Preparation Method) (氮化鎵雙向功率器件(一種氮化鎵雙向功率器件及其制備方法))	Invention Patent	The Company	ZL202410065348.2	January 16, 2044
50 . .	A Shielded Gate Trench MOSFET Device and its Preparation Method (一種屏蔽柵溝槽型MOSFET器件及其制備方法)	Invention Patent	The Company	ZL202410391005.5	April 1, 2044
51 . .	An Anti-dv/dt SGT Device (一種抗dv/dt的SGT器件)	Invention Patent	The Company	ZL202011065162.5	September 29, 2040

No.	Patent	Patent type	Patentee	Patent number	Expiry date
52 . .	Shielded Gate MOSFET with Uniformly Doped Channel and its Processing Technology (具有均勻摻雜溝道的屏蔽柵MOSFET器件及加工工藝)	Invention Patent	The Company	ZL202011219018.2	November 3, 2040
53 . .	SGT Device and its Preparation Method (SGT器件及其制備方法)	Invention Patent	The Company	ZL202410186179.8	February 19, 2044
54 . .	A Semiconductor Device with ESD Protection Structure and its Preparation Method (一種具有ESD保護結構的半導體器件及其制備方法)	Invention Patent	The Company	ZL202411439017.7	October 14, 2044
55 . .	A Trench Gate IGBT Device (一種溝槽柵IGBT器件)	Invention Patent	Zhuhai Haochen	ZL202010928662.0	September 6, 2040
56 . .	A Trench Gate IGBT Device with Floating Structure (一種具有浮空結構的溝槽柵IGBT器件)	Invention Patent	Zhuhai Haochen	ZL202110153581.2	February 3, 2041
57 . .	A Shielded Gate MOSFET Device with Integrated NPN Punch-Through Triode (一種集成NPN穿通三極管的屏蔽柵MOSFET器件)	Invention Patent	The Company	ZL202011197262.3	October 29, 2040
58 . .	A Trench Gate IGBT Device with Discrete Floating Structure and Trenches (一種浮空結構與溝槽分立的溝槽柵IGBT器件)	Invention Patent	Zhuhai Haochen	ZL202110153724.X	February 3, 2041

No.	Patent	Patent type	Patentee	Patent number	Expiry date
59 . .	A Composite Trough Grid Power Device and its Processing Technology (一種複合溝槽分立柵功率器件及其加工工藝)	Invention Patent	The Company	ZL202011427090.4	December 8, 2040
60 . .	A Trench MOS Cell and Preparation Method Thereof (一種溝槽MOS單元及其製備方法)	Invention Patent	The Company	ZL201410536089.3	October 10, 2034
61 . .	A Semiconductor Device Structure (一種半導體器件結構)	Invention Patent	The Company	ZL201610606441.5	July 28, 2036
62 . .	PiN Diode Based on Lateral Multi-channel Structure and Preparation Method Thereof (基於橫向多溝道結構的PiN二極管及其製備方法)	Invention Patent	The Company	ZL201710310424.1	May 4, 2037
63 . .	A Design Method for a VDMOS Voltage Divider Loop with Vertical multiple PN junctions (一種縱向多重PN結的VDMOS分壓環的設計方法)	Invention Patent	The Company	ZL201811550606.7	December 17, 2038
64 . .	Method for Manufacturing Semiconductor Device (A Method for Manufacturing an Insulated Gate Bipolar Transistor) (半導體器件的製造方法(一種絕緣柵雙極型晶體管製作方法))	Invention Patent	The Company	ZL202211442458.3	November 16, 2042

No.	Patent	Patent type	Patentee	Patent number	Expiry date
65 . .	Semiconductor Power Device and Preparation Method Thereof (A Structure of High-Density Power Device and Preparation Method Thereof) (半導體功率器件及其製備方法(一種高密度功率器件的結構及其製備方法))	Invention Patent	The Company	ZL202510743104.X	June 4, 2045
66 . .	Semiconductor Power Device and Preparation Method Thereof (A Shielded Gate Trench Transistor Device and Preparation Method Thereof) (半導體功率器件及其製備方法(一種屏蔽柵溝槽型晶體管器件及其製備方法))	Invention Patent	The Company	ZL202510858120.3	June 24, 2045
67 . .	Gallium Nitride Power Device and Preparation Method Thereof (A Gallium Nitride Power Device and Preparation Method Thereof) (氮化鎵功率器件及其製備方法(一種氮化鎵功率器件及其製備方法))	Invention Patent	The Company	ZL202510858848.6	June 24, 2045
68 . .	A Metal Layer of IGBT Chip Layout (一種IGBT芯片版圖金屬層)	Utility Model	Zhuhai Haochen	ZL202021820854.1	August 26, 2030
69 . .	A Trench Gate IGBT Device (一種溝槽柵IGBT器件)	Utility Model	Zhuhai Haochen	ZL202021934492.9	September 6, 2030
70 . .	A Terminal Structure and Semiconductor Device (一種終端結構及半導體器件)	Utility Model	Zhuhai Haochen	ZL202121305452.2	June 9, 2031

No.	Patent	Patent type	Patentee	Patent number	Expiry date
71	A Terminal Structure and Semiconductor Device (一種終端結構及半導體器件)	Utility Model	Zhuhai Haochen	ZL202121306194.X	June 9, 2031
72	Composite Terminal Structure (複合終端結構)	Utility Model	Zhuhai Haochen	ZL202121395001.2	June 21, 2031
73	Buried Layer Terminal Structure (埋層終端結構)	Utility Model	Zhuhai Haochen	ZL202121395102.X	June 21, 2031
74	A Trench Gate IGBT Device with Floating Structure and Discrete Trenches (一種浮空結構與溝槽分立的溝槽柵IGBT器件)	Utility Model	Zhuhai Haochen	ZL202120354474.1	February 3, 2031
75	A Trench Gate IGBT Device with Floating Structure (一種具有浮空結構的溝槽柵IGBT器件)	Utility Model	Zhuhai Haochen	ZL202120329605.0	February 3, 2031
76	A Trench MOSFET Device with NPN Sandwich Gate Structure (一種NPN三明治柵結構的溝槽MOSFET器件)	Utility Model	The Company	ZL202022483133.2	October 29, 2030
77	A Shielded Gate MOSFET Device with Uniformly Doped Channel (一種具有均勻摻雜溝道的屏蔽柵MOSFET器件)	Utility Model	The Company	ZL202022530296.1	November 3, 2030
78	A dv/dt-resistant SGT Device (一種抗dv/dt的SGT器件)	Utility Model	The Company	ZL202022224120.3	September 29, 2030
79	An EMI-resistant SGT Device (一種抗EMI的SGT器件)	Utility Model	The Company	ZL202022224211.7	September 29, 2030
80	A Schottky Diode (一種肖特基二極管)	Utility Model	The Company	ZL201720653343.7	June 5, 2027
81	A DMOS Cut-off Ring (一種DMOS截止環)	Utility Model	The Company	ZL201720648610.1	June 5, 2027

No.	Patent	Patent type	Patentee	Patent number	Expiry date
82	A Shielded Gate MOSFET Device with Integrated NPN Punch-through Triode (一種集成NPN穿通三極管的屏蔽柵MOSFET器件)	Utility Model	The Company	ZL202022485628.9	October 29, 2030
83	An SGT MOSFET Device with Bidirectional ESD Protection (一種具有雙向ESD保護能力的SGT MOSFET器件)	Utility Model	The Company	ZL202022484962.2	October 29, 2030
84	A Composite Trough Grid Power Device (一種複合溝槽分立柵功率器件)	Utility Model	The Company	ZL202022933544.7	December 8, 2030
85	Trench Gate Ultra-junction VDMOS Devices and Chips (槽柵超結VDMOS器件及芯片)	Utility Model	The Company	ZL202121154194.2	May 25, 2031
86	Ultra-junction MOSFET Devices (超結MOSFET器件)	Utility Model	The Company	ZL202121092565.9	May 19, 2031
87	Ultra-junction MOSFETs (超結MOSFET)	Utility Model	The Company	ZL202121129551.X	May 24, 2031
88	Semiconductor Devices (半導體器件)	Utility Model	The Company	ZL202121045231.6	May 13, 2031
89	Ultra-junction MOSFET Termination (超結MOSFET終端)	Utility Model	The Company	ZL202121253482.3	June 3, 2031
90	Ultra-junction Power MOSFETs (超結功率MOSFET)	Utility Model	The Company	ZL202120976676.X	May 7, 2031
91	An SGT Device with a PSG Dielectric Protection Layer (一種具有PSG介質保護層的SGT器件)	Utility Model	The Company	ZL202023248067.7	December 27, 2030

No.	Patent	Patent type	Patentee	Patent number	Expiry date
92	An SGT Device with a Dielectric Protection Layer (一種具有介質保護層的SGT器件)	Utility Model	The Company	ZL202023234842.3	December 27, 2030
93	A Shielded Gate MOSFET (一種屏蔽柵MOSFET)	Utility Model	The Company	ZL202122114620.6	September 1, 2031
94	Shielded Gate MOSFET Devices and Chips (屏蔽柵MOSFET器件和芯片)	Utility Model	The Company	ZL202122093215.0	August 30, 2031
95	Semiconductor Devices (半導體器件)	Utility Model	The Company	ZL202122511036.4	October 17, 2031
96	A Semiconductor Device (一種半導體器件)	Utility Model	The Company	ZL202122511154.5	October 17, 2031
97	Semiconductor Package Construction (半導體封裝結構)	Utility Model	The Company	ZL202223599497.2	December 28, 2032
98	Semiconductor Package Construction (半導體封裝結構)	Utility Model	The Company	ZL202223599454.4	December 28, 2032
99	High Voltage Diode (高壓二極管)	Utility Model	The Company	ZL202223483800.2	December 20, 2032
100	Diode Device (二極管器件)	Utility Model	The Company	ZL202223524744.2	December 20, 2032
101	Semiconductor Devices (半導體器件)	Utility Model	The Company	ZL202223423034.0	December 15, 2032
102	Diode Device (二極管器件)	Utility Model	The Company	ZL202223489328.3	December 20, 2032
103	Glass Cleaning Equipment (玻璃清潔設備)	Utility Model	Zhuhai Vergiga	ZL202422039053.6	August 20, 2034
104	A High-Efficiency Heating Melt Adhesive Machine (Hot Melt Adhesive Machine Solution) (一種高效加熱解膠機(熱解膠機方案))	Utility Model	Zhuhai Vergiga	ZL202422672712.X	October 27, 2035

No.	Patent	Patent type	Patentee	Patent number	Expiry date
105.	An Adjustable Wafer Fixture and Melt Adhesive Machine (Hot Melt Adhesive Machine Solution) (一種可調晶圓夾具及解膠機(熱解膠機方案))	Utility Model	Zhuhai Vergiga	ZL202422671145.6	October 31, 2034
106.	Glass Testing Equipment (玻璃檢測設備)	Utility Model	Zhuhai Vergiga	ZL202422083209.0	August 25, 2034
107.	Semiconductor Metal Cleaning Equipment (半導體金屬清洗設備)	Utility Model	Zhuhai Vergiga	ZL202422210936.9	September 8, 2034
108.	Semiconductor Metal Cleaning Equipment (半導體金屬清洗設備)	Utility Model	Zhuhai Vergiga	ZL202422292481.X	September 18, 2034
109.	Rotary Glass Ultrasonic Cleaning Device (旋轉式玻璃超聲波清潔設備)	Utility Model	Zhuhai Vergiga	ZL202422188192.5	September 4, 2034
110.	An Anti-splash Vapor Deposition Device (一種防飛濺的蒸鍍裝置)	Utility Model	Zhuhai Vergiga	ZL202520986725.6	May 18, 2035
111.	Integrated Wafer Detaping and Taping Transfer Platform (晶圓拆貼一體化轉運台)	Utility Model	Zhuhai Vergiga	ZL202521158524.3	June 5, 2035

As of the Latest Practicable Date, we had applied for registration of the following patents which we consider to be material to our business:

No.	Patent	Patent type	Patentee	Application number	Application date
1	A MOSFET Device with Electrostatic Protection Structure and Preparation Method Thereof (A MOSFET Design Method with Electrostatic Protection Structure) (一種帶靜電保護結構的MOSFET器件及其製備方法(一種帶靜電防護結構的MOSFET設計方法))	Invention Patent	The Company	202410276181.4	March 12, 2024

No.	Patent	Patent type	Patentee	Application number	Application date
2 . . .	Field-Effect Transistor and Manufacturing Method Thereof (3 A Silicon Carbide MOSFET Device and Manufacturing Method Thereof) (場效應晶體管及其製造方法(3一種碳化矽MOSFET器件及其製造方法))	Invention Patent	The Company	202310618493.4	May 29, 2023
3 . . .	MOSFET and Manufacturing Method Thereof (1 A Silicon Carbide MOSFET Device and Manufacturing Method Thereof) (金氧半場效晶體管及其製造方法(一種碳化矽MOSFET器件及其製造方法))	Invention Patent	The Company	202310614740.3	May 29, 2023
4 . . .	Preparation Method for Fast Recovery Diode (A Preparation Method for Fast Recovery Diode) (快恢復二極管的製備方法(一種快恢復二極管的製造方法))	Invention Patent	The Company	202310133058.2	February 07, 2023
5 . . .	Semiconductor Device (A Power semiconductor Chip Device) (半導體器件(一種功率半導體芯片裝置))	Invention Patent	The Company	202211626871.5	December 16, 2022
6 . . .	Semiconductor Package Structure (A Manufacturing Method of Insulated Gate Bipolar Transistor) (半導體封裝結構(一種絕緣柵雙極型晶體管製作方法))	Invention Patent	The Company	202211715252.3	December 29, 2022
7 . . .	Semiconductor Package Structure (A Manufacturing Method of Insulated Gate Bipolar Transistor) (半導體封裝結構(一種絕緣柵雙極型晶體管製作方法))	Invention Patent	The Company	202211717716.4	December 29, 2022
8 . . .	Diode Device (A High-voltage Diode) (二極管器件(一種高壓二極管))	Invention Patent	The Company	202211652417.7	December 21, 2022

No.	Patent	Patent type	Patentee	Application number	Application date
9 . . .	Diode Device (A Trench-Type High-voltage Diode) (二極管器件(一種溝槽式的高壓二極管))	Invention Patent	The Company	202211655601.7	December 21, 2022
10 . . .	High-voltage Diode (A High-voltage Diode for EMI Reduction) (高壓二極管(一種降低EMI的高壓二極管))	Invention Patent	The Company	202211652391.6	December 21, 2022
11 . . .	Buried Layer Termination with Deep Trenches and Preparation Method Thereof (Buried Layer Termination Structure with Deep Trenches) (具有深溝槽的埋層終端及其製造方法(一種具有深溝槽的埋層終端結構))	Invention Patent	The Company	202211737562.5	December 29, 2022
12 . . .	Integrated Wafer Transfer Station (Improvement of Quarter Wafer (8K4) Mounting Process) (晶圓拆貼一體化轉運台(四分之一晶圓(8K4)安裝工藝改進))	Utility Model	The Company	202521158524.3	June 06, 2025
13 . . .	A Splash-proof Evaporation Coating Device (A Tungsten Crucible Cover with Nickel Material Splash Prevention Function) (一種防飛濺的蒸鍍裝置(一種具有防止鎳材料飛濺功能的鎢坩堝套))	Utility Model	The Company	202520986725.6	May 19, 2025
14 . . .	Wafer Mounting Mistake-proof Device (Mistake-proof Invention and Improvement of Manual Laminating Machine) (晶圓貼膜防呆裝置(手動貼膜機防呆發明改進))	Utility Model	The Company	202521438554.X	July 09, 2025
15 . . .	A Wafer Auxiliary Ring Management Fixture (Steel Ring Auxiliary Management Fixture) (一種晶圓的輔助環管理治具(鋼環輔助管理治具))	Utility Model	The Company	202521851045X	August 28, 2025

No.	Patent	Patent type	Patentee	Application number	Application date
16 . . .	A Single Wafer Inspection Fixture (Die Inspection Auxiliary Fixture) (一種單顆晶圓檢測治具(Die檢查輔助治具))	Utility Model	The Company	2025218511912	August 28, 2025
17 . . .	A Turnover Trolley for Semiconductor Auxiliary Materials (An Acid-proof Casing Trolley) (一種用於半導體輔料的周轉推車(一種耐酸堿的套箱推車))	Utility Model	The Company	2025219261878	September 08, 2025
18 . . .	A Manual Wafer-Cutting Rotary Fixture (A Manual Wafer-Cutting Rotary Table with Anti-cutting Deviation and Improved Efficiency) (一種用於晶圓的手動切膜旋轉治具(一種具有防切偏且效率提升的手動切膜旋轉台))	Utility Model	The Company	2025219261914	September 08, 2025
19 . . .	A Handle Fixture for Semiconductor Cleaning (A Cleaning Handle Preventing Acid Drips During Pickling Operation) (一種用於半導體清洗的提手治具(一種防止酸洗作業時滴酸的清洗提手))	Utility Model	The Company	2025219557877	September 11, 2025
20 . . .	A Semiconductor Coating Support Fixture (A Ten-claw Steel Ring Enabling Full-surface Conductivity for Vacuum-coated Wafer) (一種用於半導體鍍膜的襯托治具(一種能使真空鍍膜晶圓實現整面導電功能的十爪鋼圈))	Utility Model	The Company	202521997900.8	September 17, 2025
21 . . .	A Splash-proof Special-shaped Evaporation Coating Device for Semiconductor (A Crucible Cover with Splash-proof Function for Evaporation Coating) (一種用於半導體的防飛濺異形蒸鍍裝置(一種具有蒸發鍍膜防飛濺功能的坩堝套))	Utility Model	The Company	2025219557858	September 11, 2025

No.	Patent	Patent type	Patentee	Application number	Application date
22 . . .	Vertical Double-diffused Semiconductor Power Device (Semiconductor Power Device and Preparation Method Thereof) (垂直雙擴散半導體功率器件(半導體功率器件及其製備方法))	Utility Model	The Company	2025227344904	December 24, 2025

(c) Copyright

As of the Latest Practicable Date, we had registered the following copyright which we consider to be material to our business:

No.	Copyright	Registrant	Registration number	Registration date
1. . .	Vergiga Semiconductor Options System V1.0 (威兆半導體器件選型系統V1.0)	The Company	2019SR1336946	December 11, 2019

(d) Domain Name

As of the Latest Practicable Date, we had registered the following domain name which we consider to be material in relation to our business:

No.	Domain name	Registrant	Expiry date
1. . .	vgsemi.com	The Company	November 11, 2027

Save as aforesaid, as of the Latest Practicable Date, there were no other trademarks, patents or other intellectual or industrial property rights which we consider to be material in relation to our business.

(e) Layout Design of Integrated Circuit

As of the Latest Practicable Date, we had maintained the following layout design of integrated circuits which we consider to be material in relation to our business:

No.	Name	Registrant	Registration number	Expiry date
1. . .	VS8068AD	The Company	BS.195601416	July 18, 2029
2. . .	VS6018BS	The Company	BS.195601424	July 18, 2029
3. . .	VS6410AS	The Company	BS.195601394	July 18, 2029
4. . .	VSD950N70HS	The Company	BS.205525733	April 25, 2030
5. . .	VSE002N03MS-G	The Company	BS.205525741	April 25, 2030
6. . .	VS3508AE	The Company	BS.195601386	July 18, 2029
7. . .	VS6412AE	The Company	BS.195601408	July 18, 2029

No.	Name	Registrant	Registration number	Expiry date
8. . .	VS6411AS	The Company	BS.205602495	November 15, 2030
9. . .	VSP003N10MS-G	The Company	BS.205532411	May 17, 2030
10. .	VS12022CAAQ	The Company	BS.205532454	May 17, 2030
11. .	VS0009N06MS-G	The Company	BS.20553242X	May 17, 2030
12. .	VS6614GS	The Company	BS.205605842	November 22, 2030
13. .	VS4110AT	The Company	BS.205605834	November 22, 2030
14. .	VS150N08BT	The Company	BS.205605710	November 22, 2030
15. .	VSI008N10MS3-K	The Company	BS.205602509	November 15, 2030
16. .	VS3618BE	The Company	BS.205605826	November 22, 2030
17. .	VS3510AE	The Company	BS.205602479	November 15, 2030
18. .	VSP004N10MS-G	The Company	BS.20560580X	November 22, 2030
19. .	VSI008N10MS3	The Company	BS.205602487	November 15, 2030
20. .	VS1606GS	The Company	BS.205605818	November 22, 2030
21. .	DMOS Power Chip VS6613GS (DMOS功率芯片VS6613GS)	The Company	BS.215589955	July 26, 2031
22. .	DMOS Power Chip VS4410AT (DMOS功率芯片VS4410AT)	The Company	BS.215601467	August 17, 2031
23. .	DMOS Power Chip VST006N15HS-G (DMOS功率芯片VST006N15HS-G)	The Company	BS.215601351	August 17, 2031
24. .	DMOS Power Chip VS12021CA6Q (DMOS功率芯片VS12021CA6Q)	The Company	BS.215589785	July 26, 2031
25. .	DMOS Power Chip VS12040CA6Q (DMOS功率芯片VS12040CA6Q)	The Company	BS.21558984X	July 26, 2031
26. .	DMOS Power Chip VS12015CAAQ (DMOS功率芯片VS12015CAAQ)	The Company	BS.215589696	July 26, 2031
27. .	DMOS Power Chip VS12010CACQ (DMOS功率芯片VS12010CACQ)	The Company	BS.215589688	July 26, 2031
28. .	DMOS Power Chip VS20270CA4Q (DMOS功率芯片VS20270CA4Q)	The Company	BS.215589890	July 26, 2031
29. .	DMOS Power Chip VS4401ATH (DMOS功率芯片VS4401ATH)	The Company	BS.215601408	August 17, 2031

No.	Name	Registrant	Registration number	Expiry date
30.	DMOS Power Chip VS8402AMH (DMOS功率芯片VS8402AMH)	The Company	BS.215601491	August 17, 2031
31.	DMOS Power Chip VSE007N04MS-G (DMOS功率芯片VSE007N04MS-G)	The Company	BS.215601424	August 17, 2031
32.	DMOS Power Chip VSE009NE6MS-G (DMOS功率芯片VSE009NE6MS-G)	The Company	BS.215601475	August 17, 2031
33.	DMOS Power Chip VSP009N15HS-G (DMOS功率芯片VSP009N15HS-G)	The Company	BS.215601440	August 17, 2031
34.	DMOS Power Chip VS1605APM (DMOS功率芯片VS1605APM)	The Company	BS.215601335	August 17, 2031
35.	DMOS Power Chip VST085N65HS (DMOS功率芯片VST085N65HS)	The Company	BS.215608100	August 26, 2031
36.	DMOS Power Chip VSP003N10HS-G (DMOS功率芯片VSP003N10HS-G)	The Company	BS.215601432	August 17, 2031
37.	DMOS Power Chip VS6616GS (DMOS功率芯片VS6616GS)	The Company	BS.215589963	July 26, 2031
38.	DMOS Power Chip VS20031CA6Q (DMOS功率芯片VS20031CA6Q)	The Company	BS.215589971	July 26, 2031
39.	DMOS Power Chip VS20100CA4Q (DMOS功率芯片VS20100CA4Q)	The Company	BS.21558998X	July 26, 2031
40.	DMOS Power Chip VSP004N10MS-K (DMOS功率芯片VSP004N10MS-K)	The Company	BS.215589998	July 26, 2031
41.	DMOS Power Chip VST012N12MS-G (DMOS功率芯片VST012N12MS-G)	The Company	BS.215608119	August 26, 2031
42.	DMOS Power Chip VS40200AT (DMOS功率芯片VS40200AT)	The Company	BS.215608097	August 26, 2031
43.	DMOS Power Chip VSP007N12MS-G (DMOS功率芯片VSP007N12MS-G)	The Company	BS.215608127	August 26, 2031

No.	Name	Registrant	Registration number	Expiry date
44.	DMOS Power Chip VS3615GE (DMOS功率芯片VS3615GE)	The Company	BS.215601394	August 17, 2031
45.	FRD Power Chip HCDD5F65H1 (FRD功率芯片HCDD5F65H1)	The Company	BS.225620995	November 27, 2032
46.	FRD Power Chip HCDW20F120S1 (FRD功率芯片HCDW20F120S1)	The Company	BS.225621002	November 27, 2032
47.	FRD Power Chip HCDW40F65H1 (FRD功率芯片HCDW40F65H1)	The Company	BS.225620936	November 27, 2032
48.	FRD Power Chip HCDW40F120S1 (FRD功率芯片HCDW40F120S1)	The Company	BS.225621029	November 27, 2032
49.	FRD Power Chip HCDW75F120S1 (FRD功率芯片HCDW75F120S1)	The Company	BS.225621037	November 27, 2032
50.	IGBT Power Chip HCFF150R12KAH1 (IGBT功率芯片HCFF150R12KAH1)	The Company	BS.225620960	November 27, 2032
51.	IGBT功率芯片HCKD5N65AM2	The Company	BS.225621053	November 27, 2032
52.	IGBT Power Chip HCKW25N120H2 (IGBT功率芯片HCKW25N120H2)	The Company	BS.225621061	November 27, 2032
53.	IGBT Power Chip HCKW40N120CS2 (IGBT功率芯片HCKW40N120CS2)	The Company	BS.22562107X	November 27, 2032
54.	IGBT Power Chip IGBT功率芯片HCKW40N120H1	The Company	BS.225620987	November 27, 2032
55.	IGBT Power Chip HCKW60N65BH2A (IGBT功率芯片HCKW60N65BH2A)	The Company	BS.225622874	December 1, 2032
56.	IGBT Power Chip HCKW75N65BH2 (IGBT功率芯片HCKW75N65BH2)	The Company	BS.225622866	December 1, 2032
57.	SGT Power Chip SGT功率芯片VS3603GPMT	The Company	BS.225622815	December 1, 2032
58.	SGT Power Chip VS3620GEMC (SGT功率芯片VS3620GEMC)	The Company	BS.225622807	December 1, 2032
59.	SGT Power Chip VS4833GE (SGT功率芯片VS4833GE)	The Company	BS.225622858	December 1, 2032

No.	Name	Registrant	Registration number	Expiry date
60. .	SGT Power Chip VS8802GPHT (SGT功率芯片VS8802GPHT)	The Company	BS.225622823	December 1, 2032
61. .	SGT Power Chip VSP002N03MST-G (SGT功率芯片VSP002N03MST-G)	The Company	BS.22562284X	December 1, 2032
62. .	DMOS Power Chip VSU60R030HS-F (DMOS功率芯片VSU60R030HS-F)	The Company	BS.225625970	December 11, 2032
63. .	DMOS Power Chip VSU040N65HS-F (DMOS功率芯片VSU040N65HS-F)	The Company	BS.225625962	December 11, 2032
64. .	T-DMOS Power Device Chip VSP003N06MS-G (T-DMOS功率器件芯片VSP003N06MS-G)	The Company	BS.225625938	December 11, 2032
65. .	SGT MOS Power Device Chip VS30025CACQ (SGT MOS功率器件芯片VS30025CACQ)	The Company	BS.225625989	December 11, 2032
66. .	T-DMOS Power Device Chip T-DMOS功率器件芯片VS24170CA4Q	The Company	BS.225625954	December 11, 2032
67. .	T-DMOS Power Device Chip VS24025CAAQ (T-DMOS功率器件芯片VS24025CAAQ)	The Company	BS.225625997	December 11, 2032
68. .	T-DMOS Power Device Chip T-DMOS功率器件芯片VS6832DS-AG	The Company	BS.225625946	December 11, 2032
69. .	T-DMOS Power Device Chip VS4602AP (T-DMOS功率器件芯片VS4602AP)	The Company	BS.225625903	December 11, 2032
70. .	T-DMOS Power Chip VS24015CACQ (T-DMOS功率芯片VS24015CACQ)	The Company	BS.225628112	December 15, 2032
71. .	T-DMOS Power Device Chip VST015N15HS-G (T-DMOS功率器件芯片VST015N15HS-G)	The Company	BS.22562804X	December 15, 2032
72. .	T-DMOS Power Device Chip VSM008N15HS-G (T-DMOS功率器件芯片VSM008N15HS-G)	The Company	BS.225628066	December 15, 2032

No.	Name	Registrant	Registration number	Expiry date
73. .	T-DMOS Power Device Chip VSM004N15HS-G (T-DMOS功率器件芯片 VSM004N15HS-G)	The Company	BS.225628090	December 15, 2032
74. .	T-DMOS Power Device Chip VS24080CA6Q (T-DMOS功率器件芯片 VS24080CA6Q)	The Company	BS.225628104	December 15, 2032
75. .	DMOS Power Chip VS4603DM6 (DMOS功率芯片VS4603DM6)	The Company	BS.23561498X	December 28, 2033
76. .	DMOS Power Chip VS6604GP (DMOS功率芯片VS6604GP)	The Company	BS.235614998	December 28, 2033
77. .	DMOS Power Chip VSO009N06MS-GA (DMOS功率芯片 VSO009N06MS-GA)	The Company	BS.235615005	December 28, 2033
78. .	DMOS Power Chip VSP004N10MSC-G (DMOS功率芯片 VSP004N10MSC-G)	The Company	BS.235615013	December 28, 2033
79. .	DMOS Power Chip VSP007P06MS (DMOS 功率芯片VSP007P06MS)	The Company	BS.235614971	December 28, 2033
80. .	DMOS Power Chip DMOS 功率芯片VSU040N65HS3	The Company	BS.235614955	December 28, 2033
81. .	SGT MOS Power Chip VS1891GKH (SGT MOS 功率芯片VS1891GKH)	The Company	BS.235614963	December 28, 2033
82. .	Trench DMOS Power Chip VS3618AP (Trench MOS 功率芯片VS3618AP)	The Company	BS.245502815	January 14, 2034
83. .	SGT MOS Power Chip VS1891GMH (SGT MOS 功率芯片 VS1891GMH)	The Company	BS.245607242	December 30, 2034
84. .	Trench MOS Power Chip VS3518AE (Trench MOS 功率芯片 VS3518AE)	The Company	BS.245607331	December 30, 2034
85. .	Trench MOS Power Chip VS3618AE (Trench MOS 功率芯片 VS3618AE)	The Company	BS.245607218	December 30, 2034
86. .	Trench MOS Power Chip VS3622DE (Trench MOS 功率芯片 VS3622DE)	The Company	BS.24560734X	December 30, 2034
87. .	Trench MOS Power Chip VS3698AP (Trench MOS 功率芯片 VS3698AP)	The Company	BS.245607234	December 30, 2034

No.	Name	Registrant	Registration number	Expiry date
88.	SGT MOS Power Chip VS4620GEMC (SGT MOS功率芯片 VS4620GEMC)	The Company	BS.245607250	December 30, 2034
89.	SGT MOS Power Chip VS4802GPHT (SGT MOS功率芯片 VS4802GPHT)	The Company	BS.245607277	December 30, 2034
90.	DMOS Power Chip VS3610AE (DMOS功率芯片 VS3610AE)	The Company	BS.245607293	December 30, 2034
91.	DMOS Power Chip VS6614DS (DMOS功率芯片 VS6614DS)	The Company	BS.245607285	December 30, 2034
92.	DMOS Power Chip VS6614GE (DMOS功率芯片 VS6614GE)	The Company	BS.245607307	December 30, 2034
93.	DMOS Power Chip VS40200AP (DMOS功率芯片 VS40200AP)	The Company	BS.245607358	December 30, 2034
94.	DMOS Power Chip VSD011N10HS-G (DMOS功率芯片 VSD011N10HS-G)	The Company	BS.245607323	December 30, 2034
95.	DMOS Power Chip VSP003N08HS-GA (DMOS功率芯片 VSP003N08HS-GA)	The Company	BS.245607366	December 30, 2034
96.	DMOS Power Chip VSD007P06MS (DMOS功率芯片 VSD007P06MS)	The Company	BS.245607374	December 30, 2034
97 .	Chip Scale Package DMOS chip VS12022CZAQ (芯片級封裝DMOS芯片 VS12022CZAQ)	Zhuhai Vergiga	BS.25553700X	May 20, 2035
98 .	Chip Scale Package DMOS chip VS12040CZ6Q (芯片級封裝DMOS芯片 VS12040CZ6Q)	Zhuhai Vergiga	BS.255536984	May 20, 2035
99 .	Chip Scale Package DMOS chip VS20100CZ4Q (芯片級封裝DMOS芯片 VS20100CZ4Q)	Zhuhai Vergiga	BS.255536992	May 20, 2035
100 .	VGIG55A0 Chip (芯片VGIG55A0)	The Company	BS.255596995	December 1, 2035
101 .	VGIG55B0 Chip (芯片VGIG55B0)	The Company	BS.255597002	December 1, 2035

No.	Name	Registrant	Registration number	Expiry date
102 .	SGT MOS Power Chip VS4653GPHT (SGT MOS功率芯片 VS4653GPHT)	The Company	BS.255604602	December 24, 2035
103 .	SGT MOS Power Chip VS8801GKH (SGT MOS 功率芯片VS8801GKH)	The Company	BS.255604610	December 24, 2035
104 .	Trench MOS Power Chip VSE2R5N03MS (Trench MOS功率芯片 VSE2R5N03MS)	The Company	BS.255604629	December 24, 2035
105 .	SGT MOS Power Chip QH4007GPHT (SGT MOS功率芯片 QH4007GPHT)	The Company	BS.255604580	December 24, 2035
106 .	DMOS Power Chip VSP001N06HST-G (DMOS功率芯片 VSP001N06HST-G)	The Company	BS.255604637	December 24, 2035

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of Interests

(a) Interests of our Directors and chief executive

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised), the interests or short positions of our Directors and chief executive in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the H Shares are [**REDACTED**], are set out below:

(i) Interest in our Company

Name of Shareholder	Nature of interest[(1)]	Number and class of Shares or underlying Shares held	Shareholding in relevant class of Shares or underlying Shares held as of the Latest Practicable Date	Approximate shareholding in relevant class of Shares after the [REDACTED][(2)]
Mr. Li.	Beneficial owner	24,251,965 Shares	39.19%	[**REDACTED**]%

Name of Shareholder	Nature of interest[1]	Number and class of Shares or underlying Shares held	Shareholding in relevant class of Shares or underlying Shares held as of the Latest Practicable Date	Approximate shareholding in relevant class of Shares after the [REDACTED][2]
	Interest in controlled corporation[3]	13,979,487 Shares	22.59%	[**REDACTED**]%

Notes:

(1) All interests stated are long positions.

(2) The calculation is based on the total number of [**REDACTED**] Shares in issue immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised).

(3) As of the Latest Practicable Date, Zhoushan Tuowei was held as to 88% by Mr. Li as its general partner and 12% by Ms. Wu Shaodan (吳少丹), Mr. Li's spouse. Zhoushan Jicheng was held as to approximately 90.15% by Mr. Li as its general partner and approximately 9.85% by 35 limited partners, each of whom is our current employee and an Independent Third Party holding less than 10% of partnership interest of Zhoushan Jicheng. By virtue of the SFO, Mr. Li is deemed to be interested in the Shares held by Zhoushan Tuowei and Zhoushan Jicheng. For details, see "History, Development and Corporate Structure — Corporate Structure" and "Substantial Shareholders" in this document.

(ii) Interest in our associated corporations

So far as our Directors are aware, immediately following the completion of the [**REDACTED**], no Directors or the chief executive will, directly or indirectly, be interested in the shares or underlying shares of the associated corporations of our Company.

(b) Interests of our substantial Shareholders

Save as disclosed in the section headed "Substantial Shareholders" in this document, immediately following the completion of the [**REDACTED**] and the Conversion of Unlisted Shares into H Shares, our Directors are not aware of any other person (other than our Directors or chief executive) who will have an interest or short position in our Shares or the underlying Shares which would fall to be disclosed to us and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the issued voting shares of our Company or any other members of our Group.

2. Directors' Service Contracts and Letters of Appointment

Each of our executive Directors entered into a service contract with our Company on [●]. The terms of appointment under the service contracts are for an initial term of three years from the [**REDACTED**], subject to termination in accordance with their respective terms. The service contracts may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

We issued letters of appointment to each of our independent non-executive Directors on [●]. The terms of appointment under the letters of appointment are for an initial term of three years from the [**REDACTED**], subject to termination in accordance with their respective terms. The letters of appointment may be renewed in accordance with our Articles of Association and the applicable Listing Rules.

Save as disclosed above, none of our Directors have entered, or have proposed to enter, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' Remuneration

The aggregate remuneration paid and benefits in kind granted to our Directors by our Group in respect of the last completed financial year, being year ended December 31, 2025, was RMB5.8 million. For details of our Directors' emoluments during the Track Record Period, see Note 9 to the Accountants' Report in Appendix I to this document.

Under the arrangements in force at the date of this document, we estimate the aggregate remuneration payable to, and benefits in kind receivable by, our Directors by our Group in respect of the year ending December 31, 2026 to be approximately RMB5.9 million.

D. PRE-[REDACTED] EQUITY INCENTIVE PLAN

Purpose

The main purpose of the Pre-[**REDACTED**] Equity Incentive Plan is to improve the incentive mechanism of the Group, further enhance the work enthusiasm and creativity of the participants of our employees, promote the continued growth of the performance of the Group, and bring economic benefits to the eligible participants under the Pre-[**REDACTED**] Equity Incentive Plan while enhancing the value of the Group, so as to realize the common development of the eligible participants under the Pre-[**REDACTED**] Equity Incentive Plan and the Group.

Administration

The Shareholders' meeting is the highest decision-making body of the Pre-[**REDACTED**] Equity Incentive Plan and is responsible for reviewing and approving its formulation, modification, and termination. As approved by the Shareholders, the Board is responsible for the day-to-day management, implementation, interpretation and amendment of the Pre-[**REDACTED**] Equity Incentive Plan.

Eligible Participants

The eligible participants under the Pre-[**REDACTED**] Equity Incentive Plan include our Group's key personnel, other employees, and other participants as determined by the Board necessary to be awarded.

Form of Awards under the Pre-[REDACTED] Equity Incentive Plan

The participants shall subscribe for partnership interests of the ESOP Platforms as limited partners according to the number of awards granted under the Pre-[**REDACTED**] Equity Incentive Plan, thereby indirectly holding the Shares of our Company by virtue of their capacity as limited partners of the relevant ESOP Platforms.

Lock-up Period and Transfer Restrictions

Awards granted under the Pre-[**REDACTED**] Equity Incentive Plan will be subject to a lock-up period from the date of grant ending upon the expiry date of the statutory lock-up period from the date of successful [**REDACTED**] of the Company on the Hong Kong Stock Exchange (the "**First Lock-up Period**"). During the First Lock-up Period, without the written consent from the Board, the grantees shall not directly or indirectly dispose the partnership interests held in the ESOP Platforms.

Upon the expiry of the First Lock-up Period, the restricted Shares will be unlocked in tranches of 25%, 25% and 50% in each of the three unlocking periods that occur between the first [**REDACTED**] date after the First Lock-up Period and the last [**REDACTED**] day up to 24 months (the "**Second Lock-up Period**"), respectively. During the Second Lock-up Period, the grantee may transfer all of his/her partnership interests if the Shares underlying the corresponding partnership interests are less than 100.

Rights Attached to Awards

The general partners of the ESOP Platforms shall exercise voting rights on behalf of the eligible participants under the Pre-[**REDACTED**] Equity Incentive Plan in respect of the Shares underlying the awards. The eligible participants under the Pre-[**REDACTED**] Equity Incentive Plan have the rights to any dividends or distributions from any Shares underlying the awards.

Details of Shares held by the ESOP Platforms and interests granted under the Pre-[REDACTED] Equity Incentive Plan

As of the Latest Practicable Date, all partnership interests in the ESOP Platforms have been granted to, vested in and subscribed by the partners, and the relevant registration had been completed. The ESOP Platforms held a total of 8,083,988 Shares in our Company, representing approximately 13.06% of the total issued shares of our Company immediately prior to the [**REDACTED**].

As of the Latest Practicable Date, the partnership interest in the relevant ESOP Platforms held by Directors, senior management and connected persons under the Pre-[**REDACTED**] Equity Incentive Plan are set out below:

	Percentage of partnership interest in relevant ESOP Platforms	
Name	**Zhoushan Jicheng**	**Weizhuyexin**
Directors and senior management of the Company		
Mr. LI Weicong (李偉聰)	90.15%	6.99%
Mr. HUANG Yi (黃義)	–	10.14%
Mr. HE Wei (何偉)	–	9.73%
Mr. JIANG Chunliang (姜春亮)	–	7.30%
Mr. SHI Shuai (史帥)	8.33%	5.84%
Ms. XU Caifang (徐采芳)	–	4.87%
Connected person of the Company (other than the Directors as listed above)		
Mr. ZHANG Xiaoqing (張小青)[(1)]	–	2.43%
Other grantees		
–	1.52%	52.70%[(2)]

Notes:

(1) Mr. ZHANG Xiaoqing (張小青) is the chief executive of our principal subsidiaries.

(2) None of the grantees holds more than 30% of its partnership interests therein.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty would be likely to fall upon any member of our Group.

2. Litigation

Save as disclosed in this document and so far as our Directors are aware, no litigation or claim of material importance is pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an [**REDACTED**] on our behalf to the [**REDACTED**] Committee for the [**REDACTED**] of, and permission to [**REDACTED**] in, the H Shares in issue and to be issued pursuant to the [**REDACTED**] (including any additional H Shares which may be issued pursuant to the exercise of the [**REDACTED**]).

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The Sole Sponsor will receive a fee of US$1,150,000 for acting as a sponsor for the [**REDACTED**].

4. No Material Adverse Change

Save as disclosed in this document, our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since May 31, 2026 (being the date to which the latest consolidated financial statements of our Group were prepared).

5. Qualification and Consent of Experts

This document contains statements made by the following experts:

Name	Qualification
GF Capital (Hong Kong) Limited	A licenced corporation to conduct Type 6 (advising on corporate finance) regulated activity as defined under the SFO
Global Law Office	Legal advisor as to PRC laws
Ernst & Young	Certified public accountants and public interest entity auditor
China Insights Industry Consultancy Limited	Independent industry consultant
Hogan Lovells Cadwalader International LLP	Legal advisor to U.S. Foreign Investment and International Sanctions laws

As of the Latest Practicable Date, none of the experts named above had any shareholding in any member of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

The experts named above have each given and have not withdrawn their respective written consents to the issue of this document with copies of their reports, letters, opinions or summaries of opinions (as the case maybe) and references to their names included in the form and context in which they are respectively included.

6. Promoters

Information of our promoters at the time of our Company's conversion into a joint stock limited company on June 28, 2022 is as follows:

Shareholder	Number of Shares held upon our conversion	Percentage shareholding
Mr. Li	10,000,000	44.18%
Zhoushan Tuowei	3,333,334	14.73%
Zhoushan Jicheng	2,430,936	10.74%
OPPO Guangdong	1,289,168	5.70%
Weizhuyexin	902,397	3.99%
Fenhu Qinhe VC	838,169	3.70%
Yuanhe Puhua	705,985	3.12%
Intel	679,056	3.00%
Yancheng VC	669,819	2.96%
Hubei Xiaomi	615,732	2.72%
Moqin Intelligent	541,255	2.39%
Fenglin VC	394,011	1.74%
Fengyuan VC	235,328	1.04%
Total	**22,635,190**	**100.00%**

Save as disclosed in this document, within the two years immediately preceding the date of this document, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to the above promoters in connection with the [**REDACTED**] and the related transactions described in this document.

7. Preliminary Expenses

We have not incurred any material preliminary expenses.

8. Binding Effect

This document shall have the effect, where an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

9. Bilingual Document

The English language and Chinese language versions of this document are being published separately in reliance upon the exemption provided by section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

10. Miscellaneous

(a) Save as disclosed in this document, within the two years immediately preceding the date of this document:

(i) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any capital of any member of our Group, and no Directors, promoters or experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have received any such payment or benefit;

(ii) no capital of any member of our Group has been issued or is proposed to be issued for cash or issued as fully or partly paid up otherwise than in cash;

(iii) none of our Directors or the experts named in "— E. Other Information — 5. Qualification and Consent of Experts" in this section have any interest, direct or indirect, in the promotion of, or in any assets which have been, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(iv) no commissions (but not including commissions to [**REDACTED**]) have been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any Shares or debentures of our Company.

(b) Save as disclosed in this document:

(i) there is no arrangement under which future dividends are waived or agreed to be waived;

(ii) our Company has no outstanding convertible debt securities or debentures;

(iii) there are no founder, management or deferred shares in our Company or any of our subsidiaries;

(iv) no capital of any member of our Group is under option, or is agreed conditionally or unconditionally to be put under option;

(v) there has not been any interruption in the business of our Group which may have or have had a significant effect on our financial position in the 12 months immediately preceding the date of this document; and

(vi) none of our Directors are materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI to this document; and

(b) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VI to this document.

DOCUMENTS AVAILABLE ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.vgsemi.com** for a period of 14 days from the date of this document:

(a) the Articles of Association;

(b) the audited consolidated financial statements of our Group for the Track Record Period;

(c) the Accountants' Report for the Track Record Period issued by Ernst & Young, the text of which is set out in Appendix I to this document;

(d) the report on the unaudited [**REDACTED**] financial information of our Group issued by Ernst & Young, the text of which is set out in Appendix II to this document;

(e) the legal opinions issued by Global Law Office, our PRC Legal Advisor, in respect of certain aspects and the property interests of the Group in the PRC;

(f) the industry report issued by China Insights Industry Consultancy Limited;

(g) the material contracts referred to in "Statutory and General Information — B. Further Information About Our Business — 1. Summary of Material Contracts" in Appendix VI to this document;

(h) the service contracts and letters of appointment referred to in "Statutory and General Information — C. Further Information About Our Directors and Substantial Shareholders — 2. Directors' Service Contracts and Letters of Appointment" in Appendix VI to this document;

(i) the written consents referred to in "Statutory and General Information — E. Other Information — 5. Qualification and Consent of Experts" in Appendix VI to this document;

(j) the PRC Company Law, Securities Law, and the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies, together with unofficial English translations thereof; and

(k) the memorandum issued by Hogan Lovells Cadwalader International LLP (formerly Hogan Lovells International LLP), our legal advisers to U.S. foreign investment and international sanctions laws.