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**InnoScience (Suzhou) Technology Holding Co., Ltd.**  
**英諾賽科(蘇州)科技股份有限公司**

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

**(Stock Code: 2577)**

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**

The board (the “**Board**”) of directors (the “**Directors**”) of InnoScience (Suzhou) Technology Holding Co., Ltd. (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”, or “**InnoScience**”) for the year ended December 31, 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended December 31, 2023.

**2024 FINANCIAL AND BUSINESS HIGHLIGHTS**

**1. Rapid Revenue Growth and Significant Profitability Improvement**

- The Group’s revenue during the Reporting Period reached RMB828.5 million, representing a year-on-year increase of 39.8%;
- With the expansion of the Group’s production scale and the implementation of cost reduction and efficiency improvement measures, production costs fell rapidly and gross margins continued to improve significantly, with the Group’s gross loss margin shrinking from -61.6% in 2023 to -19.5% in 2024, representing an improvement of 42.1 percentage points.

**2. Continuous Growth in the Share of Products in Consumer Electronics Applications with Significant Breakthroughs in Strategic Emerging Areas such as New Energy Vehicles and AI**

- Consumer Electronics: The Group has expanded the application of GaN chip products from the traditional charger and adaptor markets to mobile phones, laptops, TVs, air conditioners, audio systems, kitchen appliances, and other niche markets. During the Reporting Period, the Group’s revenue from consumer electronics grew by 48.0% year-on-year;
- New Energy Vehicles: Automotive electronics grew rapidly, with shipments of automotive-grade chips increasing by 986.7% year-on-year;
- AI and Data Center: Shipment of server power supply chips continued to grow with the mass production of GaN products for 48V to 12V applications, and shipments of AI and data center chips increased by 669.8% year-on-year;

- Humanoid Robots: A whole series of 150V/100V GaN products were launched, covering various applications such as joint and dexterous hand motor drives, intelligent power conversion and battery management. Among them, the 100W joint motor drive products have been mass-produced.

### **3. Significant Achievements in R&D Leading to Further Improvement of Process Platform and Product Portfolio as well as Increase in Core Competitiveness**

- Launch of the third-generation high- and low-voltage process platform, along with device platforms for automotive-grade and encapsulated devices: The chip output per wafer increased by more than 30% as compared to the previous generation, with further improvements in key performance indicators of chips;
- Launched a series of new products and achieved a number of major industry breakthroughs:

Medium – and low-voltage (15-200V) GPU terminal power supply and other products have achieved large customer design-ins in the automotive and AI fields;

Achieved breakthroughs in high-voltage 1,200V high-power devices and samples were sent to customers;

Sales of low-voltage GaN bidirectional conduction products increased by 97% year-on-year, high-voltage GaN bidirectional conduction products were successfully developed and samples were sent to customers;

Launched GaN encapsulated products that can be applied to data center, electric vehicle and robotic servomotor power supply;

- During the Reporting Period, the Group launched over 50 new products and achieved 471 customer design-ins.

### **4. Significant Decrease in Manufacturing Costs and Continuous Improvement in Yield:**

In 2024, the overall yield of the Group was 95%, and unit manufacturing costs decreased by nearly 40%, accelerating the improvement of profitability.

### **5. Rapid Growth in Overseas Markets:**

Overseas revenue of the Group amounted to RMB126.4 million during the Reporting Period, representing a year-on-year increase of 118.1%.

### **6. Shipment Exceeded the Cumulative Total of All Previous Years:**

The Group shipped 660 million chips during the Reporting Period, with annual shipments exhibiting a geometric growth trend.

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. Industry Trends and Company Overview

In 2024, the rapid development of AI and the explosive growth in computing power demand are driving AI and data center companies to accelerate the deployment of GaN chips to enhance power efficiency. The new energy vehicle industry continued to grow rapidly, with increasingly stringent requirements from automakers for range, charging and performance, thereby increasing the demand for small, high-efficiency power devices. Humanoid robots, as a hot topic in the technology sector, continued to develop rapidly in 2024. Their high requirements for power management, intelligent sensing and precise control are prompting manufacturers to expand the application of GaN devices to improve servomotor efficiency and response speed. With its core advantages of high frequency, high power density, and low energy loss, GaN is rapidly penetrating the traditional silicon-based power chip market and quickly capturing emerging application markets.

As the first GaN company adopting an IDM model in the world to achieve mass production of 8-inch wafers, the Group achieved strong revenue growth during the Reporting Period by virtue of its first-mover technological advantage in multiple fields and its synergy throughout the industry value chain, promoting the rapid penetration of GaN in downstream applications.

### II. Product R&D Review

InnoScience is the only company in the world that offers a full voltage spectrum of GaN-on-Si power semiconductors, and its products under mass production and R&D cover voltages from 15V to 1,200V. The Group focuses on two major trends for GaN application development: high-power for high-voltage products and high-frequency for medium- and low-voltage products. The Group continually optimizes product performance and application reliability, empowering downstream industries to transition towards intelligent and green development.

#### ***High-voltage products (650V/700V/900V/1,200V)***

For high-voltage products, the Group focuses on advancing the R&D of high-power devices and modules. Currently, the types of the Group's 900V products and their applications are rapidly expanding, gradually covering higher power applications. These products have achieved stable mass production in the fields of chargers and household appliances, demonstrating higher performance and reliability than silicon devices. Meanwhile, the Group has developed the 1,200V platform and a series of high-voltage V-GaN products, with the 1,200V platform products having completed R&D verification. Additionally, a new-generation 700V GaN device platform has achieved design-ins and is expected to commence mass production in 2025. Products based on this platform will significantly reduce the switching and conduction losses of the device, achieving world-leading efficiency performance. They will also help AI server power supplies further improve efficiency and power density, breaking through the bottleneck of cabinet power.

During the Reporting Period, the 700V GaN encapsulated chips launched by the Group integrated adaptive drive circuits and non-destructive current detection functions, improving the charging power density of mobile phones, tablets and laptops to the forefront of the industry and effectively shortening the charging time of terminal devices. Launched by the Group in December 2024, the industry's first 700V high-power TO247-4L E-Mode GaN encapsulated chip integrates short-circuit, over-temperature, and other protection functions. It is compatible with mainstream silicon controllers and driver ecosystems, supporting high-reliability applications such as 1KW~4KW server power supplies, air conditioning power supplies and motor drives.

### ***Medium-voltage products (100V/150V/200V)***

For medium-voltage products, the Group fully leverages the high-frequency advantages of GaN, focusing on enhancing product frequency. The high-frequency nature of power devices can significantly reduce the size and usage of peripheral components such as inductors and capacitors, achieving power supply miniaturization and thereby reducing manufacturing costs for manufacturers. The Group focuses on developing 100V and 200V medium-voltage devices to meet the technical demands of automotive electronics, data centers and industrial automation. These devices are widely used in DC power conversion for data centers, robotic dexterous hands and servomotors. To meet the performance requirements of LiDAR for autonomous driving, the Group launched smaller packaged 100V automotive-grade devices during the Reporting Period, which extend the detection range of in-vehicle LiDAR, reduce power loss and temperature rise, and better meet the needs of in-vehicle LiDAR systems. Additionally, in 2024, the Group released a 100V half-bridge encapsulated chip, which improves power efficiency and density, reduces component size and cooling requirements, and lowers power manufacturing and usage costs. This chip can be applied in data centers and 48V voltage conversion systems for electric vehicles, and shows great potential in power supplies for robotic servomotors.

### ***Low-voltage products (15V/30V/40V)***

For low-voltage products, the Group continues to achieve application miniaturization through product high-frequency optimization based on its existing product lines, meeting the extensive demands of current downstream applications and emerging applications such as AI. During the Reporting Period, the Group launched the industry's first 30V V-GaN chip, which replaces traditional silicon MOS solutions and is primarily used in overcurrent protection and load switch applications. The Group's 40V automotive-grade device commenced mass production during the Reporting Period. The product features small size, low energy loss, high frequency and high power, and is primarily applied to in-vehicle charging modules for mobile phones and laptops.

### III. Product Application Review

In 2024, the Group accelerated the replacement of traditional silicon-based products with third-generation semiconductors, achieving breakthroughs in multiple fields driven by changes in structural demand.

- ***Automotive electronics:*** The Group focuses on the diversified needs of intelligent driving systems. During the Reporting Period, the Group achieved design-ins from a number of domestic and foreign automotive OEMs and deepened cooperation with large global manufacturers to develop automotive-grade GaN chips. These efforts aim to simplify the topology design of power devices, improve the overall energy efficiency of automobiles, reduce vehicle manufacturing costs, extend mileage, and realize the next generation of intelligent and lightweight electric vehicles.
- ***Data centers:*** The Group has mass-produced and delivered chips for server power supply to multiple global manufacturers and is actively promoting the application of GaN chips in GPU DC power conversion. Benefiting from the strong demand for high-efficiency and high-power-density power solutions in data centers, the Group has launched 650V and 100V GaN power devices, which can be applied to server power supplies and high-power-density power supplies for 48V to 12V conversion on motherboards in data centers. The application of GaN significantly enhances the efficiency and power density of the power supply chain in data centers, achieving more efficient and energy-saving power conversion. High-efficiency power conversion can reduce energy waste and heat generation, thereby lowering the operational costs of AI computing and improving the reliability and stability of servers.
- ***Consumer electronics:*** Driven by consumer preferences and market competition, downstream consumer electronics manufacturers increasingly favor more integrated, intelligent and cost-effective power chips. Building on its market advantages in mobile phones, laptops and small household appliances, the Group further expanded its applications in niche markets during the Reporting Period. During the Reporting Period, the Group developed chips applied in air conditioner motors for a globally renowned household appliance manufacturer, reducing the use of traditional heat-dissipating aluminum materials, thereby saving energy and costs for the manufacturer, and reducing air conditioner motor noise to provide consumers with a more comfortable, aesthetically pleasing and energy-efficient experience. Additionally, the Group's 100V GaN products for audio systems have been mass-produced and delivered.
- ***Renewable energy and industrial applications:*** The Group has continually delivered power modules to major global new energy manufacturers and served the energy-saving and consumption-reduction needs of industries such as lithium batteries and photovoltaics, while continuing to develop new power chips and solutions. By the end of 2024, the cumulative delivery volume of chips for renewable energy and industrial applications reached 33.0 million, highlighting the Group's strong capabilities and positive growth trajectory in this field.

- ***Humanoid robots:*** In 2024, humanoid robot applications demonstrated strong growth momentum. The properties of GaN devices provide significant advantages in humanoid robot applications, enabling more precise control, reduced switching losses and smaller sizes. These features meet the demands for high efficiency, high reliability and miniaturization in robots. GaN motor drive technology is expected to dominate the humanoid robot field, driving robot design towards higher energy efficiency, greater stability and superior intelligence. During the Reporting Period, the Group actively expanded its presence in robot applications, launching a whole series of GaN products, primarily including 150V and 100V GaN power devices. These products can be widely applied to robot charging, battery power management, internal power conversion modules and joint motor drives. The Group has completed the development of relevant reference solutions and is actively collaborating with industry customers on project development.

In addition, to further meet the expectations of downstream manufacturers in data centers, automotive electronics and robotics for more comprehensive power solutions during the adoption of GaN to replace silicon chips, the Group launched multiple GaN driver products during the Reporting Period. These product launches enrich and complete the GaN downstream application ecosystem, enhancing the convenience and reliability for downstream manufacturers in applying GaN chips.

#### **IV. Iteration of the Process Technology Platform**

Based on its 8-inch GaN-on-Si technology and leveraging its forward-looking development of core technologies and key processes, as well as long-term continual investments, the Group has established a globally leading mature process technology platform. During the Reporting Period, building on the existing mass-produced process platform, the Group developed its new third-generation high- and low-voltage process technology platform, as well as new device platforms for automotive-grade, bidirectional conduction and encapsulated ICs. The iteration of the new process technology platform will expand the product voltage range, optimize device performance and enhance product frequency. Furthermore, the third-generation process technology platform significantly improves wafer output efficiency compared to the existing mass-produced process platform, increasing chip output per wafer by over 30% and further optimizing the key performance indicators of chips.

Meanwhile, based on the existing mass-produced process technology platform, the Group continues to optimize device design and production processes, reducing the number of processes, lowering raw material costs, and improving equipment utilization efficiency. These efforts further reduce chip production costs, enhance the cost-effectiveness of chips, and expand market competitiveness and leading advantages.

#### **V. Production and Supply Chain Management**

The Group controls the entire process from chip design, wafer manufacturing, packaging and testing, to sales and delivery, with each process closely coordinated to fully utilize production capacity. By the end of 2024, the Group's production capacity reached 13,000 wafers per month.



To improve product yield, the Group focuses on enhancing process stability, increasing process efficiency and controlling defect occurrence. Specific measures include implementing standardized operating procedures, strengthening process monitoring and defect detection, and conducting regular employee training and equipment maintenance. In 2024, the overall yield rate exceeded 95%.

During the Reporting Period, the Group implemented multi-dimensional cost reduction and efficiency enhancement strategies, achieving rapid revenue growth and a virtuous cycle of efficient supply chain operations. On one hand, the Group deepened stable collaboration with core partners while simultaneously strengthening the supplier management system and procurement pricing mechanism. The Group also actively expanded diversified supply channels, significantly reducing procurement costs through advancements in the evaluation of domestic supply substitutes. On the other hand, leveraging cross-departmental technical efforts, the Group focused on process optimization and equipment upgrades and replacements, reducing material loss rates in production and improving energy utilization efficiency, thereby saving manufacturing costs. In addition, the Group utilized IT systems to optimize inventory management, closely coordinating logistics and material control to reduce costs in relation to inventory and enhance operational efficiency.

## **VI. Sales and Marketing**

During the Reporting Period, the Group strived to expand overseas markets, deepen customer cooperation and seize the opportunity of surging downstream market demand.

### **Overseas market**

In the overseas market, the Group has established strategic partnerships with several major traditional power chip manufacturers in Europe and the United States to jointly promote the large-scale application of GaN chips in fields including consumer electronics and automotive electronics, thereby enhancing the GaN ecosystem. Meanwhile, the Group closely collaborates with leading global silicon MOS power semiconductor companies to facilitate the transition of downstream users to GaN chips, meeting the power supply transformation needs of industries such as data centers and automotive electronics. During the Reporting Period, the Group's revenue from sales overseas reached RMB126.4 million, accounting for 15.3% of total revenue and achieving a year-on-year growth of 118.1%.

### **Customer Collaboration**

The Group primarily engages in technology-driven marketing, enhancing customer service quality through the improvement of technical solutions. During the Reporting Period, the Group successively released comprehensive GaN solutions for data centers and household appliances, gaining widespread recognition from major customer groups. In addition, the Group actively acquired customers through direct sales and distributor channels. During the Reporting Period, the Group achieved 471 design-ins, acquiring 21 new direct sales customers and 13 new distributors.

The Group also actively participates in industry exhibitions, forums and technical seminars to expand business application scenarios. In February 2024, under the theme "Fill the World with GaN," the Group showcased its full range of new products and advanced application solutions at the Applied Power Electronics Conference (APEC), demonstrating the application value of its GaN products in various scenarios.

## VII. Business Outlook and Operation Strategies

**Expanding application areas:** In 2025, the Group will continue to improve the layout of GaN in the consumer electronics sector and increase market penetration. In the field of data center and automotive electronics, it will promote the launch of new products, complete customer design-ins and application mass production. The Group will actively deepen technical cooperation with customers in new application fields such as robots and drones. In terms of products, the Group plans to continue to invest in R&D to enrich its existing product portfolio and usher in large-scale growth in 2025.

**Conducting global strategic cooperation:** The Group will establish in-depth cooperation with global leading semiconductor companies to jointly promote the layout of GaN in the global power market and accelerate the penetration speed of GaN market, thus promoting the global power semiconductor technology revolution.

**Increasing production capacity and optimizing process:** In terms of process technology, the Group's third-generation process technology platform will gradually undertake mass production of chips for consumer electronics. For production and supply chain management, the Group plans to expand its production capacity to 20,000 wafers per month, continually improving capacity utilization and yield rate. The Group will also continue to optimize the supply chain, persistently reducing costs and enhancing efficiency. For market sales, the Group will further expand into overseas markets, focusing on key customer groups. The Group will deepen strategic cooperation with major traditional power chip manufacturers abroad, commence mass production and shipments, and actively respond to customized customer needs.

Looking forward, InnoScience will continue to leverage its technological leadership and large-scale manufacturing capabilities to become a global leader in GaN power device solutions. By empowering the global green technology revolution with third-generation semiconductor technology, it aims to support global energy transition and sustainable development. Focusing on technological innovation and industrialization, the Group will drive the semiconductor industry towards more efficient and environmentally friendly transformations, creating a smarter and lower-carbon future for humanity.



## FINANCIAL ANALYSIS

*Year Ended December 31, 2024 Compared to Year Ended December 31, 2023*

The following table sets forth the comparative figures for the years ended December 31, 2024 and 2023:

	Year Ended December 31,	
	2023	2024
	<i>(RMB in thousands)</i>	
Revenue	592,717	<b>828,459</b>
Cost of sales	(954,785)	<b>(989,876)</b>
<b>Gross loss</b>	<b>(362,068)</b>	<b>(161,417)</b>
Other net income	64,962	<b>72,233</b>
Selling and marketing expenses	(90,097)	<b>(97,905)</b>
Administrative expenses	(247,068)	<b>(451,160)</b>
Research and development costs	(348,749)	<b>(323,028)</b>
<b>Loss from operations</b>	<b>(983,020)</b>	<b>(961,277)</b>
Finance costs	(118,912)	<b>(84,065)</b>
Loss before taxation	(1,101,932)	<b>(1,045,342)</b>
Income tax	(14)	<b>(335)</b>
<b>Loss for the year</b>	<b>(1,101,946)</b>	<b>(1,045,677)</b>
Other comprehensive income for the year	(609)	<b>(1,723)</b>
Total comprehensive income for the year	(1,102,555)	<b>(1,047,400)</b>
	As of December 31,	
	2023	2024
	<i>(RMB in thousands)</i>	
Total current assets	1,111,681	<b>2,459,941</b>
Total non-current assets	3,479,723	<b>3,087,308</b>
<b>Total assets</b>	<b>4,591,404</b>	<b>5,547,249</b>
Total current liabilities	(926,389)	<b>(995,984)</b>
Total non-current liabilities	(1,701,092)	<b>(1,580,247)</b>
<b>Total liabilities</b>	<b>(2,627,481)</b>	<b>(2,576,231)</b>
<b>Total equity</b>	<b>1,963,923</b>	<b>2,971,018</b>

## Revenue

The total revenue of the Group increased by 39.8% from RMB592.7 million in 2023 to RMB828.5 million in 2024. The increase was primarily due to the increased sales of products driven by market demand in 2024, while demand for the Group's products has also been rapidly increasing in overseas markets.

In particular:

- Revenue from the sales of GaN discrete chip and GaN IC products increased by 87.8% from RMB192.1 million in 2023 to RMB360.8 million in 2024, primarily due to the continued market penetration of GaN products, and the Group's capturing market opportunities in application scenarios with expanded demand. In 2024, the Group continued to launch new products for various downstream applications, with product applications continuing to expand in the field of consumer electronics, while achieving rapid growth in industrial applications and automotive electronics.
- Revenue from the sales of GaN wafers increased by 34.4% from RMB208.7 million in 2023 to RMB280.5 million in 2024, primarily due to the Group's deep collaboration with existing clients leading to higher transaction volumes, and successful acquisition of new clients. The Group maintained its leadership in the GaN wafer sector and continued to introduce competitive products. As the overall GaN market expands, the sales of the Group have continued to grow.
- Revenue from the sales of GaN modules remained relatively stable at RMB190.4 million in 2023 and RMB183.9 million in 2024.

## Cost of Sales

The cost of sales of the Group increased by 3.7% from RMB954.8 million in 2023 to RMB989.9 million in 2024. Although material costs have increased alongside the growth of revenue and product sales, the production utilization rate of the Group has improved significantly driven by the economies of scale in production and the Group's production process optimization, and unit production costs have declined with cost reduction and efficiency enhancement measures, resulting in a year-on-year growth of cost of sales much lower than the year-on-year growth of revenue.

## Gross Loss and Gross Loss Margin

As a result of the foregoing, the gross loss of the Group decreased by 55.4% from RMB362.1 million in 2023 to RMB161.4 million in 2024. The gross loss margin decreased from 61.1% in 2023 to 19.5% in 2024. The decrease in gross loss and gross loss margin mainly reflected the increase in production and operating efficiency of the Group resulting from the production scale effects and production process improvement during the Reporting Period.

## Other Net Income

The other net income increased by 11.2% from RMB65.0 million in 2023 to RMB72.2 million in 2024, primarily due to (i) an increase in government grants, which primarily consisted of subsidies for the Group's R&D activities; and (ii) an increase in net foreign exchange gain, which corresponded with the increased revenues from overseas.

## **Selling and Marketing Expenses**

The selling and marketing expenses increased by 8.7% from RMB90.1 million in 2023 to RMB97.9 million in 2024, primarily due to an increase in employee expense, which was primarily due to the share-based payment expenses related to the RSU Scheme.

## **Administrative Expenses**

The administrative expenses increased by 82.6% from RMB247.1 million in 2023 to RMB451.2 million in 2024, primarily due to (i) an increase in employee expenses, which is primarily due to the increase in share-based payment expenses related to the RSU Scheme; and (ii) an increase in fees paid for professional legal and compliance services.

## **Research and Development Costs**

The research and development costs decreased by 7.4% from RMB348.7 million in 2023 to RMB323.0 million in 2024, primarily due to (i) a significant decrease in the unit cost of engineering tests with expanded scale of production; and (ii) a decrease in employee expenses, primarily due to the Group's optimization of R&D team structure to increase efficiency.

## **Finance Costs**

The finance costs decreased by 29.3% from RMB118.9 million in 2023 to RMB84.1 million in 2024, primarily due to a decrease in interest in loans and borrowing as a result of repayment of existing loans, with new loans primarily being low-interest working capital loans. Also, the decline in the Loan Prime Rate in 2024 led to a reduction in the actual interest rates on the outstanding loans.

## **Loss for the Year**

As a result of the foregoing, the Group's loss for the year decreased by 5.1% from RMB1,101.9 million in 2023 to RMB1,045.7 million in 2024.

## **Liquidity and Capital Resources**

The Group's policy is to regularly monitor liquidity requirements and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet the liquidity requirements in the short and longer term.

As of December 31, 2024, the Group had RMB1,525.0 million in cash and cash equivalents, as compared to RMB329.0 million as of December 31, 2023. The Group's cash and cash equivalents primarily consist of cash at banks and on hand denominated in HK\$, RMB and USD.

The Group's net outflow of cash flow from operating activities in 2024 was RMB336.3 million. The net outflow of cash flow from operating activities is calculated by adjusting the loss before taxation of RMB1,045.3 million by non-cash and other items to arrive at an operating loss before changes in working capital of RMB176.6 million.

## **INDEBTEDNESS AND FINANCIAL RATIOS**

### **Loans and Borrowings**

As of December 31, 2024, the Group had total loans and borrowings of RMB1,923.9 million (as of December 31, 2023: RMB2,054.6 million), which were denominated in RMB.

### **Lease Liabilities**

As of December 31, 2024, the Group recognized total lease liabilities, including current and non-current lease liabilities, of RMB70.5 million, as compared to that of RMB37.4 million as of December 31, 2023, primarily because of new leases for production equipment during the Reporting Period.

### **Financial Ratios**

#### ***Current ratio***

The Group's current ratio (calculated as current assets divided by current liabilities as of the relevant period end) increased from 1.2 as of December 31, 2023 to 2.5 as of December 31, 2024, primarily due to an increase in cash and cash equivalents from the proceeds of global offering.

#### ***Quick ratio***

The Group's quick ratio (calculated as current assets less inventories divided by current liabilities as of the relevant period end) increased from 0.8 as of December 31, 2023 to 2.0 as of December 31, 2024, primarily due to an increase in cash and cash equivalents from the proceeds of global offering.

#### ***Net Gearing Ratio***

The Group's net gearing ratio (calculated as total borrowings less cash and cash equivalents divided by the total equity as of the end of the respective period and multiplied by 100%) decreased from 87.9% as of December 31, 2023 to 13.4% as of December 31, 2024 due to an increase in cash and cash equivalents and an increase in total equity.

### **Contingent Liabilities**

As of December 31, 2024, certain subsidiaries of the Group are respondents in several legal dispute cases – EPC California Case, Infineon California Case and Infineon Germany Case in relation to claims of alleged infringement of intellectual property rights, for details, please refer to the section headed “Business – Legal Proceedings and Compliance – Legal Proceedings” in the prospectus of the Company dated December 18, 2024. While certain litigations are still ongoing and the future development cannot be estimated with certainty, the Directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, are of the opinion that the Group is more likely than not to prevail in those cases and it is not probable that the Group will need to make payments to the claimants. Therefore, no provision has been made in respect of those cases as of December 31, 2024.

As of December 31, 2024, except for the aforementioned contingencies associated with the legal disputes, the Group did not have any material contingent liabilities.

## **Capital Expenditures**

For the year ended December 31, 2024, the Group's capital expenditures were RMB171.8 million (for the year ended December 31, 2023: RMB331.3 million). The Group's capital expenditures were primarily used for the construction of production and R&D bases.

## **Capital Commitments**

The Group's capital commitments as of December 31, 2023 and 2024 were related to property, plant and equipment. As of December 31, 2024, the Group's capital commitments were RMB39.8 million (as of December 31, 2023: RMB85.1 million).

## **Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures**

Save as disclosed in this announcement, the Company had no other significant investments and/or material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended December 31, 2024.

## **Human Resources**

As of December 31, 2024, the Group had a total of 1,147 employees and the majority of its employees were based in mainland China. To streamline human resource management, the Group established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others. The Group uses various recruitment methods, including campus recruitment, online recruitment, other external recruitment channels as well as internal referrals and transfers. In addition to salaries and benefits, the Group generally provides performance-based bonuses for the full-time employees. The Group has established a comprehensive system for employee training and development, including general trainings covering corporate culture, employee rights and responsibilities, workplace safety, data security and other logistics aspects, as well as specific trainings that improve employee knowledge and expertise in certain important areas related to the Group's business. The Group is committed to making continual efforts to provide an engaging working environment for the employees.

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024

	Note	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue</b>	2	<b>828,459</b>	592,717
Cost of sales		<u>(989,876)</u>	<u>(954,785)</u>
Gross loss		<b>(161,417)</b>	(362,068)
Other net income		<b>72,233</b>	64,962
Selling and marketing costs		<b>(97,905)</b>	(90,097)
Administrative expenses		<b>(451,160)</b>	(247,068)
Research and development costs		<b>(323,028)</b>	(348,749)
<b>Loss from operations</b>		<b>(961,277)</b>	(983,020)
Finance costs	3(a)	<u>(84,065)</u>	<u>(118,912)</u>
Loss before taxation	3	<b>(1,045,342)</b>	(1,101,932)
Income tax	4	<u>(335)</u>	<u>(14)</u>
<b>Loss for the year</b>		<b><u>(1,045,677)</u></b>	<b><u>(1,101,946)</u></b>
<b>Loss per share</b>			
Basic and diluted (RMB)	5	<u>(1.28)</u>	<u>(1.38)</u>
<b>Loss for the year</b>		<b>(1,045,677)</b>	(1,101,946)
<b>Other comprehensive income for the year</b>			
Item that is or may be reclassified subsequently to profit or loss:			
Exchange differences on translation of:			
– financial statements of overseas subsidiaries		<u>(1,723)</u>	<u>(609)</u>
<b>Total comprehensive income for the year</b>		<b><u>(1,047,400)</u></b>	<b><u>(1,102,555)</u></b>



**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
*at 31 December 2024*

	<i>Note</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment	6	<b>2,741,887</b>	3,061,405
Right-of-use assets		<b>116,841</b>	85,026
Intangible assets		<b>197,720</b>	272,640
Other non-current assets		<b>30,860</b>	60,652
		<b>3,087,308</b>	3,479,723
<b>Current assets</b>			
Inventories	7	<b>444,293</b>	416,788
Trade and other receivables	8	<b>484,388</b>	337,013
Financial assets at fair value through profit or loss ("FVPL")		–	20,074
Pledged bank deposits		<b>6,306</b>	8,828
Cash and cash equivalents		<b>1,524,954</b>	328,978
		<b>2,459,941</b>	1,111,681
<b>Current liabilities</b>			
Trade and other payables	9	<b>462,401</b>	409,973
Loans and borrowings		<b>522,426</b>	508,489
Lease liabilities		<b>11,157</b>	7,927
		<b>995,984</b>	926,389
<b>Net current assets</b>		<b>1,463,957</b>	185,292
<b>Total assets less current liabilities</b>		<b>4,551,265</b>	3,665,015

	<i>Note</i>	<b>2024</b> <b><i>RMB'000</i></b>	2023 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Loans and borrowings		<b>1,401,470</b>	1,546,084
Lease liabilities		<b>59,342</b>	29,490
Deferred income		<b>119,435</b>	125,518
		<u><b>1,580,247</b></u>	<u>1,701,092</u>
<b>NET ASSETS</b>		<b><u>2,971,018</u></b>	<b><u>1,963,923</u></b>
Share capital	<i>10</i>	<b>879,152</b>	800,711
Reserves		<b><u>2,091,866</u></b>	<u>1,163,212</u>
<b>TOTAL EQUITY</b>		<b><u>2,971,018</u></b>	<b><u>1,963,923</u></b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1 MATERIAL ACCOUNTING POLICIES

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the group for the current accounting period reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the company and its subsidiaries (together referred to as the “group”) and the group’s interest in associates and a joint venture.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the investments in securities are stated at their fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) Changes in accounting policies

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* (“2020 amendments”) and amendments to HKAS 1, *Presentation of financial statements – Non-current liabilities with covenants* (“2022 amendments”)
- Amendments to HKFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to HKAS 7, *Statement of cash flows* and HKFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

None of these developments have had a material effect on how the Company’s results and financial position for the current or prior periods have been prepared or presented. The Company has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## 2 REVENUE AND SEGMENT REPORTING

### (a) Revenue

#### (i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products		
– Sales of GaN Discrete Chips and GaN ICs	360,761	192,066
– Sales of GaN Wafers	280,499	208,666
– Sales of GaN Modules	183,946	190,420
– Others	3,253	1,565
	<u>828,459</u>	<u>592,717</u>

Disaggregation of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Point-in-time	826,950	592,717
Over-time	1,509	–
	<u>828,459</u>	<u>592,717</u>

#### (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121(a) of HKFRS 15 to its sales contracts for GaN power semiconductor products that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of GaN power semiconductor products that had an original expected duration of one year or less.

**(b) Segment reporting**

HKFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of GaN power semiconductor products.

**(i) Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the GaN power semiconductor products were sold.

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Mainland of the PRC	702,073	534,764
Overseas	126,386	57,953
	<u>828,459</u>	<u>592,717</u>

**(ii) Information about major customers**

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the year is set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Customer A	<u>181,885</u>	<u>189,998</u>

**3 LOSS BEFORE TAXATION**

Loss before taxation is arrived at after charging:

**(a) Finance costs:**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on		
– loans and borrowings	85,814	121,079
– lease liability	1,480	1,747
Less: interest expense capitalised into construction in progress (i)	<u>(3,229)</u>	<u>(3,914)</u>
Total interest expense	<u>84,065</u>	<u>118,912</u>

(i) The borrowing costs have been capitalised at a rate of 4.35% per annum (2023: 4.35%- 4.65%).

(b) **Staff costs:**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Salaries, wages and other benefits	400,712	468,912
Contributions to defined contribution retirement plans (i)	23,063	27,603
Equity-settled share-based payment expenses	166,940	86,363
	<u>590,715</u>	<u>582,878</u>

(i) **Defined contribution retirement plans**

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) **Other items:**

	<i>Note</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Cost of inventories	7(b)	989,494	939,242
Depreciation:			
– owned property, plant and equipment	6	425,514	445,109
– right-of-use assets		9,915	9,631
Research and development expenses (i)		323,028	348,749
Amortisation of intangible assets		80,519	79,575
Auditors' remuneration		2,160	57
		<u>2,160</u>	<u>57</u>

- (i) During the years ended 31 December 2024, research and development expenses include staff costs, depreciation expenses and amortisation expenses of RMB277,526,000 (2023: RMB301,169,000), which amounts are also included in the respective total amounts disclosed separately above.



**4 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**(a) Taxation in the consolidated statements of profit or loss and other comprehensive income represents:**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Current tax:</b>		
Provision for PRC income tax for the year	335	14
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	—	—
	<u>335</u>	<u>14</u>

**(b) Reconciliation between tax expense and accounting loss at applicable tax rates:**

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Loss before taxation	<u>(1,045,342)</u>	<u>(1,101,932)</u>
Notional tax on loss before taxation, calculated at the rates applicable to the jurisdictions concerned (i)	(258,007)	(269,818)
Effect of preferential tax rate (ii)	62,412	85,233
Effect of additional deduction on research and development expenses (iii)	(31,576)	(39,681)
Tax effect of non-deductible share-based payment expenses	29,881	15,563
Tax effect of other non-deductible expenses	181	100
Effect of deferred tax assets in respect of temporary differences and tax losses not recognised	<u>197,444</u>	<u>208,617</u>
Actual tax expense	<u>335</u>	<u>14</u>

(i) Pursuant to the Enterprise Income Tax (the “EIT”) Law of the PRC (the “EIT Law”), the Company and its subsidiaries established and operated in the PRC are liable to EIT at a rate of 25% unless otherwise specified.

The Company’s subsidiary Innoscience Korea Inc. incorporated in South Korea is liable to South Korea Profits tax at progressive tax rates from 9% to 24% of annual taxable profits. The Company’s subsidiary Innoscience America Inc. incorporated in the United States is liable to the federal corporate tax at a rate of 21% and the state income tax at a rate from 8% to 8.87%. The Company’s subsidiary Innoscience Europe NV incorporated in Belgium is liable to the Belgium Profits tax at a rate of 25%.

(ii) According to the EIT Law and its relevant regulations, entities that qualified as high-technology enterprise are entitled to a preferential income tax rate of 15%. The Company’s subsidiaries Innoscience (Zhuhai) Technology Co., Ltd. and Innoscience (Suzhou) Semiconductor Co., Ltd. obtained the certificate of high-technology enterprise in 2019 and 2022 respectively and Innoscience (Zhuhai) Technology Co., Ltd. renewed its certificate in 2022. Both subsidiaries are subject to income tax rate at 15% in 2024 and 2023.

(iii) Under the PRC EIT Law and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs in the year.

## 5 EARNINGS PER SHARE

### (a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company of RMB1,045,667,000 (2023:RMB1,101,946,000) and the weighted average of 819,216,000 ordinary shares (2023: 800,004,000 shares) in issue or deemed to be in issue during the year.

As described in notes 10(b) and 10(c), the Company underwent a capital reduction and was converted into a joint stock company with limited liability in September 2023. 800,000,000 shares with a nominal value of RMB1 each were issued upon the conversion into a joint stock company. For the purpose of computing basic loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the capital reduction and conversion into a joint stock company had occurred since 1 January 2023.

Weighted average number of ordinary shares:

	2024 '000	2023 '000
Ordinary shares in issue/deemed to be in issue at 1 January	800,711	800,000
Effect of ordinary shares issued under capital injection from shareholders (Note 10(c))	24,395	4
Effect of ordinary shares issued under initial public offering (Note 10(c))	124	–
Effect of unvested restricted share units	<u>(6,014)</u>	<u>–</u>
Weighted average number of ordinary shares at 31 December	<u><u>819,216</u></u>	<u><u>800,004</u></u>

### (b) Diluted loss per share

For the year ended 31 December 2024 and 2023, share options and restricted share units were not included in the calculation of diluted loss per share, as their effect would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share for both years.

## 6 PROPERTY, PLANT AND EQUIPMENT

	Plant and Buildings RMB'000	Equipment and machinery RMB'000	Office equipment and furniture RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Leasehold improvements RMB'000	Total RMB'000
<b>Cost:</b>							
1 January 2023	1,642,552	1,958,195	71,363	3,913	222,695	34,400	3,933,118
Additions	22,508	30,380	2,491	53	209,453	3,875	268,760
Transfer	17,310	70,997	2,424	43	(101,628)	4,299	(6,555)
Disposals	-	(18,465)	(57)	-	-	-	(18,522)
Exchange adjustments	-	25	9	-	-	6	40
At 31 December 2023 and 1 January 2024	1,682,370	2,041,132	76,230	4,009	330,520	42,580	4,176,841
Additions	8,875	742	242	265	98,586	3,733	112,443
Transfer	259,821	66,035	7,484	-	(320,688)	(12,652)	-
Disposals	(16,633)	(15,667)	(199)	-	-	-	(32,499)
Exchange adjustments	-	(154)	(7)	-	-	(53)	(214)
At 31 December 2024	1,934,433	2,092,088	83,750	4,274	108,418	33,608	4,256,571
<b>Accumulated depreciation:</b>							
At 1 January 2023	(164,385)	(472,283)	(20,727)	(2,248)	-	(13,176)	(672,819)
Charge for the year	(82,067)	(339,991)	(13,449)	(506)	-	(9,096)	(445,109)
Written back on disposals	-	2,481	23	-	-	-	2,504
Exchange adjustments	-	(7)	(3)	-	-	(2)	(12)
At 31 December 2023 1 January 2024	(246,452)	(809,800)	(34,156)	(2,754)	-	(22,274)	(1,115,436)
Charge for the year	(88,926)	(330,096)	(13,269)	(484)	-	7,261	(425,514)
Written back on disposals	13,818	12,210	170	-	-	-	26,198
Exchange adjustments	-	54	8	-	-	6	68
At 31 December 2024	(321,560)	(1,127,632)	(47,247)	(3,238)	-	(15,007)	(1,514,684)
<b>Net book value:</b>							
At 31 December 2024	<u>1,612,873</u>	<u>964,456</u>	<u>36,503</u>	<u>1,036</u>	<u>108,418</u>	<u>18,601</u>	<u>2,741,887</u>
At 31 December 2023	<u>1,435,918</u>	<u>1,231,332</u>	<u>42,074</u>	<u>1,255</u>	<u>330,520</u>	<u>20,306</u>	<u>3,061,405</u>

Property, plant and equipment with net book value of RMB1,830,085,000 was pledged as security for bank loans as at 31 December 2024 (2023: RMB1,735,254,000).

## 7 INVENTORIES

(a) Inventories in the statements of financial position comprise:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Raw materials	25,766	33,317
Semi-finished products and WIP	270,128	202,156
Finished products	148,399	181,315
	<u>444,293</u>	<u>416,788</u>

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount of inventories used	873,344	941,210
Write-down/(reversal) of inventories	116,150	(1,968)
	<u>989,494</u>	<u>939,242</u>

## 8 TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables, net of loss allowance	362,319	215,236
Prepayments	76,399	49,877
VAT recoverable	36,175	46,368
Other receivables and deposits, net of loss allowance	9,495	25,532
	<u>484,388</u>	<u>337,013</u>

All of trade and other receivables are due from third parties and are expected to be recovered or recognised as expenses within one year.

As of the end of each reporting period, the ageing analysis of trade receivables (which are included in trade and other receivables) based on the invoice date and net of loss allowance, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	362,319	215,208
Over 1 year but less than 2 years	-	28
	<u>362,319</u>	<u>215,236</u>

## 9 TRADE AND OTHER PAYABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	122,248	89,376
Accrued payroll	74,917	67,130
Tax payable	20,601	10,820
Other payables and accruals	<u>244,635</u>	<u>242,647</u>
Trade and other payables	<u><u>462,401</u></u>	<u><u>409,973</u></u>

- (a) All trade and other payables are due to third parties expected to be settled or recognised as income within one year or are repayable on demand.
- (b) As of the end of each reporting period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	117,056	86,504
After 3 months but within 6 months	362	133
After 6 months but within 12 months	2,688	910
After 12 months	<u>2,142</u>	<u>1,829</u>
	<u><u>122,248</u></u>	<u><u>89,376</u></u>

## 10 CAPITAL AND DIVIDENDS

### (a) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the year.

### (b) Paid-in capital

	<b>Total <i>RMB'000</i></b>
<b>Balance at 1 January 2023</b>	<b>4,046,027</b>
Capital reduction and conversion into a joint stock company (Note 10(c))	<u>(4,046,027)</u>
<b>Balance at 31 December 2023, 1 January 2024 and 31 December 2024</b>	<u><u>–</u></u>

(c) **Share capital**

Issued and fully paid:

	<b>Numbers of ordinary shares '000</b>	<b>Share capital RMB'000</b>	<b>Share premium RMB'000</b>	<b>Total RMB'000</b>
<b>Issued and fully paid</b>				
<b>At 1 January 2023</b>	–	–	–	–
Issue of ordinary shares upon conversion into a joint stock company (i)	800,000	800,000	9,707,737	10,507,737
Capital injection from shareholders	711	711	19,289	20,000
<b>At 31 December 2023 and 1 January 2024</b>	800,711	800,711	9,727,026	10,527,737
Issue of ordinary shares by initial public offering, net of issuance costs (ii)	45,364	45,364	1,201,514	1,246,878
Capital injection from shareholders	33,077	33,077	607,600	640,677
<b>At 31 December 2024</b>	<u>879,152</u>	<u>879,152</u>	<u>11,536,140</u>	<u>12,415,292</u>

- (i) The Company underwent a capital reduction at a ratio of 9.1592:1 on 30 June 2023. Accordingly, the weighted average number of ordinary shares has also been adjusted retrospectively from 1 January 2023 for such capital reduction.

In September 2023, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company under the PRC GAAP as of the conversion base date were converted into 800,000,000 ordinary shares at RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's share premium.

- (ii) On 30 December 2024, the Company issued 45,364,000 H shares with par value of RMB1 each at a price of HK\$30.86 per share by initial public offering. The proceeds of RMB45,364,000, representing the par value, were credited to the Company's share capital. The remaining proceeds of RMB1,201,514,000 (net of issuance costs) was recognized in share premium.

## 11 CONTINGENT LIABILITIES

As of 31 December 2024, certain subsidiaries of the Group are respondents in several legal dispute cases—EPC California Case, Infineon California Case and Infineon Germany Case in relation to claims of alleged infringement of intellectual property rights. While the arbitrations are still ongoing and the future development cannot be estimated with certainty, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, are of the opinion that the group is more likely than not to prevail in those cases and it is not probable that the Group will need to make payments to the claimants. Therefore, no provision has been made in respect of those cases as at 31 December 2024.

As of 31 December 2024, except for the aforementioned contingencies associated with those legal dispute cases, the Group did not have any material contingent liabilities.



## **Purchase, Sale or Redemption of Listed Securities of the Company**

The H shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on December 30, 2024 (the “**Listing Date**”). During the period from the Listing Date to December 31, 2024, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any securities of the Company (including sale or transfer of treasury shares as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). As at December 31, 2024, the Company did not hold any treasury shares.

## **Final Dividend**

The Board has resolved not to recommend the payment of a final dividend for the year ended December 31, 2024.

## **Annual General Meeting**

The Company will inform the shareholders of the Company (the “**Shareholders**”) at a later date about the date of the forthcoming annual general meeting and the corresponding arrangement for the closure of register of members.

## **Events after the Reporting Period**

From December 31, 2024 and up to the date of this announcement, there has been no material adverse change in our financial or trading position or prospects, and there has been no event which would materially affect the data set out in the Group’s consolidated financial statements in this announcement.

The Group had no other material event after the Reporting Period after December 31, 2024 and as of the date of this announcement.

## **Compliance with the Corporate Governance Code**

The Group is committed to maintaining a high standard of corporate governance and strives to comply with the code provisions (the “**Code Provisions**”) as set out in Part 2 of the Corporate Governance Code (the “**Corporate Governance Code**”) in Appendix C1 to the Listing Rules.

During the Reporting Period, the Company had complied with all applicable Code Provisions of the Corporate Governance Code.

## USE OF PROCEEDS FROM LISTING

The following table sets out the use of the net proceeds of the Company up to December 31, 2024 and the planned schedule for the full utilization of the net proceeds. The proceeds from the listing will be utilized in accordance with the plans disclosed in the section headed “Future Plans and Use of Proceeds” in the prospectus of the Company dated December 18, 2024 (the “**Prospectus**”), namely:

Item	Percentage	Proceeds for related purpose (HK\$ million)	Net proceeds from the global offering of the Company as of the Listing Date (HK\$ million)	Utilized proceeds during the Reporting Period (HK\$ million)	Unutilized proceeds as of the end of the Reporting Period (HK\$ million)	Expected timetable for the full utilization of unutilized proceeds
Expand our production capacity of the 8-inch GaN wafer from 12,500 wafers per month as of June 30, 2024 to 70,000 wafers per month over the next five years, purchase and upgrade equipment and machinery for production and recruit manufacturing personnel	60.0%	781.48	781.48	–	781.48	By the end of 2029
R&D and expansion of our product portfolio to increase the penetration rate of GaN products in end markets, such as consumer electronics, renewable energy and industrial applications, automotive electronics and data center	20.0%	260.49	260.49	–	260.49	By the end of 2029
Expand the global distribution network of our GaN products	10.0%	130.25	130.25	–	130.25	By the end of 2029
Working capital and other general corporate purposes	10.0%	130.25	130.25	–	130.25	By the end of 2029
<b>Total</b>	<b>100%</b>	<b>1,302.46</b>	<b>1,302.46</b>	<b>–</b>	<b>1,302.46</b>	

After December 31, 2024, as disclosed in the over-allotment announcement dated January 22, 2025, upon partial exercise of the over-allotment option, the Company received additional net proceeds of approximately HK\$49.5 million, after deduction of estimated offering expenses payable by the Company in connection with the partial exercise of the over-allotment option. The Company intends to utilize the additional net proceeds on a pro rata basis for the purposes as set out in the section headed “Future Plans and Use of Proceeds” in the Prospectus.

We have placed the unutilized net proceeds in short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions, and will apply the amount unutilized in accordance with the intended purposes as stated in the Prospectus. We will comply with the Chinese laws in relation to foreign exchange registration and remittance of the proceeds.

### **Model Code for Securities Transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding securities transactions by Directors. Having made specific enquiries by the Company, the Directors have confirmed they have complied with the Model Code during the Reporting Period.

### **Review of Annual Results by Audit Committee**

The Company has established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules and Code Provisions D.3.3 of the Corporate Governance Code. The Audit Committee consists of 3 independent non-executive Directors including Mr. Wong Hin Wing, MH, JP, Dr. Yi Jiming and Dr. Chan, Philip Ching Ho, and is currently chaired by Mr. Wong Hin Wing, MH, JP with appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024, and confirmed that it has complied with all applicable accounting principles, standards and requirements and that adequate disclosures have been made. The Audit Committee has also discussed auditing and financial reporting matters.

### **Scope of Work of KPMG**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended December 31, 2024 as set out in the preliminary results announcement have been agreed by the Group’s auditor, KPMG, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG on the preliminary results announcement.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.innoscience.com](http://www.innoscience.com)). The annual report of the Company for the year ended December 31, 2024, containing all the information required by the Listing Rules will be despatched to the Shareholders who request printed copies and made available on the above websites in due course.

By order of the Board  
**InnoScience (Suzhou) Technology Holding Co., Ltd.**  
**Dr. Weiwei Luo**  
*Chairperson of the Board and Executive Director*

PRC, March 28, 2025

*As at the date of this announcement, the Board of the Company comprises Dr. Weiwei Luo, Mr. Jay Hyung Son, Dr. Wu Jingang and Mr. Zhong Shan as executive Directors, Dr. Wang Can, Ms. Zhang Yanhong and Ms. Cui Mizi as non-executive Directors, and Mr. Wong Hin Wing, MH, JP, Dr. Yi Jiming, Dr. Yang, Simon Shi-Ning and Dr. Chan, Philip Ching Ho as independent non-executive Directors.*

*Certain amounts and percentage figures included in this announcement have been subject to rounding. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.*

*This announcement contains certain forward-looking statements. These forward-looking statements are based on information currently available to the Group or the current belief, expectations and assumptions of the Board. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements. In light of the risks and uncertainties, the inclusion of forward-looking statements in this announcement should not be regarded as representations by the Board or the Company that the plans and objectives will be achieved, and Shareholders and investors of the Company should not place undue reliance on such statements.*