China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

August 11, 2025

The Board of Directors
SICC CO., LTD. (山東天岳先進科技股份有限公司) (the "Company")
No. 99, South Tianyue Road
Huaiyin District, Jinan City
Shandong, PRC

Dear Sirs/Madams,

We, China International Capital Corporation Hong Kong Securities Limited, as the joint sponsor in connection with the Company's proposed global offering and the proposed listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), refer to the prospectus of the Company dated August 11, 2025 (the "**Prospectus**").

We hereby give, and confirm that we have not withdrawn, our consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, qualifications, confirmations and opinions in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus.

We also consent to a copy of this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VIII to the Prospectus.

-signature page to follow-

For and on behalf of
China International Capital Corporation Hong Kong Securities Limited

Name: CHEN Wan
Title: Managing Director

CITIC Securities (Hong Kong) Limited
18/F, One Pacific Place
88 Queensway
Hong Kong

August 11, 2025

The Board of Directors
SICC CO., LTD. (山東天岳先進科技股份有限公司) (the "Company")
No. 99, South Tianyue Road
Huaiyin District, Jinan City
Shandong, PRC

Dear Sirs/Madams,

We, CITIC Securities (Hong Kong) Limited, as the joint sponsor in connection with the Company's proposed global offering and the proposed listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), refer to the prospectus of the Company dated August 11, 2025 (the "**Prospectus**").

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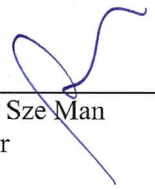
-signature page to follow-

For and on behalf of
CITIC Securities (Hong Kong) Limited



Name: Wong Sze Man
Title: Director

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

The Board of Directors
SICC Co., Ltd.
No.99 South Tianyue Road
Huaiyin District
Jinan, Shandong
The PRC

11 August 2025

Our ref: 082766/IP1224/250811

Dear Sirs,

SICC Co., Ltd. (the "Company")
Consent letter

We refer to the prospectus dated 11 August 2025 (the "Prospectus") in connection with the proposed initial listing of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEX"), a copy of which is attached and initialed by us on its front cover for the purpose of identification.

We hereby consent to the inclusion of our accountants' report dated 11 August 2025 on the historical financial information for the three years ended 31 December 2022, 2023 and 2024 and three months ended 31 March 2025 and our accountants' report dated 11 August 2025 on the unaudited pro forma financial information as at 31 March 2025 in the Prospectus, and the references to our name in the form and context in which they are included.

We also hereby consent to a copy of this letter and the above-named documents being published on the HKEX's website and the Company's own website as described in the paragraph headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VIII to the Prospectus.

Cont'd 2.../

BDO Limited
香港立信德豪會計師事務所有限公司

BDO Limited, a Hong Kong limited company, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

We also hereby consent to a copy of this letter being attached to the Prospectus and released for registration with the HKEX and the Registrar of Companies under section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32).

Yours faithfully,

BDO Limited
Certified Public Accountants
Hong Kong

WFC / PCK / cl / Consent letter
Encl.

SICC

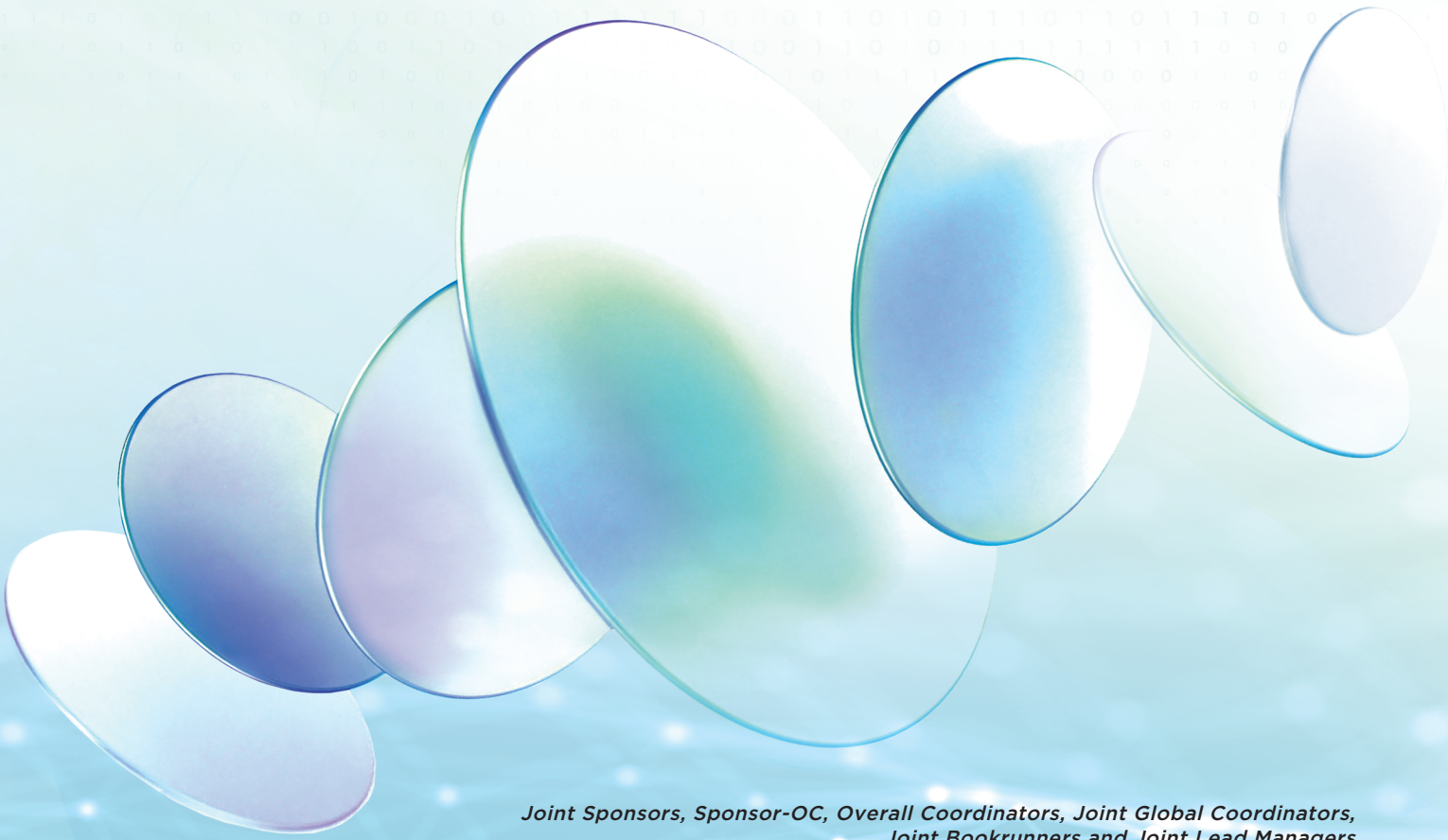
SICC CO., LTD.

山東天岳先進科技股份有限公司

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

Stock Code : 2631

GLOBAL OFFERING



Joint Sponsors, Sponsor-OC, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司 CITIC SECURITIES

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG 中銀國際 BOCI UOBKayHian

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

滙豐 HSBC ZTSC 中泰國際

IMPORTANT

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain professional independent advice.

SICC CO., LTD.
山東天岳先進科技股份有限公司

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

Global Offering

Number of Offer Shares under the Global Offering	:	**47,745,700 H Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**2,387,300 H Shares (subject to reallocation)**
Number of International Offer Shares	:	**45,358,400 H Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$42.80 per H Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong 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**
Stock code	:	**2631**

Joint Sponsors, Sponsor-OCs, Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

CICC 中金公司 CITIC SECURITIES

Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

海通國際 HAITONG 中銀國際 BOCI UOBKayHian

Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers

滙豐 HSBC ZTSC 中泰國際

Joint Bookrunners and Joint Lead Managers

ICBC 工銀国际 CMBI 招銀国际 建銀国际 ABCI 農銀國際

廣發証券(香港) 中國銀河國際 申萬宏源香港 富途證券

太陽證券有限公司 華福國際 FOSUN INTL SECURITIES 老虎證券

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in "Appendix VII — Documents Delivered to the Registrar of Companies and Available on Display" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between the Sponsor-OCs (on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or before Friday, August 15, 2025 (Hong Kong time) and, in any event, not later than 12:00 noon Friday, August 15, 2025 (Hong Kong time). The Offer Price will not be more than HK$42.80 per Offer Share unless otherwise announced. If, for any reason, the Offer Price is not agreed by 12:00 noon Friday, August 15, 2025 (Hong Kong time) between the Sponsor-OCs (on behalf of the Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Sponsor-OCs, on behalf of the Underwriters, may, where considered appropriate and with the consent of our Company, reduce the number of Hong Kong Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Hong Kong Offer Shares will be published on the website of our Company at **https://www.sicc.cc** and on the website of the Hong Kong Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. For further details, see "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sponsor-OCs (on behalf of the Underwriters) if certain events occur prior to 8:00 a.m. on the Listing Date. For details, see "Underwriting" in this prospectus.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The Offer Shares are being offered and sold outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act.

August 11, 2025

IMPORTANT NOTICE TO INVESTORS: FULLY ELECTRONIC APPLICATION PROCESS

We have adopted a fully electronic application process for the Hong Kong Public Offering. We will not provide printed copies of this prospectus in relation to the Hong Kong Public Offering.

This prospectus is available at the website of the Stock Exchange at **www.hkexnews.hk** under the "*HKEXnews* > *New Listings* > *New Listing Information*" section, and our website at **www.sicc.cc**. You may download and print from these website addresses if you want a printed copy of this prospectus.

To apply for the Hong Kong Offer Shares, you may:

(1) apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or

(2) apply electronically through the **HKSCC EIPO** channel and cause HKSCC Nominees to apply on your behalf by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via HKSCC's FINI system to apply for the Hong Kong Offer Shares on your behalf.

We will not provide any physical channels to accept any application for the Hong Kong Offer Shares by the public. The contents of the electronic version of this prospectus are identical to the printed prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

If you are an intermediary, broker or agent, please remind your customers, clients or principals, as applicable, that this prospectus is available online at the website addresses stated above.

Please refer to the section headed "*How to Apply for the Hong Kong Offer Shares*" in this prospectus for further details on the procedures through which you can apply for the Hong Kong Offer Shares electronically.

Your application through the **White Form eIPO** service or the **HKSCC EIPO** channel must be made for a minimum of 100 Hong Kong Offer Shares and in multiples of that number of Hong Kong Offer Shares as set out in the table below. No application for any other number of Hong Kong Offer Shares will be considered and such an application is liable to be rejected.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of Shares you have selected. You must pay the respective amount payable on application in full upon application for Hong Kong Offer Shares.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the **broker** or **custodian**, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application
	HK$		*HK$*		*HK$*		*HK$*
100	4,323.17	1,500	64,847.46	8,000	345,853.10	90,000	3,890,847.42
200	8,646.32	2,000	86,463.28	9,000	389,084.74	100,000	4,323,163.80
300	12,969.50	2,500	108,079.10	10,000	432,316.38	200,000	8,646,327.60
400	17,292.66	3,000	129,694.91	20,000	864,632.75	300,000	12,969,491.40
500	21,615.82	3,500	151,310.72	30,000	1,296,949.15	400,000	17,292,655.20
600	25,938.98	4,000	172,926.55	40,000	1,729,265.52	500,000	21,615,819.00
700	30,262.14	4,500	194,542.37	50,000	2,161,581.90	600,000	25,938,982.80
800	34,585.30	5,000	216,158.19	60,000	2,593,898.28	800,000	34,585,310.40
900	38,908.48	6,000	259,389.83	70,000	3,026,214.65	1,000,000	43,231,638.00
1,000	43,231.64	7,000	302,621.47	80,000	3,458,531.05	1,193,600[1]	51,601,283.11

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement in Hong Kong to be published on the Company's website at **www.sicc.cc** *and the website of the Stock Exchange at* **www.hkexnews.hk**.

Hong Kong Public Offering commences . . . . . 9:00 a.m. on Monday, August 11, 2025

Latest time for completing electronic applications under the **White Form eIPO** service through the designated website **www.eipo.com.hk**(2) . . . . . 11:30 a.m. on Thursday, August 14, 2025

Application lists open(3) . . . . . 11:45 a.m. on Thursday, August 14, 2025

Latest time for (a) completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) and (b) giving **electronic application instructions** to HKSCC(4) . . . . . 12:00 noon on Thursday, August 14, 2025

If you are instructing your **broker** or **custodian** who is an HKSCC Participant to give **electronic application instructions** via FINI to apply for the Hong Kong Offer Shares on your behalf, you are advised to contact your **broker** or **custodian** for the latest time for giving such instructions which may be different from the latest time as stated above.

Application lists close(3) . . . . . 12:00 noon on Thursday, August 14, 2025

Expected Price Determination Date(5) . . . . . by 12:00 noon Friday, August 15, 2025

Announcement of the Offer Price on the Company's website at **www.sicc.cc**(6) and the website of the Stock Exchange at **www.hkexnews.hk** . . . . . no later than 11:00 p.m. on Monday, August 18, 2025

Announcement of the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Offer Shares on the Company's website at **www.sicc.cc** and the website of the Stock Exchange at **www.hkexnews.hk**. . . . . no later than 11:00 p.m. on Monday, August 18, 2025

The results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels, including:

- in the announcement to be posted on the Company's website and the website of the Stock Exchange at **www.sicc.cc** and **www.hkexnews.hk**, respectively, ... no later than 11:00 p.m. on Monday, August 18, 2025

- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function from . . . . . 11:00 p.m. on Monday, August 18, 2025 to 12:00 midnight on Sunday, August 24, 2025

- from the allocation results telephone inquiry by calling +852 2862 8555 between 9:00 a.m. and 6:00 p.m. . . . . on Tuesday, August 19, 2025, Wednesday, August 20, 2025, Thursday, August 21, 2025 and Friday, August 22, 2025

H Share certificates in respect of wholly or partially successful applications to be dispatched or deposited into CCASS on or before[(7)(9)]. . . . . Monday, August 18, 2025

White Form e-Refund payment instructions/refund checks in respect of wholly or partially successful applications if the final Offer Price is less than the maximum Offer Price per Offer Share initially paid on application (if applicable) or wholly or partially unsuccessful applications to be dispatched/collected on or before[(8)(9)] . . . . . Tuesday, August 19, 2025

Dealings in the H Shares on the Stock Exchange expected to commence at 9:00 a.m. on ..... Tuesday, August 19, 2025

Notes:

(1) All dates and times refer to Hong Kong local dates and time, except as otherwise stated.

(2) You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is/are a tropical cyclone warning signal number 8 or above, a "black" rainstorm warning and/or Extreme Conditions in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, August 14, 2025, the application lists will not open or close on that day. See "How to Apply for Hong Kong Offer Shares — E. Severe Weather Arrangements."

(4) Applicants who apply for Hong Kong Offer Shares instructing your **broker** or **custodian** to apply on your behalf via **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — A. Application for Hong Kong Offer Shares — 2. Application Channels."

(5) The Price Determination Date is expected to be on or before Friday, August 15, 2025. If, for any reason, the Company does not agree with the Sponsor-OC (for themselves and on behalf of the Underwriters) on the pricing of the Offer Shares by 12:00 noon on Friday, August 15, 2025, the Global Offering will not proceed and will lapse.

(6) None of the websites set out in this section or any of the information contained on the websites forms part of this prospectus.

(7) No temporary document of title will be issued in respect of the Offer Shares. H Share certificates will only become valid evidence of title at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with their respective terms at or before that time. Investors who trade H Shares on the basis of publicly available allocation details or prior to the receipt of H Share certificates or the H Share certificates becoming valid evidence of title do so entirely at their own risk.

(8) **White-form** e-Refund payment instructions/refund checks will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund check, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund check. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund check.

(9) Applicants who have applied for Hong Kong Offer Shares through **HKSCC EIPO** channel should refer to the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies" for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of **White Form** e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund check(s) by ordinary post at their own risk.

Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies."

The above expected timetable is a summary only. For details of the structure of the Global Offering, including its conditions, and the procedures for applications for Hong Kong Offer Shares, please refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" respectively.

If the Global Offering does not become unconditional or is terminated in accordance with its terms, the Global Offering will not proceed. In such a case, we will publish an announcement as soon as practicable thereafter.

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IMPORTANT NOTICE TO PROSPECTIVE INVESTORS

This prospectus is issued by us solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of making, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Hong Kong Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus for purposes of a public offering and the offering and sale of the Hong Kong Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus to make your investment decision. The Hong Kong Public Offering is made solely on the basis of the information contained and the representations made in this prospectus. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not contained nor made in this prospectus must not be relied on by you as having been authorized by us, any of the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Capital Market Intermediaries, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of our or their respective directors, officers, employees, agents, or representatives of any of them or any other parties involved in the Global Offering.

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This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read the entire prospectus before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a company with strong expertise in the wide bandgap[(1)] semiconductor material industry, focusing on the research, development and industrialization of SiC substrates since our inception. According to Frost & Sullivan, based on revenue from SiC substrate sales in 2024, we were among the top three global SiC substrate manufacturers with a market share of 16.7%.

Our SiC materials empower the renewable energy and AI sectors, which are driving future technological advancements. Our SiC substrates can be applied across various sectors, including electric vehicles, AI data centers, photovoltaic systems, AI glasses, rail transportation, power grids, household appliances and advanced telecommunication base stations. Leveraging our technological innovation capabilities, robust mass production capacity, product portfolio, collaborative ecosystem with upstream and downstream market participants and efficient management, we are at the forefront of the rapidly advancing SiC industry. According to Frost & Sullivan, as of March 31, 2025, we were one of the few companies in the world capable of mass producing 8-inch SiC substrates, one of the first to commercialize SiC substrates ranging from a 2-inch to an 8-inch diameter, the first to introduce 12-inch SiC substrates and one of the first to produce P-type SiC substrates[(2)] using the liquid phase method.

We have established ourselves as a key supplier to globally recognized semiconductor companies, and our products have gained widespread recognition internationally. As of March 31, 2025, we had established business relationships with over half of the top ten global power

(1) wide bandgap in the semiconductor industry refers to the large energy difference between the valence and conduction bands of certain semiconductor materials, which enables unique electrical and thermal properties advantageous for advanced electronic and optoelectronic applications

(2) SiC material doped with elements such as aluminum, which can generate an excess of holes and enhance the electrical conductivity, making it suitable for high-power electronic devices

semiconductor device manufacturers in terms of revenue in 2024. Our customers primarily utilize our SiC substrates to manufacture power devices and radio frequency devices, which are ultimately applied to end products in sectors such as electric vehicles, AI data centers and photovoltaic systems.

Dedicated to SiC materials for over 14 years, we are one of the first companies in China to achieve the industrialization of both semi-insulating and conductive SiC substrates. Leveraging our capabilities in R&D, production and management, we have continuously solidified our advantage in product scaling. The SiC substrates that we mass produced have evolved from a 2-inch to an 8-inch diameter. In 2024, we introduced the industry's first 12-inch SiC substrate. According to Frost & Sullivan, increasing the diameter of a SiC substrate results in a larger surface area, which enables the production of more chips on a single substrate and reduces edge waste, thereby improving production efficiency and enhancing cost-effectiveness. Beyond scaling the diameter of our SiC substrates, we continue to maintain leadership in industrialization capabilities and product quality. By driving product scaling and production efficiency, we enable our customers to continuously reduce the costs of using SiC substrates, thereby accelerating the adoption of SiC substrates in more application scenarios.

As of the Latest Practicable Date, we had mastered core technologies encompassing every stage of SiC substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing and quality inspection. Our proprietary technological toolkit has enabled us to achieve high standards in product defect control and cost optimization.

Throughout our journey, we have consistently demonstrated our commitment to innovation and technological advancement in the SiC industry. Our leading position is highlighted by our milestones, spanning from product development to market recognition. Founded in 2010, we successfully achieved the mass production of 4-inch SiC substrates and 6-inch SiC substrates in 2015 and 2021, respectively. In 2022, we were listed on the STAR Market, and became the first wide bandgap semiconductor material company listed in China. In 2023, we achieved the mass production of 8-inch SiC substrates. In 2024, we introduced the industry's first 12-inch SiC substrate. In recognition of our capabilities and investment value, our stock was included in prominent indices such as the STAR Market 50 Index and the MSCI China A Shares Onshore Index.

During the Track Record Period, we achieved rapid growth in revenue and successfully transitioned from a net loss to a net profit position. Our revenue increased by 199.9% from RMB417.0 million in 2022 to RMB1,250.7 million in 2023, and increased by 41.4% from RMB1,250.7 million in 2023 to RMB1,768.1 million in 2024, despite a 4.2% decrease in revenue from RMB426.1 million in the three months ended March 31, 2024 to RMB408.0 million in the

three months ended March 31, 2025. In tandem with our rapid growth in revenue and benefiting from our technological capabilities and efficient management, our gross margin also demonstrated consistent improvement. Our gross loss margin was 7.9% in 2022 while we have achieved a turnaround with gross margin of 14.6% in 2023 and gross margin of 24.6% in 2024. Our gross profit margin was 21.5% in the three months ended March 31, 2024 and 22.7% in the three months ended March 31, 2025. In 2022 and 2023, we recorded net losses of RMB175.7 million and RMB45.7 million, respectively, but have successfully achieved a turnaround in 2024 with a net profit of RMB179.0 million. In the three months ended March 31, 2024 and 2025, we recorded net profits of RMB46.1 million and RMB8.5 million, respectively.

OUR STRENGTHS

We believe that the following strengths contribute to our market position, ensuring our success and distinguishing us from our competitors:

- A leader driving the commercialization of SiC materials;
- Technical barriers and innovation supported by our forward-thinking R&D strategies and capabilities;
- Robust mass production capabilities for high-quality, efficient and stable delivery;
- Continuously expanding and high-performance product portfolio to support downstream applications;
- Collaborative ecosystem with customers and suppliers that propels the advancement of the SiC industry; and
- Visionary and experienced management team with a competitive mindset.

See "Business — Our Strengths."

OUR STRATEGIES

We will focus on the following key strategies to achieve further development:

- Maintaining innovation leadership to accelerate the adoption of SiC materials;
- Enhancing R&D capabilities, optimizing technical layout and enriching product portfolio;

- Maintaining and continuously enhancing our advanced production capacity to improve production efficiency and delivery quality;

- Strengthening global collaborative ecosystem, expanding customer base and deepening customer relationships;

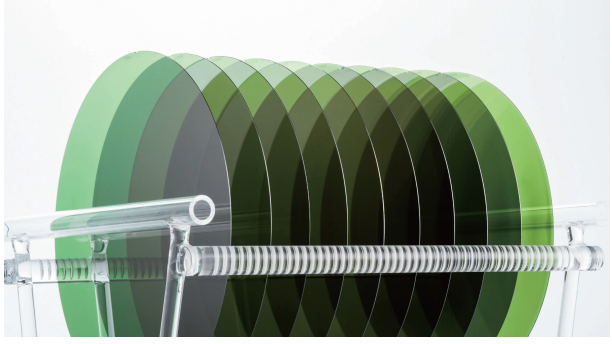
- Continuously attracting top talent and enhancing management capabilities; and

- Pursuing strategic investments, partnerships or acquisitions.

See "Business — Our Strategies."

OUR PRODUCTS

We focus on the research, development and production of SiC substrates. According to Frost & Sullivan, we were one of the few global market participants capable of mass producing 8-inch SiC substrates. Leveraging our in-house R&D capabilities, we mastered the core technologies covering all stages of SiC substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing and quality inspection. This enabled our mass production of 8-inch SiC substrates in 2023, overcoming the challenges of high-quality growth interface control and defect control in the production of SiC substrates. In November 2024, we introduced the industry's first 12-inch SiC substrate, which marks a significant step into the era of large SiC substrates. The following picture illustrates our sample SiC substrates:



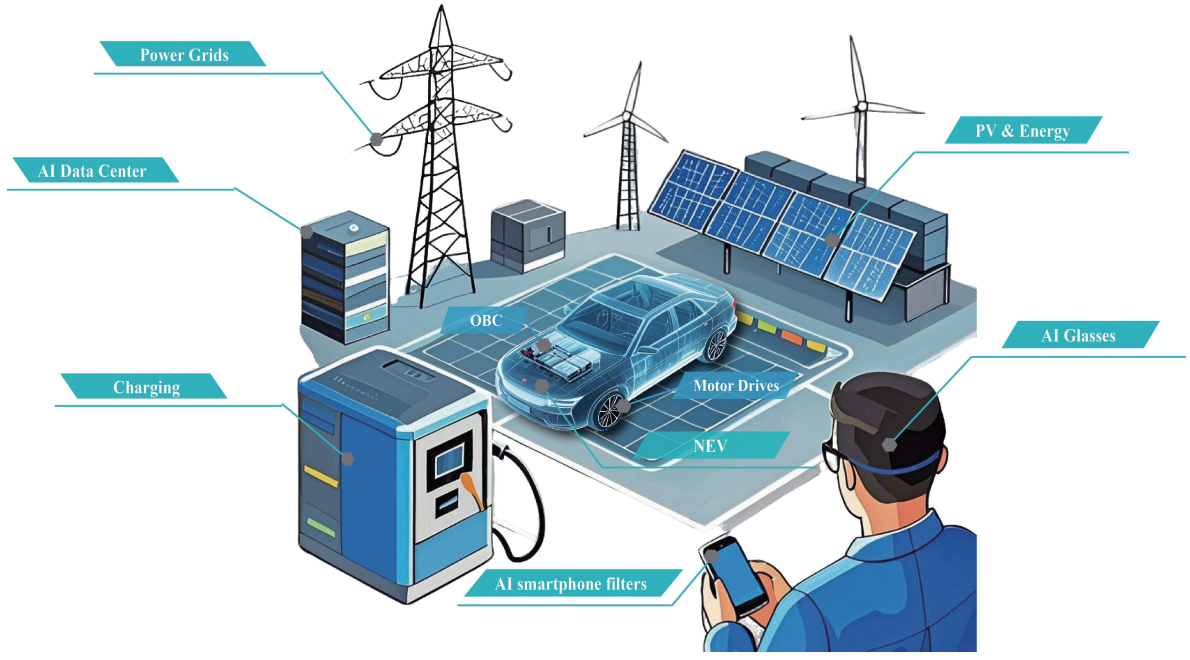
Dedicated to SiC substrates for over 14 years, we are committed to providing our customers with high-quality SiC substrates. Through technological innovation, we continuously enhance the performance of our customers' products across diverse industries. During the Track Record Period, we primarily offered 4-inch, 6-inch and 8-inch SiC substrates, and we were one of the few companies worldwide that could offer both conductive and semi-insulating SiC substrates in various diameters.

As of March 31, 2025, we had established business relationships with over half of the global top ten power semiconductor device manufacturers in terms of revenue in 2024. According to Frost & Sullivan, in terms of revenue from SiC substrate sales in 2024, we were among the top three global SiC manufacturers with a market share of 16.7%.

In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, the sales volume of our SiC substrates was 63,795 pieces, 226,302 pieces, 361,191 pieces, 85,160 pieces and 97,723 pieces, respectively, and the average sales price was RMB5,110.4, RMB4,798.0, RMB4,080.1, RMB3,914.1 and RMB3,369.4 per piece, respectively. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our revenue from SiC substrate sales amounted to RMB326.0 million, RMB1,085.8 million, RMB1,473.7 million, RMB333.3 million and RMB329.3 million respectively, accounting for 78.2%, 86.8%, 83.3%, 78.2% and 80.7% of our total revenue, respectively. During the Track Record Period, we also sold other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstone, with research and consumer goods applications, to our customers.

Applications

The illustration below summarizes our SiC substrates' applicable industries and the end products that adopt them.



Electric Vehicles

Our SiC substrates are mainly used in electric vehicles' motor drives, on-board chargers (OBCs) and DC/DC converters. According to Frost & Sullivan, power modules that adopt our SiC substrates can (i) improve the energy conversion efficiency of motor drives and significantly reduce energy losses by 70% to 90%, thereby increasing the range of electric vehicles, and maintain stable high-power output in high-temperature environments, thereby supporting higher rated voltages; (ii) enhance OBCs' charging efficiency and enable high-voltage fast charging, thereby shortening the charging time of electric vehicles and ultimately improving the user experience for electric vehicle owners; and (iii) increase the energy conversion efficiency of DC/DC converters and reduce energy losses by 80% to 90%, thereby improving overall electrical energy utilization efficiency and minimizing the impact of on-board electronic device power consumption on electric vehicle range. By adopting our SiC substrates, electric vehicle manufacturers can produce more efficient, reliable and cost-effective vehicles.

AI Data Centers

The adoption of our SiC substrates presents exciting opportunities for AI data centers. Our SiC substrates can be adopted in the AC-DC stage in power supply units for AI data centers to reduce energy consumption, improve cooling solutions and enhance power density for servers, ultimately supporting the growing demand for high-performance AI computation with significant power demands.

Photovoltaic Systems

Our SiC substrates can not only improve energy conversion efficiency and reduce switching losses for photovoltaic components, but also reduce the size of passive components, minimizing overall system cost, weight and volume to ease transportation and installation. Our SiC substrates' ability to operate at elevated frequencies and temperatures enhances power conversion efficiency, resulting in more effective solar energy systems that convert sunlight into usable electricity with improved thermal management. Additionally, the durability and smaller size of SiC-based power devices lead to lower operational costs and extended system lifespans, which ultimately enhances the efficiency, reliability, and cost-effectiveness of photovoltaic solutions, making solar energy more competitive in the renewable energy market.

AI Glasses

Due to SiC materials' significantly higher refractive index compared to high-refractive glass and lithium niobate, the adoption of our SiC materials in the making of optical waveguide lenses can result in a wider field of view and simpler full-color display structures. This can lead to a reduction in the size, weight and complexity of AI glasses, significantly enhancing the performance and user experience of AI glasses.

Rail Transportation

Our SiC substrates are capable of handling higher voltages and temperatures with lower energy losses, allowing for more effective and compact power conversion systems, such as traction converters, used in trains. This results in improved power density and reduced overall weight, contributing to lower energy consumption and enhanced speed and reliability of trains. By incorporating our SiC substrates, rail transportation systems can achieve higher efficiency, and increased operational performance, facilitating more economical and sustainable rail operations.

Power Grids

Our SiC substrates can significantly enhance power grids by improving the efficiency and capacity of power transmission and distribution. Capable of operating at higher temperatures, voltages, and frequencies, our SiC substrates enable more compact and efficient devices such as converters, switchgear, and transformers, reducing energy losses and improving power quality. For instance, at the same voltage and conversion frequency, MOSFET inverters adopting our SiC substrates have substantially lower energy losses as compared to silicon-based IGBT inverters. Our SiC substrates' high thermal conductivity also decreases heat dissipation and maintenance needs, lowering operational costs and boosting reliability. Integrating our SiC substrates results in higher efficiency, increased grid stability, and better support for renewable energy, fostering a more resilient and sustainable energy infrastructure.

Household Appliances

Utilization of our SiC substrates in the PFC circuits, boost circuits, motor drives and high-voltage power supplies, can enhance the energy conversion efficiency of household appliances, thereby improving their energy performance and efficiency and reducing household electricity consumption. Our SiC substrates also enable power semiconductor devices to increase the power density of power supplies and reduce the size of heat sinks, thereby decreasing the volume and cost of magnetic components and thermal management parts of household appliances, promoting the miniaturization of household appliances.

Advanced telecommunication base stations

Advanced telecommunication base stations benefit from adopting our SiC substrates. The low radio frequency loss due to the high resistivity of our SiC substrates improves the performance of radio frequency components and enables radio frequency devices to operate at higher frequencies, making SiC-based GaN an ideal choice for the advanced demands of telecommunication technology. Additionally, SiC-based GaN that uses our SiC substrates boasts superior efficiency with reduced energy losses, lowering operational costs and enhancing network performance. The high breakdown voltage allows telecommunication devices to operate safely at higher voltages, vital for the high-power radio frequency applications in telecommunication systems. Furthermore, the high power density and frequency capability of SiC-based GaN enable more compact and efficient power amplifiers needed for advanced telecommunication base stations.

R&D

We are committed to R&D and innovation. We have invested significant resources into the R&D of SiC substrates and production technologies, which is crucial for a semiconductor material company. Our focus spans fundamental research, product development and engineering R&D, ensuring that we not only keep up with technological advancements but also continually enhance our product offerings. This dedication to R&D drives innovation and positions us to meet the evolving demands of the industry, fortifying our role as a leader in bandgap semiconductor materials. Our endeavors in R&D have resulted in significant accomplishments as evidenced by our intellectual property profile. As of the Latest Practicable Date, we had been granted 503 patents, including 198 invention patents, 14 of which were from regions outside mainland China. See "Business — R&D."

PRODUCTION

Our production model is beneficial for meeting the diverse needs of our customers, improving on-time delivery, ensuring consistent product quality, and enhancing customer satisfaction. It also helps us control our inventory level and improve our capital utilization efficiency.

We enable optimization and improvements across all technical facets by integrating our core technologies throughout every stage of crystal growth and substrate processing. Additionally, we are dedicated to meeting IATF16949 standards for automotive-grade quality and safety management. Consequently, our technology-driven production model backed by robust management system enables our supply of high-quality SiC substrates.

During the Track Record Period, we had two production plants, namely the Shandong production plant and the Shanghai production plant. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our total production capacity was 75,000 pieces, 270,000 pieces, 420,000 pieces, 96,800 pieces and 105,600 pieces of SiC substrates, respectively; our actual production was approximately 71,000 pieces, 262,000 pieces, 410,200 pieces, 83,700 pieces and 84,300 pieces, respectively; our utilization rate was 94.7%, 97.0%, 97.6%, 86.5% and 79.8%, respectively. See "Business — Production."

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

We procure a variety of materials and equipment necessary for the manufacturing of our SiC substrates, including carbon powder, silicon powder, graphite thermal insulation materials, and equipment for crystal growth, slicing, grinding and polishing. For key production materials, such as graphite thermal insulation materials, we typically enter into long-term strategic cooperation agreements with suppliers and implement strategic procurement.

We typically partner with experienced and reputable suppliers to guarantee the quality of our products. Our selection criteria focus on technological expertise, infrastructure and equipment, product quality, credentials, reputation, and pricing. By establishing long-term cooperation with these top suppliers, we ensure stable access to essential resources, enabling us to maintain consistent quality and performance standards in our SiC substrates, thereby strengthening our competitive position in the market.

During the Track Record Period, our major suppliers primarily included raw materials and equipment suppliers as well as construction and utilities service providers. Purchases from our largest supplier in each year of 2022, 2023, 2024 and the three months ended March 31, 2025, amounted to RMB203.9 million, RMB317.0 million, RMB346.4 million and RMB89.0 million respectively, accounting for 14.4%, 10.5%, 21.1% and 23.9% of our total purchase amount, respectively, during the same periods. Purchases from our five largest suppliers (excluding construction service providers) during each year in 2022, 2023, 2024 and the three months ended March 31, 2025, amounted to RMB553.0 million, RMB1,086.4 million, RMB750.2 million and RMB186.0 million respectively, accounting for 39.1%, 35.9%, 45.6% and 49.9% of our total purchases, respectively, during the same periods. See "Business — Procurement and Supply Chain Management."

QUALITY CONTROL

We strive to deliver high-quality products to our customers. To that end, we have developed and implemented a Zero-Defect Plan, aiming for defect-free delivery. We have also established robust policies and detailed procedures to uphold product quality, anchored by a comprehensive quality management system that adheres to IATF16949 standards for automotive-grade quality. To maintain our competitive edge in quality management, we subject our practices to regular internal and external audits and assessment. The integrity of our quality control system is meticulously assessed through annual internal audits.

SALES AND MARKETING

During the Track Record Period, our products were sold globally. In 2022, 2023 and 2024, our revenue from sales in markets outside Mainland China continued to increase and amounted to RMB52.4 million, RMB414.4 million and RMB845.5 million, respectively, accounting for 12.6%, 33.1% and 47.8% of our total revenue, respectively, during the same years. In the three months ended March 31, 2024 and 2025, our revenue from sales outside Mainland China increased from RMB144.0 million to RMB195.1 million, respectively, accounting for 33.8% and 47.8% of our total revenue, respectively, during the same periods. During the Track Record Period, we adopted a direct sales model and have an experienced and highly trained sales and marketing team, consisting of 38 personnel as of March 31, 2025, who proactively identify market opportunities and design sales strategies.

We price our products by considering a variety of factors, including (i) market supply and demand, (ii) our costs of production, (iii) product specifications and diameters, (iv) the technological sophistication of our products, (v) the target customer segments, and (vi) prevailing market price within our product markets. We maintain a pricing approach that aligns closely with our competitors in the industry, and there are no significant discrepancies in pricing strategies or price levels. By considering these factors, we strive to offer competitive pricing while ensuring the sustainability and profitability of our operations. See "Business — Sales and Marketing" and "Business — Pricing."

CUSTOMERS

During the Track Record Period, our SiC substrates were primarily sold to domestic and international power semiconductor manufacturers. Revenue generated from our largest customer in each year of 2022, 2023, 2024 and the three months ended March 31, 2025, amounted to RMB108.3 million, RMB213.4 million, RMB336.1 million and RMB62.5 million, respectively, accounting for 26.0%, 17.1%, 19.0% and 15.3% of our total revenue, respectively, in the same periods. Revenue generated from our five largest customers in each year of 2022, 2023, 2024 and

the three months ended March 31, 2025, amounted to RMB270.8 million, RMB639.9 million, RMB1,011.8 million and RMB215.6 million, respectively, accounting for 65.0%, 51.3%, 57.2% and 52.9% of our total revenue, respectively in the same periods. See "Business — Sales and Marketing — Customers."

COMPETITION

The global SiC substrate market in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and emergence of new industry standards and practices. In addition, it is highly concentrated, with the top five market participants in terms of revenue from SiC substrate sales in 2024 holding a combined market share of 68.0%, according to Frost & Sullivan. SiC materials, with their superior properties and performance as compared to traditional silicon materials, have undergone a rapid development in recent years and significantly expanded their application scenarios, particularly in power semiconductor devices. According to Frost & Sullivan, the global market size of power semiconductor devices is expected to reach USD19.7 billion in 2030, representing a CAGR of 35.8% between 2024 and 2030.

We compete with other SiC substrate companies around the world. According to Frost & Sullivan, we were among the top three global SiC substrate manufacturers in terms of revenue from SiC substrate sales in 2024 with a market share of 16.7%. See "Industry Overview."

SUMMARY OF HISTORICAL AND FINANCIAL INFORMATION

The tables below present our summary consolidated financial data derived from our consolidated statements of profit or loss and other comprehensive income and consolidated cash flow statements for the years ended December 31, 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025 and our consolidated statements of financial position as of December 31, 2022, 2023, 2024 and March 31, 2025 included in the Accountants' Report in Appendix I to this prospectus. The following data and discussion should be read in conjunction with our consolidated financial statements and related notes and the section headed "Financial Information."

Key Items of the Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following table sets forth a summary of our consolidated results of operations for the periods presented:

	Year Ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Revenue	417,035	1,250,696	1,768,141	426,068	407,961
Cost of sales	(449,987)	(1,068,660)	(1,332,688)	(334,322)	(315,521)
Gross (loss)/ profit	**(32,952)**	**182,036**	**435,453**	**91,746**	**92,440**
Other income	2,082	517	607	37	168
Other gains and losses, net	51,533	54,852	88,945	23,720	17,985
Net investment income/(expense)	36,227	23,268	762	917	(215)
Reversal/(provision) of impairment losses on financial assets	1,057	(10,972)	(10,166)	(2,828)	1,038
Selling expenses	(13,931)	(20,427)	(28,827)	(4,057)	(5,301)
Administrative expenses	(111,531)	(163,295)	(189,438)	(45,047)	(52,283)
R&D expenses	(127,560)	(137,210)	(141,845)	(22,283)	(44,938)
Finance income/(expense), net	18,135	15,220	5,904	3,144	(2,032)
Share of results of associate	—	(148)	(2,131)	164	(1,502)
(Loss)/profit before tax	(176,940)	(56,159)	159,264	45,513	5,360
Income tax credit	1,258	10,439	19,761	587	3,158
(Loss)/profit for the year/period	**(175,682)**	**(45,720)**	**179,025**	**46,100**	**8,518**

Non-IFRS Financial Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net (loss)/profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measure, which are not required by, or presented in accordance with, IFRS. We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items.

We believe these measures provide useful information to investors and others in understanding and evaluating our consolidated our results of operations in the same manner as they help our management. However, such non-IFRS financial measures that we presented may not be directly comparable to similar measures presented by other companies. The use of these non-IFRS

measures has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

We define adjusted net loss/profit (non-IFRS measure) for the year/period as net loss for the year/period adjusted by adding back: share-based compensation expenses. The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure), from our (loss)/profit for the year/period in accordance with IFRS indicated for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025:

	Year ended December 31,			Three months ended March 31,	
	2022	**2023**	**2024**	**2024**	**2025**
			(RMB in thousands)		
				(unaudited)	
Reconciliation of (loss)/profit for the year/period to adjusted (loss)/profit for the year/period (non-IFRS measure):					
(Loss)/profit for the year/period	(175,682)	(45,720)	179,025	46,100	8,518
Add:					
— Share-based compensation expenses [(1)]	—	—	10,209	—	5,194
Adjusted net (loss)/profit (non-IFRS measure)	**(175,682)**	**(45,720)**	**189,234**	**46,100**	**13,712**
Add:					
Interest expenses	127	217	8,335	153	5,953
Depreciation and amortization	146,108	226,754	358,423	85,676	94,063
Income taxes paid	—	290	4,867	1,437	2,956
Less:					
Interest income from bank deposits	(18,262)	(15,437)	(14,239)	(3,297)	(3,921)
Income taxes refunded	(709)	—	—	—	—
Adjusted EBITDA (non-IFRS measure)	**(48,418)**	**166,104**	**546,620**	**130,069**	**112,763**

Note:

(1) Share-based payments relate to the non-cash employee benefit expenses incurred in connection with our awards to management and key employees.

We recorded a net loss and an adjusted net loss (non-IFRS measure) of RMB175.7 million in 2022, primarily due to (i) the gross loss incurred this year, resulting from the temporary constraints on production capacity and actual production caused by adjustments to production line processes during the initial phase of our product portfolio adjustment, and (ii) increased administrative expenses and R&D expenses to support our business growth.

Our net loss and adjusted net loss (non-IFRS measure) narrowed to RMB45.7 million in 2023, primarily due to a gross profit of RMB182.0 million in 2023, mainly attributable to the gradual transition from primarily producing semi-insulating SiC semiconductor material to primarily producing conductive SiC semiconductor material and the release of production capacity, partially offset by increased administrative expenses and R&D expenses to support our business growth.

In 2024, we turned around our loss-making position with a net profit of RMB179.0 million and an adjusted net profit (non-IFRS measure) of RMB189.2 million, primarily due to our improvement in gross profit margin on both conductive and semi-insulating SiC semiconductor materials resulting from economies of scale and the continued release of production capacity at our Shanghai production plant, benefiting from its ramp-up, leading to lower average costs on products sold, partially offset by increased operating expenses, including selling expenses, administrative expenses and R&D expenses.

Our net profit decreased from RMB46.1 million in the three months ended March 31, 2024 to RMB8.5 million in the same period of 2025. Our adjusted net profit (non-IFRS measure) decreased from RMB46.1 million in the three months ended March 31, 2024 to RMB13.7 million in the same period of 2025. The decreases were primarily due to (i) an increase in R&D expenses, mainly resulting from (a) relatively lower R&D expenses, particularly for testing materials, recorded in the three months ended March 31, 2024, and (b) increased investment in large-diameter SiC substrates and in the application of SiC substrates in emerging markets, such as AR glasses, in the same period in 2025, and (ii) an increase in administrative expenses, mainly resulting from (a) higher depreciation and amortization in relation to fixed assets used for administrative purposes, and (b) increased professional service expenses, mainly consulting fees in relation to our plant construction and overseas investment.

See “Financial Information — Period-To-Period Comparison of Results of Operations.”

Revenue

During the Track Record Period, we mainly derived our revenue from sales of conductive SiC semiconductor material and semi-insulating SiC semiconductor material. The following table sets forth our revenue breakdown by product type in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sales of SiC semiconductor material										
Conductive SiC semiconductor material	168,328	40.4	977,624	78.2	1,340,727	75.8	304,375	71.4	259,064	63.5
Semi-insulating SiC semiconductor material	157,691	37.8	108,178	8.6	132,961	7.5	28,950	6.8	70,204	17.2
Sub-total	326,019	78.2	1,085,802	86.8	1,473,688	83.3	333,325	78.2	329,268	80.7
Others[(1)]	91,016	21.8	164,894	13.2	294,453	16.7	92,743	21.8	78,693	19.3
Total	**417,035**	**100.0**	**1,250,696**	**100.0**	**1,768,141**	**100.0**	**426,068**	**100.0**	**407,961**	**100.0**

Note:

(1) Others primarily include (i) other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and customer goods application, and (ii) rental income.

The following tables set forth a breakdown of our sales volume and average sales price by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Piece	*%*	*Piece*	*%*	*Piece*	*%*	*Piece*	*%*	*Piece*	*%*
Conductive SiC semiconductor material	35,355	55.4	197,046	87.1	324,238	89.8	77,384	90.9	77,501	79.3
Semi-insulating SiC semiconductor material	28,440	44.6	29,256	12.9	36,953	10.2	7,776	9.1	20,222	20.7
Total	**63,795**	**100.0**	**226,302**	**100.0**	**361,191**	**100.0**	**85,160**	**100.0**	**97,723**	**100.0**

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB per piece)		
Conductive SiC semiconductor material	4,761	4,961	4,135	3,933	3,343
Semi-insulating SiC semiconductor material	5,545	3,698	3,598	3,723	3,472

Gross Profit/(Loss) and Gross Margin

Our gross profit/(loss) represents our revenue less our cost of sales, and our gross margin represents gross profit/(loss) divided by our revenue, expressed as a percentage. The table below sets forth a breakdown of our gross profit/(loss) and gross margin by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Gross profit/(loss)	*Gross margin*	*Gross profit/(loss)*	*Gross margin*	*Gross profit/(loss)*	*Gross margin*	*Gross profit/(loss)*	*Gross margin*	*Gross profit/(loss)*	*Gross margin*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sales of SiC semiconductor material										
Conductive SiC semiconductor material	(35,822)	(21.3)	222,593	22.8	432,212	32.2	93,346	30.7	64,950	25.1
Semi-insulating SiC semiconductor material	26,267	16.7	(47,825)	(44.2)	35,426	26.6	398	1.4	18,143	25.8
Sub-total	(9,555)	(2.9)	174,768	16.1	467,638	31.7	93,744	28.1	83,093	25.2
Others	(23,397)	(25.7)	7,268	4.4	(32,185)	(10.9)	(1,998)	(2.2)	9,347	11.9
Total	**(32,952)**	**(7.9)**	**182,036**	**14.6**	**435,453**	**24.6**	**91,746**	**21.5**	**92,440**	**22.7**

See "Financial Information — Period-To-Period Comparison of Results of Operations."

Selected Items from the Consolidated Statements of Financial Position

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this prospectus:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Total current assets	3,314,066	2,803,867	3,124,653	3,350,083
Total non-current assets	2,539,160	4,107,486	4,232,052	4,198,983
Total assets	**5,853,226**	**6,911,353**	**7,356,705**	**7,549,066**
Total current liabilities	312,958	1,303,744	1,542,775	1,553,198
Total non-current liabilities	289,804	381,086	500,948	667,384
Total liabilities	**602,762**	**1,684,830**	**2,043,723**	**2,220,582**
Net current assets	3,001,108	1,500,123	1,581,878	1,796,885
Total equity	**5,250,464**	**5,226,513**	**5,312,982**	**5,328,484**

Our net current assets increased from RMB1,581.9 million as of December 31, 2024 to net current assets of RMB1,796.9 million as of March 31, 2025, primarily due to an increase of RMB235.6 million in cash and bank balances.

Our net current assets remained relatively stable at RMB1,500.1 million as of December 31, 2023 and RMB1,581.9 million as of December 31, 2024.

Our net current assets decreased from RMB3,001.1 million as of December 31, 2022 to RMB1,500.1 million as of December 31, 2023, primarily due to (i) a decrease of RMB1,514.4 million in financial assets at fair value through profit or loss, and (ii) an increase of RMB916.6 million in trade and other payables, partially offset by (i) an increase of RMB344.9 million in cash and bank balances, (ii) an increase of RMB310.0 million in inventories, and (iii) an increase of RMB216.8 million in trade receivables and other receivables.

We recorded total equity of RMB5,250.5 million as of December 31, 2022. As of December 31, 2023, we had total equity of RMB5,226.5 million, primarily attributable to a loss for the year of 2023 of RMB45.7 million, offset by an increase in capital reserve of RMB23.5 million from share of post-acquisition share premium of an associate. Our total equity then increased to RMB5,313.0 million as of December 31, 2024, primarily due to profit for year ended December

31, 2024 of RMB179.0 million, partially offset by repurchase of shares of RMB100.2 million. Our total equity remained relatively stable at RMB5,313.0 million and RMB5,328.5 million as of December 31, 2024 and March 31, 2025. Please see the Consolidated Statements of Changes in Equity to the Accountants' Report included in Appendix I to this prospectus.

Summary of the Consolidated Statements of Cash Flow

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

	Year Ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Net cash (used in)/generated from operating activities	(64,421)	(68,110)	30,434	(81,336)	143,965
Net cash (used in)/generated from investing activities	(2,774,694)	204,570	(257,137)	88,831	(120,034)
Net cash generated from/(used in) financing activities	3,178,744	(5,982)	571,064	40,067	219,249
Net increase in cash and cash equivalents	**339,629**	**130,478**	**344,361**	**47,562**	**243,180**
Cash and cash equivalents at the beginning of the year/period	342,586	682,492	811,593	811,593	1,155,456
Effect of exchange rate changes	277	(1,377)	(498)	890	3,428
Cash and cash equivalents at the end of the year/period	**682,492**	**811,593**	**1,155,456**	**860,045**	**1,402,064**

Net cash used in operating activities primarily comprises our loss before taxation for the year/period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital.

In the three months ended March 31, 2025, our net cash generated from operating activities was RMB144.0 million. Our net cash generated from operating activities is calculated by adjusting our profit before taxation of RMB5.4 million by non-cash and other items to arrive at an operating profit before changes in working capital of RMB112.6 million. Our movements in working capital primarily reflect a decrease in other current assets of RMB59.8 million, and a decrease in trade and other receivables of RMB24.6 million, partially offset by an increase in prepayments of RMB59.1 million.

In 2024, our net cash generated from operating activities was RMB30.4 million. Our net cash generated from operating activities is calculated by adjusting our profit before taxation of RMB159.3 million by non-cash and other items to arrive at an operating profit before changes in working capital of RMB555.5 million. Our movements in working capital primarily reflect an increase in inventories of RMB200.6 million and an increase in trade and other receivables of RMB188.4 million, partially offset by a decrease in trade and other payables of RMB137.3 million.

In 2023, our net cash used in operating activities was RMB68.1 million. Our net cash used in operating activities is calculated by adjusting our loss before taxation of RMB56.2 million by non-cash and other items to arrive at an operating profit before movements in working capital of RMB159.2 million. Our movements in working capital primarily reflect (i) an increase in restricted cash of RMB197.7 million, (ii) an increase in inventories of RMB325.7 million and (iii) an increase in trade and other receivables of RMB226.7 million, partially offset by increase in trade and other payables of RMB553.4 million.

In 2022, our net cash used in operating activities was RMB64.4 million. Our net cash used in operating activities is calculated by adjusting our loss before taxation of RMB176.9 million by non-cash and other items to arrive at an operating loss before movements in working capital of RMB77.3 million. Our movements in working capital primarily reflect an increase in inventories of RMB156.7 million, and an increase in prepayments of RMB46.7 million, partially offset by an increase in trade and other payables of RMB137.2 million.

We recorded net operating cash outflows in 2022 and 2023, primarily due to the significant amounts of cost of sales and operating expenses incurred in connection with our production, R&D and administrative activities. We have successfully from a net operating cash outflow in 2022 and 2023 to a net operating cash inflow in 2024 and three months ended March 31, 2025, primarily due to: (i) sustained revenue growth driven by product innovation, production expansion, and customer base growth; (ii) rigorous cost control measures to enhance efficiency; and (iii) strategic management of operating expenses and working capital optimization. See "Financial Information — Liquidity and Capital Resources — Net Cash (Used in)/Generated from Operating Activities."

SELECTED FINANCIAL RATIOS

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

	As of and for the year ended December 31,			As of and for the three months ended March 31,
	2022	2023	2024	2025
Revenue growth rate[(1)]	—	199.9%	41.4%	(4.2%)
Gross profit/(loss) margin[(2)]	(7.9%)	14.6%	24.6%	22.7%
Adjusted EBITDA margin (non-IFRS measure)[(3)]	(11.6%)	13.3%	30.9%	27.6%
Current ratio[(4)]	10.6	2.2	2.0	2.2
Quick ratio[(5)]	8.9	1.5	1.4	1.5
Debt-to-asset ratio[(6)]	10.3%	24.4%	27.8%	29.4%
Cash conversion cycle[(7)]	362.3	148.5	160.2	248.9

Notes:

(1) Revenue growth rate is calculated as the year-on-year growth rate of revenue and the growth rate of revenue for the three months ended March 31, 2025 compared to the three months ended March 31, 2024.

(2) Gross profit/(loss) margin equals gross profit/(loss) for the period divided by revenue for the period and multiplied by 100%.

(3) Adjusted EBITDA margin (non-IFRS measure) equals adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%.

(4) Current ratio equals current assets divided by current liabilities as of the relevant period end.

(5) Quick ratio equals current assets excluding inventories divided by current liabilities as of the relevant period end.

(6) Debt-to-Asset Ratio equals total liabilities divided by total assets multiplied by 100%.

(7) Cash conversion cycle is calculated using the inventory turnover days in each period plus the trade receivable turnover days in the respective period minus the trade payables turnover days in the respective period.

RISK FACTORS

Our business and the Global Offering involve certain risks as set out in "Risk Factors" in this prospectus. You should read that section in its entirety carefully before you decide to invest in our Shares. We believe the most significant risks we face include but are not limited to the following:

- Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth;

- Our performance is subject to demands from our downstream industries that adopt our products and fluctuations in raw material supplies. Slowdown in the growth of these downstream industries could adversely affect our business, financial condition and results of operations;

- If we fail to develop new products that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected;

- The semiconductor material industry is highly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed; and

- Our business, financial condition and results of operations may be materially and adversely affected by international policies, international export controls and economic sanctions.

See "Risk Factors."

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zong was interested in approximately 38.48% of our total issued share capital, comprising (i) approximately 30.09% of our total issued share capital directly held by him, (ii) approximately 5.38% of our total issued share capital controlled by Mr. Zong in his capacity as the sole executive and general partner of our employee shareholding platform Shanghai Maiming, and (iii) approximately 3.00% of our total issued share capital controlled by Mr. Zong in his capacity as the sole executive and general partner of our employee shareholding platform Shanghai Zhuao. Accordingly, Mr. Zong, Shanghai Maiming and Shanghai Zhuao constitute a group of Controlling Shareholders before the Listing.

Immediately following the completion of the Global Offering (assuming (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), Mr. Zong will continue to control, directly and indirectly (through Shanghai Maiming and Shanghai Zhuao, our employee shareholding platforms controlled by Mr. Zong), the exercise of approximately 34.63% voting rights of the enlarged issued share capital of our Company. Therefore, Mr. Zong, Shanghai Maiming and Shanghai Zhuao will remain as a group of Controlling Shareholders of our Company.

For further details about our Controlling Shareholders, please see the section headed "Relationship with Our Controlling Shareholders."

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$42.80 per H Share, we estimate that we will receive net proceeds of approximately HK$1,938.1 million from the Global Offering. We intend to use the net proceeds from the Global Offering for the purposes and in the amounts set forth below.

- Approximately 70% of the net proceeds, or HK$1,356.7 million, will be used to expand our production capacity for 8-inch and larger SiC substrates;

- Approximately 20% of the net proceeds, or HK$387.6 million, will be used to strengthen our R&D capabilities and maintain our leadership in innovation;

- Approximately 10% of the net proceeds, or HK$193.8 million, will be used as working capital and for other general corporate purposes to support our day-to-day operations and future business development.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Recent Development

In the six and a half months ended June 15, 2025, our business operations remained relatively stable, and we continued to implement measures to reduce the cost of sales and achieve better operating efficiency.

In March 2025, we launched our new products, including our 12-inch high purity SiC substrate, 12-inch N-type SiC substrate(1) and 12-inch P-type SiC substrate, at SEMICON China 2025, which signified our breakthroughs in crystal growth, defect control, processing and inspection as well as in-house component manufacturing.

No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since March 31, 2025, being the end date of the periods reported on in the Accountant's Report in Appendix I to this prospectus, and there is no event since March 31, 2025 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

LISTING OF OUR A SHARES ON THE STAR MARKET

Since January 12, 2022, our A Shares have been listed on the STAR Market of the Shanghai Stock Exchange (stock code: 688234) (the "**A-Shares Listing**"). Since our A-Shares Listing and as of the Latest Practicable Date, our Directors confirmed that we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the STAR Market. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the STAR Market.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of the listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering on the basis that, among other things, we satisfy the market capitalisation/revenue test under Rule 8.05(3) of the Hong Kong Listing Rules with reference to (a) our expected market capitalisation of approximately HK$30,295 million upon the Listing (based on (i) 47,745,700 H Shares expected to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised) and an Offer Price of HK$42.80 per H Share; and (ii) 429,711,044 A Shares in issue with an average closing price for the five business days immediately prior to the Latest Practicable Date of

(1) SiC material doped with elements such as nitrogen to create an excess of free electrons which can enhance its conductivity and makes it suitable for high-power electronic devices

RMB59.88 (equivalent to approximately HK$65.75) per A Share, which is more than HK$4,000,000,000 at the time of listing; and (b) our revenue for the year ended December 31, 2024 of approximately RMB1,768.1 million (equivalent to approximately HK$1,919.0 million), which is more than HK$500,000,000 for the most recent audited financial year.

OFFERING STATISTICS

	Based on an Offer Price of HK$42.80 per H Share
Market capitalization of our Shares immediately after completion of the Global Offering[(1)]	HK$30,295 million
Market capitalization of our H Shares immediately after completion of the Global Offering[(1)]	HK$2,044 million
Unaudited pro forma adjusted net tangible assets per Share[(2)]	HK$16.34

(1) The calculation of market capitalization is based on (i) 47,745,700 H Shares expected to be issued pursuant to the Global Offering (assuming that the Over-allotment Option is not exercised); and (ii) 429,711,044 A Shares in issue with an average closing price for the five business days immediately prior to the Latest Practicable Date of RMB59.88 (equivalent to approximately HK$65.75) per A Share, representing in aggregate 477,456,744 Shares expected to be in issue immediately following the completion of the Global Offering (assuming the Over-allotment Option are not exercised). For details, see "Share Capital — Upon Completion of the Global Offering" in this prospectus.

(2) The unaudited pro forma adjusted net tangible assets of our Group attributable to owners of the Company as of March 31, 2025 per Share is calculated based on a total of 475,450,860 shares (representing 429,711,044 shares in issue as of March 31, 2025, excluding 2,005,884 treasury shares as of March 31, 2025, adding 47,745,700 offer shares under the Global Offering), assuming that the Global Offering had been completed on March 31, 2025 but does not take into account of any shares which may be issued upon the exercise of the over-allotment option and upon the vesting of restricted shares that have been or may be granted from time to time under the restricted share scheme.

(3) No adjustment has been made to the unaudited pro forma adjusted net tangible assets of the Group to reflect any trading results or other transactions of our Group entered into subsequent to March 31, 2025.

DIVIDEND POLICY

Our Articles of Association require us to distribute cash dividends of no less than 30% of the average annual distributable profit under the PRC GAAP in any rolling three-year period, subject to significant investment or capital expenditure plans, working capital requirements and other cash dividend conditions stipulated in our Company's Articles of Association. We distribute dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. If dividends in any distribution consists of both cash and stocks, the cash dividends shall comprise not less than 20% of such distribution. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our

Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. As of December 31, 2024, our Company did not record accumulated losses according to the Company's unconsolidated financial statements in 2024. Pursuant to the Rules for Share Repurchase by Listed Companies (《上市公司股份回購規則》) and the Shanghai Stock Exchange's Self-Regulatory Guidelines No. 7 — share repurchase (《上海證券交易所上市公司自律監管指引第7號 — 回購股份》), the RMB100,218,531.64 share repurchases completed in 2024 are classified as cash dividends, constituting a formal shareholder return mechanism. Considering various factors such as industry dynamics, corporate development stage, and our Company's results of operations, including the accumulated losses on our consolidated financial statements in 2024 that have not been made up, our Board proposed not to declare cash dividends, capital reserve conversions, or bonus issues for 2024, to protect the long-term interests of all shareholders and to safeguard our sustainable development and capital adequacy on March 27, 2025. On May 16, 2025, the Shareholders' meeting approved the aforementioned proposal. As confirmed by our PRC Legal Advisor, given that our Company did not record accumulated losses according to the Company's unconsolidated financial statements for 2024, our Company can decide independently whether to pay dividends after setting aside the required statutory common reserve funds in accordance with our Articles of Association and the applicable PRC laws.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK$105.4 million (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$42.80), which accounts for approximately 5.16% of the gross proceeds from the Global Offering. We estimate the listing expenses to consist of approximately HK$61.3 million in underwriting fees and HK$44.1 million in non-underwriting fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$24.9 million and other fees and expenses of approximately HK$19.2 million). Among the total listing expenses, approximately HK$94.6 million will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the Global Offering, and the remaining approximately HK$10.8 million will be expensed in our consolidated statements of comprehensive loss.

In this prospectus, unless the context otherwise requires, the following terms and expressions shall have the following meanings. Certain other terms are explained in the section heads "Glossary of Technical Terms" in this prospectus.

"A Share(s)"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are listed on the STAR Market and traded in Renminbi
"Accountant"	BDO Limited
"Accountant's Report"	the accountant's report of our Company issued by the Accountant as set out in "Appendix I — Accountant's Report" of this prospectus
"affiliate"	with respect to any specified person, any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AFRC"	the Accounting and Financial Reporting Council
"Articles" or "Articles of Association"	the articles of association of our Company, adopted on February 19, 2025 with effect from the Listing Date, a summary of which is set out in Appendix V to this prospectus
"Audit Committee"	the audit committee of the Board of our Company, the details of which are described in "Corporate Information" in this prospectus
"Beijing Tianyue"	Beijing Tianyue Advanced Technology Ltd. (北京天岳先進科技有限公司), a limited liability company established under the laws of the PRC on January 5, 2024, and a wholly-owned subsidiary of our Company
"Board" or "Board of Directors"	the board of directors of our Company
"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

"Capital Market Intermediary(ies)" or "CMI(s)"	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the capital market intermediaries named in "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"CCASS"	The Central Clearing and Settlement System established and operated by HKSCC
"China" or the "PRC"	The People's Republic of China, but for the purpose of this prospectus and for geographical reference only and except where the context requires, references in this prospectus to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region and Taiwan, China
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company", "our Company" or "the Company" or "we" or "us"	SICC Co., Ltd. (山東天岳先進科技股份有限公司), a joint stock company incorporated in the PRC on November 2, 2010, the A Shares of which have been listed on the STAR Market (stock code: 688234)
"Compliance Advisor"	Somerley Capital Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholders Group" or "Controlling Shareholders"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to Mr. Zong, Shanghai Maiming and Shanghai Zhuao, collectively the controlling shareholders of our Company; prior to the Listing and as at the Latest Practicable Date, the controlling shareholders controlled approximately 38.48% of our total share capital, and upon Listing, they will remain as our Company's controlling shareholders

"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"COVID-19"	a viral respiratory disease caused by the severe acute respiratory syndrome coronavirus
"Director(s)"	the director(s) of our Company
"EIT"	the enterprise income tax
"EIT Law"	the PRC Enterprise Income Tax Law (《中華人民共和國企業所得税法》), which was promulgated on March 16, 2007, came into effect on January 1, 2008, and was most recently amended on December 29, 2018 becoming effective on the same date
"Experts"	the experts set out in "Appendix VII — Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts" of this prospectus
"Extreme Conditions"	extreme conditions caused by a super typhoon as announced by the government of Hong Kong
"FINI"	"Fast Interface for New Issuance", the online platform operated by HKSCC that is mandatory for admission to trading and, where applicable, the collection and processing of specified information on subscription in and settlement all new listings
"F&S" or "Industry Consultant"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co., an independent market research consultant, which is an Independent Third Party
"General Rules of HKSCC"	the terms and conditions regulating the use of HKSCC's services, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Group," "our Group," "the Group," "we," "us" or "our"	the Company and its subsidiaries from time to time

"Guide"	Guide for New Listing Applicants issued by the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"H Share(s)"	shares in the share capital of our Company with a nominal value of RMB1.00 each, to be listed and traded on the Hong Kong Stock Exchange
"H Share Registrar"	Computershare Hong Kong Investor Services Limited
"HK$" or "HKD" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC EIPO"	the application for the Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your designated HKSCC Participant's stock account through causing HKSCC Nominees to apply on your behalf, by instructing your broker or custodian who is a HKSCC Participant to give electronic application instructions via Fini to apply for the Hong Kong Offer Shares on your behalf
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"HKSCC Operational Procedures"	the Operational Procedures of HKSCC, containing the practices, procedures and administrative or other requirements relating to HKSCC's services and the operation and functions of the CCASS, FINI or any other platform, facility or system established, operated and/or otherwise provided by or through HKSCC, as from time to time in force
"HKSCC Participant"	a participant admitted to participate in CCASS as a direct clearing participant, a general clearing participant or a custodian participant

"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Offer Shares"	the 2,387,300 H Shares initially being offered for subscription in the Hong Kong Public Offering (subject to reallocation as described in "Structure of the Global Offering" in this prospectus)
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong, on the terms and subject to the conditions described in this prospectus as further described in "Structure of the Global Offering" in this prospectus
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in "Underwriting" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement, dated August 8, 2025, relating to the Hong Kong Public Offering and entered into among our Company, the Joint Sponsors, the Sponsor-OC and the Hong Kong Underwriters
"IFRS"	the IFRS Accounting Standards, which as collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations 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 our connected person(s)

"International Offer Shares"	the 45,358,400 H Shares being initially offered for subscription under the International Offering together, where relevant, with any additional H Shares that may be issued pursuant to any exercise of the Over-allotment Option (subject to reallocation as described in "Structure of the Global Offering")
"International Offering"	the conditional placing of the International Offer Shares by the International Underwriters at the Offer Price outside the United States in offshore transactions in reliance on Regulation S, on and subject to the terms and conditions of the International Underwriting Agreement, as further described in "Structure of the Global Offering"
"International Underwriters"	the underwriters of the International Offering
"International Underwriting Agreement"	the international underwriting agreement, expected to be entered into on or about the Price Determination Date, relating to the International Offering, by our Company, the Joint Sponsors, the Sponsor-OC and the International Underwriters, as further described in "Underwriting — Underwriting Arrangements and Expenses — International Offering — International Underwriting Agreement" in this prospectus
"Jining New Material"	Jining Tianyue Semiconductor New Material Co., Ltd. (濟寧天岳半導體新材料有限公司) (formerly known as Jining Tianyue Graphite Products Co., Ltd. (濟寧天岳石墨製品有限公司) and renamed as current name in April 2025), a limited liability company established under the laws of the PRC on June 5, 2023, a wholly-owned subsidiary of our Company
"Joint Bookrunners"	the joint bookrunners as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Joint Global Coordinators"	the joint global coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus

"Joint Lead Managers"	the joint lead managers as named in "Directors, Supervisors and Parties Involved in the Global Offering" of this prospectus
"Joint Sponsors"	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the joint sponsors named in "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"Latest Practicable Date"	August 3, 2025, being the latest practicable date for ascertaining certain information in this prospectus before its publication
"Listing"	the listing of the Shares on the Main Board
"Listing Committee"	the Listing Committee of the Hong Kong Stock Exchange
"Listing Date"	the date, expected to be on or around Tuesday, August 19, 2025, on which our H Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
"Listing Rules" or "Hong Kong Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the GEM of the Stock Exchange
"MOF"	the Ministry of Finance of the People's Republic of China (中華人民共和國財政部)
"MOFCOM"	Ministry of Commerce of the PRC (中華人民共和國商務部)
"Mr. Zong"	Mr. Zong Yanmin (宗艷民), one of our Controlling Shareholders, our executive Director, chairman of the Board and general manager
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)

"Nomination Committee"	the nomination committee of the Board of our Company, the details of which are described in "Corporate Information" in this prospectus
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027%, Hong Kong Stock Exchange trading fee of 0.00565% and AFRC transaction levy of 0.00015%) of not more than HK$42.80 at which Hong Kong Offer Shares are to be subscribed for pursuant to the Hong Kong Public Offering and International Offer Shares are to be offered pursuant to the International Offering, to be determined in the manner further described in "Structure of the Global Offering — Pricing and Allocation" in this prospectus
"Offer Shares"	the Hong Kong Offer Shares and the International Offer Shares, being the Shares of the Company
"Ordinary Shares" or "Shares"	ordinary shares in the share capital of the Company
"Overall Coordinators"	has the meaning given to it in the Listing Rules and, unless the context requires otherwise, refers to the overall coordinators named in "Directors and Parties Involved in the Global Offering" in this prospectus
"Over-allotment Option"	the option expected to be granted by our Company to the International Underwriters, exercisable by the Sponsor-OC (on behalf of the International Underwriters) pursuant to the International Underwriting Agreement, pursuant to which our Company may be required to allot and issue up to an aggregate of 7,161,800 additional H Shares (representing in aggregate approximately 15% of the Offer Shares initially being offered under the Global Offering) at the Offer Price to, among other things, cover over-allocations in the International Offering, if any, further details of which are described in the section headed "Structure of the Global Offering" in this prospectus
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC

"PRC Company Law" or "Company Law"	the Company Law of the PRC (《中華人民共和國公司法》), as amended, modified and/or otherwise supplemented from time to time
"PRC Legal Advisor"	Grandall Law Firm (Shanghai), the PRC legal advisor to our Company
"Price Determination Date"	the date on which the Offer Price is to be determined, namely on or before Friday, August 15, 2025 and, in any event, not later than 12:00 noon on Friday, August 15, 2025 unless otherwise determined between the Sponsor-OC (for themselves and on behalf of the Underwriters) and our Company
"Remuneration and Appraisal Committee"	the remuneration and appraisal committee of the Board of our Company, the details of which are described in "Corporate Information" in this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAMR", or formerly known as "SAIC"	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), formerly known as State Administration of Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)
"Securities Law"	the Securities Law of the People's Republic of China (中華人民共和國證券法), as amended, supplemented or otherwise modified from time to time
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Shanghai Cehui"	Shanghai Cehui Enterprise Management Center (Limited Partnership) (上海策輝企業管理中心 (有限合夥)), a limited partnership established under the laws of the PRC on January 13, 2020, one of the limited partners of Shanghai Maiming

"Shanghai-Hong Kong Stock Connect"	a securities trading and clearing links program developed by the Hong Kong Stock Exchange, Shanghai Stock Exchange, HKSCC and China Securities Depository and Clearing Corporation Limited for mutual market access between Hong Kong and Shanghai
"Shanghai Juepeng"	Shanghai Juepeng Enterprise Management Center (Limited Partnership) (上海爵芃企業管理中心 (有限合夥)), a limited partnership established under the laws of the PRC on December 20, 2019, one of the limited partners of Shanghai Maiming
"Shanghai Maiming"	Shanghai Maiming Enterprise Management Center (Limited Partnership) (上海麥明企業管理中心 (有限合夥)), a limited partnership established under the laws of the PRC on April 17, 2019, one of our employee shareholding platforms and one of our Controlling Shareholders
"Shanghai Tianyue"	Shanghai Tianyue Semiconductor Material Co., Ltd. (上海天岳半導體材料有限公司), a limited liability company established under the laws of the PRC on June 2, 2020, a wholly-owned subsidiary of our Company
"Shanghai Yuefu"	Shanghai Yuefu Technology & Trade Co., Ltd. (上海越服科貿有限公司), a limited liability company established under the laws of the PRC on December 6, 2019, a wholly-owned subsidiary of our Company
"Shanghai Yuelianfeng"	Shanghai Yuelianfeng Technology Co., Ltd. (上海越聯峰科技有限公司), a limited liability company established under the laws of the PRC on July 22, 2022, a wholly-owned subsidiary of our Company
"Shanghai Zhuao"	Shanghai Zhuao Enterprise Management Center (Limited Partnership) (上海鑄傲企業管理中心(有限合夥)), a limited partnership established under the laws of the PRC on May 5, 2019, one of our employee shareholding platforms and one of our Controlling Shareholders

"Shanghai Zhuhuan"	Shanghai Zhuhuan Technology Co., Ltd. (上海鑄幻科技有限公司), a limited liability company established under the laws of the PRC on June 16, 2025, a wholly-owned subsidiary of our Company
"Share(s)"	ordinary share(s) in the share capital of our Company, with a nominal value of RMB1.00 each, comprising A Shares and H Shares
"Shareholder(s)"	holder(s) of our Shares
"Shenzhen Tianyue"	Shenzhen Tianyue Advanced Technology Ltd. (深圳天岳先進科技有限公司), a limited liability company established under the laws of the PRC on October 19, 2022, a wholly-owned subsidiary of our Company
"Sponsor-OC"	the sponsor-overall coordinators as named in "Directors, Supervisors and Parties Involved in the Global Offering" in this prospectus
"STA"	the State Taxation Administration of the PRC (中華人民共和國國家税務總局)
"STAR Market"	the Shanghai Stock Exchange Science and Technology Innovation Board
"State Council"	the PRC State Council (中華人民共和國國務院)
"Strategy Committee"	the strategy committee of the Board of our Company, the details of which are described in "Corporate Information" in this prospectus
"subsidiary(ies)"	has the meaning ascribed to it under the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Supervisor(s)"	member(s) of Supervisory Committee
"Supervisory Committee"	the supervisory committee of our Company

"Takeovers Code"	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
"Tianyue New Material"	Shandong Tianyue New Material Technology Co., Ltd. (山東天岳新材料技術有限公司), a limited liability company established under the laws of the PRC on November 15, 2017, a wholly-owned subsidiary of our Company
"Track Record Period"	the period comprising the three years ended December 31, 2022, 2023, 2024 and the three months ended March 31, 2025
"Trial Measures"	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》), promulgated by the CSRC on February 17, 2023
"Underwriters"	the Hong Kong Underwriters and International Underwriters, as named in the Hong Kong Underwriting Agreement and International Underwriting Agreement, respectively
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States", "U.S." or "US"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Export Control and Sanctions Counsel"	King & Wood Mallesons
"U.S. Securities Act"	United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$", "USD" or "U.S. dollars"	United States dollars, the lawful currency for the time being of the United States
"VAT"	value-added tax

"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name, submitted online through the designated website of the **White Form eIPO** Service Provider at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"%"	per cent

In this prospectus, the terms "associate", "close associate", "connected person", "core connected person", "connected transaction", and "substantial shareholder" shall have the meanings given to such terms in the Hong Kong Listing Rules, unless the context otherwise requires.

Certain amounts and percentage figures included in this prospectus 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.

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

This glossary of technical terms contains explanations of certain technical terms used in this prospectus in connection with our Company and our business. Such terminology and meanings may not correspond to standard industry meanings or usages of those terms.

"AC-DC stage"	the process of converting alternating current (AC) into direct current (DC)
"AI"	artificial intelligence
"AI data center"	a highly advanced computing infrastructure specifically designed to support the storage, processing, and training of complex artificial intelligence algorithms and models
"AI glasses"	wearable devices that incorporate advanced computer vision, augmented reality and artificial intelligence technologies to enhance the user's visual experience, providing real-time information, interactive overlays and intelligent assistance for a wide range of applications, from navigation and visualization to accessibility and entertainment
"AR"	augmented reality, a technology that overlays digital information, such as images, text, or 3D models, onto the physical world, enhancing the user's perception and experience
"bandgap"	the energy difference in semiconductors between the top of the valence band and the bottom of the conduction band. Wide bandgap semiconductors permit devices to operate at much higher voltages than conventional semiconductors
"basal plane dislocation" or "BPD"	a type of crystal defect in SiC and other semiconductor materials, where a slip or disruption occurs along the basal plane of the crystal structure, creating a localized region of structural imperfection
"boule"	a single-crystal ingot produced through a growth process which allows the sliced substrates in epitaxial growth

"breakdown electric field strength"	the maximum electric field intensity that a material or medium can withstand before experiencing electrical breakdown (i.e. resulting in the material becoming conductive and allowing the flow of electric current)
"chemical mechanical polishing" or "CMP"	an advanced semiconductor manufacturing process that combines chemical reactions and mechanical abrasion to planarize and smooth the surface of wafers
"converters"	electrical devices that transform one form of electrical energy into another, such as converting alternating current power to direct current power or vice versa
"crystal growth"	the process of forming crystalline structures with well-defined, periodic atomic arrangements
"crystal nucleation"	the initial stage of crystal growth where atoms or molecules precipitate out from the growth medium, reach a critical size, and then continue to grow into a stable crystalline structure. This initial stage is crucial for the subsequent growth of high-quality crystals used in various electronic and photonic devices
"DC/DC converters"	an electronic circuit that converts a source of direct current from one voltage level to another
"design-in"	the process of incorporating a specific component or technology into a product design early in its development phase, ensuring compatibility and integration
"design-win"	confirmation from customers adopting a supplier's product design, indicating the supplier's ability to meet the customer's production, delivery, and cost requirements
"dislocations"	linear crystallographic defects within the semiconductor material, which can significantly impact the electrical and optical properties of semiconductor devices
"doping"	the intentional introduction of impurities into the semiconductor material to modify its electrical properties

"electron saturation velocity"	the maximum velocity that electrons can attain within a semiconductor material under high electric field conditions
"Epitaxial wafer"	a wafer formed by depositing a single-crystal thin film on a semiconductor substrate through epitaxial growth technology, which is used for device manufacturing
"ESS"	energy storage system, which refers to a technology that stores energy for later use, often employed in renewable energy systems and electric vehicles
"eVTOL"	electric vertical take-off and landing, a type of aircraft that can take off and land vertically, like a helicopter, while also being capable of wing-borne flight, like an airplane
"fast-charging"	a charging method for electric vehicles that provides a higher power output compared to standard charging, enabling quicker battery replenishment
"FRD"	fast-recovery diodes, which refers to a type of diode that can switch on and off quickly, making it suitable for use in high-frequency power conversion circuits
"frequency"	the rate at which a power electronic device, such as a switch or rectifier, operates. It is a crucial factor influencing the performance and efficiency of power systems
"FOV"	field of view, the angular extent of a given scene that is visible to the observer or imaging device
"Ga_2O_3"	gallium oxide, a wide bandgap semiconductor material with expected applications in high-voltage power devices, deep ultraviolet optoelectronic devices and high-frequency devices
"GaN"	gallium nitride
"GW"	gigawatt, a unit of power equal to one billion watts, commonly used to measure the capacity of large-scale power generation systems

"HEMT"	high electron mobility transistor used in high-frequency and high-power applications characterized by high electron mobility
"IATF16949"	international technical specification of automotive industry quality management system, which prepared by International Automotive Task Force (IATF) and ISO
"inch"	the standard unit of measurement used to denote the diameter of substrates. In the semiconductor industry, the common sizes for substrates include 2-inch (50mm), 3-inch (75mm), 4-inch (100mm), 6-inch (150mm), 8-inch (200mm) and 12-inch (300mm)
"IGBT"	insulated gate bipolar transistors
"inverter"	a power electronic device that converts direct current electricity into alternating current electricity
"kW"	kilowatt, a unit of power equal to one thousand watts, commonly used to measure the power output of various electrical devices and systems
"LED"	light-emitting diode, a semiconductor device that emits light when an electric current is applied, widely used in various lighting and display applications
"low-junction-capacitance"	a characteristic of certain semiconductor devices, such as diodes, where the capacitance between the p-n junction is minimized, enabling faster switching and higher-frequency operation
"micropipes"	crystalline defects that form tiny tubular voids within materials like SiC and gallium nitride, which can degrade device performance and reliability
"MMIC"	monolithic microwave integrated circuit, a type of integrated circuit designed to operate at microwave frequencies

"modules"	packaged components that include integrated circuits or other electronic components, which are used to build larger systems or devices. They are essential for enhancing performance, efficiency, and scalability in electronic products
"MOSFET"	metal oxide semiconductor field effect transistor, used for amplifying or switching electronic signals
"N-type SiC substrates"	SiC materials doped with elements such as nitrogen to create an excess of free electrons, which can enhance their conductivity and making them suitable for high-power electronic devices
"on-board charger" or "OBC"	a power electronics device for electric vehicle batteries on electric vehicles, which converts alternating current power from external sources, such as residential outlets, into direct current power to charge the vehicle's battery pack
"on-resistance"	the electrical resistance of a semiconductor device when it is in its "on or conducting state", which is a crucial parameter in power electronics as lower on-resistance leads to reduced power loss and improved energy efficiency in the device's operation
"photovoltaic systems"	renewable energy technologies that convert sunlight directly into electrical power through the photovoltaic effect, enabling a wide range of applications from small electronic devices to large-scale solar power plants as part of sustainable energy solutions
"physical vapor transport" or "PVT"	a crystal growth technique where a material is vaporized in a vacuum or low-pressure environment and then condenses onto a cooler surface to form a single crystal or thin film deposition
"polytype inclusions"	regions within a semiconductor crystal (typically SiC) where the atomic stacking sequence deviates from the expected and desired crystalline structure
"power density"	the amount of power processed per unit volume or unit area

"power factor correction" or "PFC"	process of improving the power factor of an electrical system by reducing the reactive power component and bringing the system closer to unity power factor, thereby optimizing energy efficiency and reducing costs
"power semiconductor"	a type of semiconductor device that is used as a switch or rectifier in power electronics, and serves as the core component of power supplies
"power supply units" or "PSUs"	devices that convert alternating current from the power grid into the direct current needed to power various electronic components and systems, while also providing voltage regulation, filtering, and overload protection
"production capacity"	production capacity for a year is calculated by multiplying the following factors: (i) the average number of crystal growth furnaces available for production in a month; (ii) the number of furnace runs completed per month; (iii) the average number of ingots produced per furnace run; (iv) the number of 6-inch SiC substrates that can be sliced from each ingot; and (v) 12 months
"production utilization rate"	utilization rate during a year is calculated by dividing the actual production in a year by the production capacity in the same year
"PTC heater"	positive temperature coefficient heaters, a self-regulating electric heating device made from PTC materials. Its resistance increases with rising temperature to limit power, which offers both efficient heating and overheat protection functionalities
"P-type SiC substrates"	SiC material doped with elements such as aluminum, which can generate an excess of holes and enhance the electrical conductivity, making it suitable for high-power electronic devices
"radial temperature gradient"	the variation in temperature observed in the radial or perpendicular direction within a cylindrical or spherical object or system

"radio frequency devices"	electronic components and systems that generate, transmit, receive, or process electromagnetic signals in the radio frequency spectrum
"refractive index"	a dimensionless number that describes how the speed of light or other electromagnetic radiation is reduced when passing through a particular medium or material
"resistance to radiation"	the ability of semiconductor devices to withstand and function in high radiation environments
"resistivity"	a measure of the opposition to the flow of electric current within a material
"reverse recovery losses"	the energy dissipated during the transition period when a semiconductor device, such as a diode or transistor, switches from its conducting (forward) state to its non-conducting (reverse) state
"RF"	radio frequency, which is used to describe electromagnetic waves in the frequency range suitable for radio communication and signal processing
"SBD"	Schottky barrier diodes, a type of diode with a metal-semiconductor junction that allows for fast switching and low forward voltage drop
"SRG"	surface relief grating diffraction optical waveguide technology, an optical waveguide solution that involves the creation of micron- or nano-scale periodic structures on the surface of a material, which forms an optical device
"SiC"	silicon carbide
"sq.m"	square meter(s)
"substrates"	the base layer of material used in the manufacturing process of semiconductor devices and integrated circuits. It is typically a thin slice of single-crystal silicon, gallium arsenide or other semiconductor materials. Various circuit components are fabricated on the substrate

"switching frequency"	the rate at which a switch-mode power supply turns on and off. It influences the performance of the device, including its efficiency and power output, and plays a crucial role in the design of compact and low-cost circuits
"TF-SAW filters"	thin film surface acoustic wave filter, a type of bandpass filter that utilize the propagation of surface acoustic waves in thin-film materials to selectively filter and process high-frequency electrical signals
"thermal conductivity"	the measure of a material's ability to conduct heat, or the rate at which heat is transferred through a material per unit area and temperature gradient
"thermal expansion"	the tendency of materials to change in size, shape, or volume as a result of changes in temperature
"thermal field"	the spatial distribution of temperature within a system or material
"threading edge dislocation" or "TED"	a type of crystal defect where a line defect is formed by lattice distortion, with the dislocation line oriented perpendicular to the growth direction and creating a discontinuity in the atomic arrangement
"threading screw dislocation" or "TSD"	a type of crystal defect characterized by a spiral, or screw-like, distortion of the semiconductor crystal lattice that extends through the material, often originating from the growth surface and propagating through the bulk
"Ultra-fast charger"	a charging system for electric vehicles that can replenish a significant amount of battery capacity in a short timeframe, often within 10-30 minutes
"wafer"	a thin slice of semiconductor material, used in the manufacture of ICs and other microelectronic devices

"wide bandgap"	the large energy difference between the valence and conduction bands of certain semiconductor materials, which enables unique electrical and thermal properties advantageous for advanced electronic and optoelectronic applications
"xEV"	various types of electric vehicles
"Zero-Defect Plan"	an internal management plan that aims for inspection-free delivery of high-quality products to customers
"4H crystal"	a specific crystal structure characterized by a hexagonal unit cell with a stacking sequence of ABCB, where the unit cell repeats every four atomic layers
"5G"	the fifth-generation wireless technology standard that aims to provide significantly faster data speeds, lower latency, and greater connectivity compared to previous generations of mobile networks

We have included in this prospectus forward-looking statements. Statements that are not historical facts, including statements about our intentions, beliefs, expectations or predictions for the future, are forward-looking statements.

This prospectus includes forward-looking statements. All statements other than statements of historical facts contained in this prospectus, including, without limitation, those regarding our future financial position, our strategy, plans, objectives, goals, targets and future developments in the markets where we participate or are seeking to participate, and any statements preceded by, followed by or that include the words "believe," "expect," "estimate," "predict," "aim," "intend," "will," "may," "plan," "consider," "anticipate," "seek," "should," "could," "would," "continue," or similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Important factors that could cause our actual performance or achievements to differ materially from those in the forward-looking statements include, among other things, the following:

- our ability to successfully implement our business plans and strategies;
- future developments, trends and conditions in the industry and markets in which we operate or into which we intend to expand;
- general political and economic conditions of jurisdictions in which we operate;
- our business operations and prospects;
- our capital expenditure plans;
- weather, natural disasters and climate change;
- the actions and developments of our competitors;
- our financial condition and performance;
- capital market developments;

- our dividend policy;

- any changes in the laws, rules and regulations of the central and local governments in the PRC and other relevant jurisdictions and the rules, regulations and policies of the relevant governmental authorities relating to all aspects of our business and business plans; and

- various business opportunities that we may pursue.

You should carefully consider all of the information in this prospectus, including the risks and uncertainties described below, before making an investment 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 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 investment.

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 the section headed "Forward-Looking Statements" in this prospectus.

RISKS RELATING TO OUR INDUSTRY AND BUSINESS

Our historical results may not be indicative of our future performance, and we may not be successful in expanding our operations or managing our growth.

During the Track Record Period, we experienced a rapid revenue growth and generated revenue of RMB417.0 million, RMB1,250.7 million, RMB1,768.1 million, RMB426.1 million and RMB408.0 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. However, there can be no assurance that we will be able to maintain our historical growth rates in future periods. We may encounter risks and difficulties frequently experienced by rapidly growing companies in constantly evolving industries, such as (i) maintaining product quality and reliability while scaling up production; (ii) managing our growing operations effectively while preserving our corporate culture; (iii) balancing production capacity with market demand to avoid over- or under-utilization; (iv) intense capital commitment in upgrading manufacturing facility and equipment; (v) attracting and retaining experienced employees in a competitive job market; and (vi) navigating complex and evolving regulations across different markets and jurisdictions. Any predictions about our future revenue and expenses may not be as accurate as they would be if we had a longer operating history or operated in a more predictable industry. Our business, results of operations and financial condition depend in part on our ability to effectively manage our growth or implement our growth strategies. We intend to grow by expanding our business, increasing market penetration of our existing products and developing new ones. The management of our growth may place significant demands on our managerial, administrative, operational, financial and other resources. Moreover, our growth depends on the ability to maintain stable production capacity and offer reliable products to our customers. Our efforts to grow our business may be more costly than we expect, and we may not be able to increase our revenue enough to offset our increased operating expenses. We may incur significant

losses in the future for a number of reasons, including the other risks described herein, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If we are unable to achieve and sustain profitability, our business may be harmed. If we fail to achieve the necessary level of efficiency as we grow, our growth rate may decline, investors' perceptions of our business and prospects may be adversely affected and the market price of our H shares could decline.

Our performance is subject to demands from our downstream industries that adopt our products and fluctuations in raw material supplies. Slowdown in the growth of these downstream industries could adversely affect our business, financial condition and results of operations.

Our performance is subject to the fluctuations of demands from downstream industries. During the Track Record Period, our SiC materials were primarily sold to power semiconductor manufacturers, which offered their products to downstream customers across various industries, including electric vehicles, AI data centers, photovoltaic systems, rail transportation, power grids, household appliances, advanced telecommunication base stations and AI glasses. Demand for our products largely depends on growth and competition within the markets for the end products, which are impacted by factors beyond our control. If the end product markets cannot maintain robust growth or are embroiled in fierce competitions, our supply of SiC substrates and our business and profitability may be adversely affected. For instance, in early 2025, electric vehicle manufacturers in China were engaged in a price war, which not only depressed profits for the brands but also exerted pressure on the upstream suppliers, including SiC substrates manufacturers. The factors that may impact the growth within end product markets include, among others:

- a decline in demand for, or negative perception of, or publicity about, products of downstream industries;
- a downturn in general economic conditions in the PRC and worldwide, resulting in reduced demand for our products, excess inventory and pressure on pricing;
- regulatory restrictions, trade disputes, industry-specific quotas, tariffs, non-tariff barriers and taxes that may have the effect of limiting exports from the PRC;
- the inability of our customers to dedicate necessary resources to promote and commercialize their products;
- the inability of our customers to adapt to the cyclical fluctuations of the global semiconductor market, primarily driven by technology upgrades, capacity investments and inventory changes, resulting in their products becoming obsolete;

- the failure of our customers' end products in which our products are used to meet evolving industry requirements or achieve market acceptance;

- delays and project cancellations as a result of design flaws in the products developed by our customers;

- increased costs associated with potential disruptions to our customers' supply chain and other manufacturing and production operations;

- the deterioration of our customers' financial condition; and

- the effects of catastrophic and other disruptive events at our customers' offices or facilities, including natural disasters, telecommunications failures, cyber-attacks, terrorist attacks, pandemics, epidemics or other outbreaks of infectious disease, breaches of security or loss of critical data.

In the event that any of the above events occur, the end product markets may not maintain robust growth and the demand for our products may be reduced. Therefore, our business, financial condition, results of operations and prospects could be materially and adversely affected.

If we fail to develop new products that address customer preferences and achieve market acceptance in a timely and cost-effective manner, our results of operations could be adversely affected.

Our future success depends on the successful expansion of our SiC substrate product portfolio and customer base. Our customers are constantly seeking new products with larger diameters and better performance, and our success relies heavily on our ability to continue to develop and provide our customers with new products and improvements of existing products. In order to gain market share and keep up with the technological advancements in the semiconductor industry, we must constantly introduce new products and respond to new and evolving customer demands.

The success of a new product depends on a variety of specific implementation factors, including:

- timely development of new technologies and adaption to changes in existing technologies;

- timely and cost-effective processing and mass production to accommodate new product designs, while ensuring functionality, performance and reliability;

- effective marketing, sales and services to gain market share; and
- strong and sustainable market demand.

Product design, development, innovation and iteration is often a complex, time-consuming and costly process involving significant investment in R&D with no assurance of return on investment. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, we incurred R&D expenses of RMB127.6 million, RMB137.2 million, RMB141.8 million, RMB22.3 million and RMB44.9 million, respectively. However, the semiconductor industry is highly competitive, characterized by rapidly changing technologies and technological obsolescence. We may invest significant resources in R&D activities and incur significant R&D expenses in the future to achieve technological breakthroughs, as well as maintain our technological leadership and the competitiveness of our products and solutions. There can be no assurance that we will be able to develop and introduce new and enhanced products in a timely or efficient manner or that we will continue to achieve technological breakthroughs and successfully commercialize such breakthroughs through our R&D activities. Failure to timely develop new technologies or to react quickly to changes in existing technologies could materially delay our development of new and enhanced products, which could result in product obsolescence, decreased revenue, and/or a loss of market share to competitors. Our investments in R&D activities may not generate sufficient revenue to offset liabilities assumed and expenses associated with these investments.

In addition, we may not be able to optimize our production processes and the ability to mass produce in a cost-effective manner. We may also encounter lower manufacturing yields and longer delivery schedules in commencing mass production of new products that we introduce, which could increase our costs and disrupt our supply of such products. Further, if initial sales volumes for new or enhanced products do not reach anticipated levels within the time periods we expect, we may be required to engage in additional marketing efforts to promote such products and the costs of developing and commercializing such products may be higher than we predict. To the extent that we fail to timely develop new products or to quickly achieve market acceptance in a cost-effective manner, our results of operations could be materially and adversely affected.

The semiconductor material industry is highly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed.

The semiconductor industry is characterized by rapidly changing technologies as well as technological obsolescence. Significant technological advancements in alternative semiconductor materials could render our existing or future products uncompetitive, obsolete or otherwise unmarketable, and may materially and adversely affect our business and prospects in ways we cannot currently anticipate. Competition among providers of different semiconductor products may increase substantially in the future. If our SiC substrates fail to secure sufficient market share in

the competition in the course of commercialization, or if the commercialization does not meet our or the market's expectations, we may not be able to recover our costs, and our business, results of operations and future prospects will be harmed.

In addition, the semiconductor industry is marked by intense competition and a high level of concentration. According to Frost & Sullivan, the top five SiC substrate manufacturers in terms of revenue from SiC substrate sales in 2024 had a combined market share of 68.0%. The introduction of new products and technologies by our competitors, the market acceptance of products based on our new or alternative technologies, or our failure to anticipate or timely develop new or enhanced products or technologies in response to changing market demand, whether due to technological shifts or otherwise, could result in loss of customers and reduced competitiveness. Moreover, some of our direct and indirect competitors may have greater resources and certain advantages, including but not limited to longer operating history, better financing capabilities, well-developed technologies and intellectual properties, more efficient sales and marketing and stronger customer relations. If we are unable to stay competitive or compete successfully with our competitors, we may experience decreases in market share and sales volume, and may have to reduce our prices or make other concessions, thereby adversely affecting our profitability, business, financial condition and results of operations.

Our business, financial condition and results of operations may be materially and adversely affected by international policies, international export controls and economic sanctions.

Certain regions outside mainland China have imposed or may impose tariffs, export controls, economic sanctions or other trade-related measures in various forms (such as harsh trade conditions) against certain countries, individuals and legal entities, which, from time to time, prohibit or restrict export and import activities to a certain extent. For instance, heightened tensions between major economies, such as the United States and China, could result in stricter tariffs, export controls and economic sanctions laws or regulations that could affect our business, exports or sales in other countries and/or could result in restrictions, penalties or fines.

The recent U.S.-China trade tensions have also led to the introduction of higher tariffs on various goods traded between the two countries. On December 23, 2024, the Office of the U.S. Trade Representative (the "**USTR**") announced a new investigation (the "**Section 301 Investigation**") to examine Chinese actions allegedly related to targeting of the semiconductor industry for dominance and the impact of such actions on the U.S. under Section 301 of the Trade Act of 1974 (as amended). Although the hearing of the Section 301 Investigation was convened on March 11, 2025 and the USTR has not yet made any further decisions as of the Latest Practicable Date, it may negatively impact our sales to the U.S. as well as our overseas customers' willingness

to purchase our products given that the USTR may impose additional tariffs on PRC-origin SiC substrates. In addition, between February and April 2025, President Trump imposed multiple tariffs on several major trading partners of the U.S., including Canada, China, the European Union and Mexico.

After several rounds of adjustments, the 10.0% reciprocal tariff on goods imported from China remained but the additional 24.0% tariff had been temporarily suspended on May 14, 2025 for 90 days. On May 28, 2025, the United States Court of International Trade held that the International Emergency Economic Powers Act ("**IEEPA**") does not authorize any of the worldwide, retaliatory or trafficking tariff orders, vacating those that were challenged. Following the Trump administration's immediate appeal, the U.S. Court of Appeals for the Federal Circuit (the "**CAFC**") granted the Trump administration's request for an administrative stay on June 10, 2025 and will hold an oral argument on July 31, 2025. As such, the IEEPA tariffs remained in effect as of the date of this prospectus.

As of the Latest Practicable Date, the U.S. had imposed 80.0% tariffs in aggregate on semiconductor products from China, including a 50.0% Section 301 tariff, a 20.0% Fentanyl-related tariff under the IEEPA and a 10.0% reciprocal tariff. As such, there are significant uncertainties with respect to how the political tensions, trade policies and market dynamics between the U.S. and China will evolve. Although we derived less than 0.1% of our revenue from our sales to the U.S. during the Track Record Period, the volatility and uncertainty of the Trump administration's tariff policies make it difficult for us to predict the magnitude and impact of any future changes in the relationships between the U.S. and other countries or new laws or regulations adopted by the U.S. and other countries on our business due to the uncertainties mentioned above.

Meanwhile, the U.S. has tightened its export control measures with respect to semiconductor-related items, such as high-technology goods, semiconductors and electronics, to China since 2020. In addition, Section 734.9 of the Export Administration Regulations (the "**EAR**") administered by the Bureau of Industry and Security under the U.S. Department of Commerce, known as the "Foreign-Direct Product (FDP) Rules", further expands the scope of items subject to the EAR to restrict certain end-users' ability to obtain non-U.S.-origin items that might be used for the development of industries being concerned by the U.S. There is a possibility that the trade restrictions could expand if the U.S. and China do not reach an agreement to resolve the issues. 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 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 (the "**Reverse CFIUS EO**"), granting the U.S. government the authority to establish and enforce an outbound investment screening regime (the "**Outbound Investment Program**"). On October 28, 2024, the 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 Reverse CFIUS EO. The Final Rule became effective on January 2, 2025. Following the completion of the Global Offering, it is expected that U.S. persons will be able to invest in our H Shares based on the publicly traded securities exception under the Final Rule. However, the Final Rule 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 investor sentiment towards us, and therefore negatively impacting our ability to raise capital.

Currently the primary EU trade policies directed at China comprise anti-dumping and countervailing duties as well as unilateral protective measures. As of the Latest Practicable Date, the EU had not (i) imposed any anti-dumping or countervailing duties on SiC substrates imported from China; (ii) initiated any investigations concerning SiC substrates; or (iii) applied any unilateral protective measures against our SiC substrates. However, following a senior EU official's criticism of China at the G7 summit in June 2025, the trade relationship between China and the EU might deteriorated as Sino-EU geopolitical tension heightened. Given that the revenue that we derived from the EU continuously increased during the Track Record Period, such adverse development might lead to the imposition of additional tariffs, export restrictions, sanctions or regulatory changes that could limit our business growth and disrupt our operation in Europe, undermining our ability to serve our European customers effectively. In such case, our business operation, financial performance and future prospects might be materially and adversely affected.

During the Track Record Period, our products were offered to customers in mainland China and overseas markets. There is no assurance that our sales or our customers' sales of their semiconductor products will not be subject to the restrictions introduced by the U.S. Furthermore, if we sell our products to other countries and/or end users which are subject to sanctions or export controls in the future and/or if the scope of the export controls or sanctions is expanded, 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 customers will sell and/or export their end products. If the export sales of the 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, customer demand in our products may drop and, as a result, our business, financial condition and results of operations may be materially and adversely affected.

If we are unable to keep up with technological advancement in the semiconductor industry, we may not be able to retain existing customers, attract new customers or maintain our market position.

The semiconductor industry is characterized by rapid technological evolution and continuous advancements. As new materials and innovative processes emerge, the competitive landscape and operational norms shift. Keeping up with technological innovation requires substantial investment in R&D and continuous adaptation to emerging trends. Inability to effectively implement cutting-edge technologies or adapt to shifts in industry standards may lead to reduced competitiveness, loss of market share, and financial challenges. Consequently, our ability to maintain and grow our position within the industry would be significantly compromised, potentially impacting shareholder value and long-term business sustainability. If we fail to keep up with these technological developments, our business operations, financial performance and future prospects might be materially and adversely affected.

We may experience downward price trend of SiC substrates in the future.

The global semiconductor market is characterized by cyclical fluctuations, primarily driven by technology upgrades, capacity investments and inventory changes. These cyclical variations can lead to periods of significant growth followed by downturns. During periods of downturn, we may face pressure on pricing for our SiC substrates. A sustained downward price trend in SiC substrates could negatively affect our revenue and profit margins, particularly if we are unable to offset lower prices with increased sales volume, cost reductions or product mix upgrade, which may adversely affect our financial performance and operational results.

Our business depends substantially on the efforts of our management and highly skilled, including R&D personnel, and our operations may be severely disrupted if we lost their service.

Our future performance depends on the service and contribution of our management to oversee and execute our business plans and identify and pursue new opportunities and product innovations. Any loss of service of our management can significantly delay or prevent us from achieving our strategic business objectives, and adversely affect our business, financial condition and results of operations. From time to time, there may be changes in our management team, resulting from the departure of personnel, which could also disrupt our business. Hiring suitable replacements and integrating them into our existing teams also require a significant amount of time, training and resources, and may impact our existing corporate culture.

Additionally, competition for highly skilled personnel is often intense, and we may incur significant costs to attract and retain highly skilled personnel in our R&D team. We may not be successful in attracting, integrating, or retaining qualified personnel to fulfill our current or future needs. In addition, job candidates and existing employees often consider the value of the incentives and awards they receive in connection with their employment. If such incentives or awards decline, it may adversely affect our ability to retain highly skilled employees. If we fail to attract new personnel or fail to retain and motivate our current personnel, our business and prospects could be adversely affected.

The expansion into overseas markets may expose us to operational, financial and regulatory risks.

As we started to expand overseas, in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, our revenue from sales outside mainland China amounted to RMB52.4 million, RMB414.4 million, RMB845.5 million, RMB144.0 million and RMB195.1 million, respectively, accounting for 12.6%, 33.1%, 47.8%, 33.8% and 47.8% of our total revenue, respectively. Expanding our global footprint and growing overseas sales is an important part of our future growth, but these efforts may not be successful. Our overseas operations and expansion plans, such as our plan to set up a new production base in Southeast Asia are subject to a number of risks, including but not limited to:

- foreign exchange control and exchange rate fluctuations;
- increased costs associated with maintaining the ability to understand the local markets and develop and maintain effective marketing in various countries;
- difficulties and costs related to providing after-sales services and customer support in these markets;
- difficulty with staffing and managing overseas operations;
- failure to develop and implement appropriate risk management and internal control structures tailored to overseas operations;
- difficulty and cost relating to compliance with different commercial and legal requirements of the overseas markets in which we offer or plan to offer our products;

- failure to obtain or maintain permits for our products in these markets;
- inability to obtain, maintain or enforce intellectual property rights;
- stringent consumer protection and product compliance regulations on our customers' products;
- unanticipated changes in prevailing economic conditions and regulatory requirements; and
- trade barriers such as export requirements, tariffs, taxes and other restrictions and expenses.

The occurrence of any of these risks could negatively impact our overseas expansion and consequently our business, financial condition and results of operations.

Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs.

We rely primarily on a combination of our patents, trade secrets, trademarks, the confidentiality agreements signed by the employees, and confidentiality agreements signed with third parties to protect our intellectual property rights. There is no assurance that we will be able to successfully apply and be granted new intellectual property rights in a timely and cost-effective manner in the future, as such applications are expensive and time-consuming. See "Business — Intellectual Property." Unauthorized parties may be able to obtain and use information that we regard as proprietary. Under such circumstances, to protect our intellectual property rights and maintain our competitive advantages, we may initiate legal proceedings against parties who we believe are infringing our intellectual property rights. Legal proceedings are often costly and may divert management attention and resources away from our business. In certain situations, we may have to initiate such legal proceedings in regions outside mainland China, in which case we are subject to additional risks as to the result of the proceedings, the amount of damages that we can recover, and the enforcement process.

Our success is also subject to our ability to use, develop and protect our technology and trade secrets without infringing the intellectual property rights of third parties. Others may hold or obtain patents, copyrights, trademarks, or other proprietary rights used in our products. This might prevent, limit, or interfere with our production, use, development, sales, or marketing, and could therefore disturb our daily operations and distract our management. Companies holding patents or

other intellectual property rights may, in the PRC or other jurisdictions, bring suits alleging infringement of such rights or otherwise assert their rights and urge us to obtain licenses. We may also be subject to liability due to the misconduct of our employees in relation to third party intellectual property rights. Our use of intellectual properties relating to our design, software, and technology could be found to infringe upon existing intellectual property rights owned by others. In addition, if we are found to have infringed upon a third party's intellectual property rights, we may be required to do one or more of the following:

- cease to sell products that are involved in the challenged intellectual property rights owned by others;
- pay damages to the rights holders or the customers who purchased our products;
- redesign our products; or
- establish and maintain alternative branding for our products.

Intellectual property infringement or other claims by third parties in the PRC or other jurisdictions, if successful, may invalidate our patents, subject us to pay damages to third parties, require us to seek licenses from third parties, pay ongoing royalties, redesign our products, and subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies. Any of the aforementioned could materially and adversely affect our business, financial condition and results of operations.

We may pursue strategic investments, partnerships or acquisitions, and our business could be adversely affected if we fail to successfully identify, evaluate and integrate the target businesses.

We may from time to time grow our business through strategic investments, partnerships or acquisitions by ourselves or in collaboration with external parties. However, the progress depends on various factors, such as market conditions, regulatory changes and resource availability. We may not be able to identify appropriate targets, and even if we are able to do so, we may decide to discontinue our investment, partnership or acquisition based on our assessment of the project's viability and alignment with our strategic objectives. This could potentially result in our invested capital not yielding the anticipated returns, or claims or liabilities from other parties involved, thereby adversely affecting our financial condition, results of operations and prospects.

We are subject to risks relating to litigations and disputes with employees, competitors, business partners or other parties, which could adversely affect our business, financial condition, results of operations and prospects.

We may be subject to disputes or claims of various types brought by various external or internal parties. For instance, we may be subject to labor disputes and adverse employee relations, which could result in legal proceedings and lead to reputational harm, monetary damages, interruptions of our operations or diversion of managerial attention.

We may also be subject to disputes with our competitors, suppliers, business partners or governmental entities relating to contractual disputes, intellectual property right infringements or legal compliance. Such claims and disputes may evolve into litigations or law enforcement actions. We cannot guarantee that we will not be subject to legal proceedings in the ordinary course of business. Legal proceedings are distractive and expensive as they may cause us to incur defense costs, utilize a significant portion of our resources and divert managerial attention from our day-to-day operations, any of which could harm our business. In the case of an adverse verdict, we may be required to pay significant monetary damages, assume significant liabilities or suspend or terminate parts of our operations. As a result, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We have incurred gross loss in 2022 and net losses in 2022 and 2023 and net operating cash outflows in 2022 and 2023, and we may continue to incur losses and net operating cash outflows in the future.

Our results of operations have been, and may continue to be, influenced by the expansion of our production lines and product offerings. In the early stage of business development and before we achieve economies of scale, we recorded revenue from sales of a limited number of qualified products while incurring substantial expenses, such as raw material costs, utilities, employee expenses and depreciation and amortization of properties and equipment. In 2022, we recorded gross losses of RMB33.0 million, and in 2022 and 2023, we incurred net loss of RMB175.7 million and RMB45.7 million, respectively. Additionally, in 2022 and 2023, we recorded net operating cash outflows of RMB64.4 million and RMB68.1 million, respectively. Those net losses and net operating cash outflows incurred were primarily attributable to our intensive working capital and high level of inventories. While we recorded gross profit in 2023, 2024 and the three months ended the March 31, 2025, and achieved a net profit in 2024 and the three months ended March 31, 2025, there is no assurance that we will be able to sustain such profitability in the future. See "Financial Information — Period-To-Period Comparison of Results of Operations." Meanwhile, while we recorded net operating cash inflow of RMB30.4 million and RMB144.0 million, respectively, in 2024 and the three months ended March 31, 2025, there is no assurance

that we will not experience periods of net operating cash outflow in the future. If we continue to record net operating cash outflow in the future, our working capital may be constrained which may adversely affect our business and financial condition.

We remain committed to actively extending the application areas of our SiC substrates, while continuing to expand our product offerings. Such expansion may not be consistently successful and may incur losses if the revenue from the sales of our SiC substrates fails to offset our costs, which may materially and adversely affect our financial condition, results of operations and prospects.

Our future profitability will depend on a variety of factors, including the expansion and performances of our existing business, competitive landscape, customer preference and macroeconomic and regulatory environment. Our revenues may not grow at the rate we expect and it may not increase sufficiently to offset the increase in our costs and expenses. We may continue to incur losses in the future and we cannot assure you that we will eventually achieve our intended profitability. In addition, we may still record negative cash flow in the future and need to seek external financing to support our operations, such as available equity financing or bank facilities.

Undetected defects, failures or reliability issues in our products could reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims.

Our customers generally have stringent specifications for quality, performance and reliability that our products must meet. Due to the complex product design and production process, our products may contain undetected defects or failures when first introduced or after commencement of commercial shipments, which might require product replacement or recall. Further, changes of raw material used in the production processes may cause our products to fail. If defects and failures occur in our products, we could experience lost revenue, increased costs, including warranty expenses and costs associated with after-sales services, cancellations or rescheduling of orders or shipments, and product returns or discounts, any of which would harm our operating results.

Further, the production of our SiC substrates involves highly complex processes. For example, minute levels of contaminants in the manufacturing environment can introduce defects during the crystal growth process, such as dislocations or micropipes, which degrade the electrical and physical properties of our SiC substrates. These defects can severely affect the performance and reliability of the end products that adopt our SiC substrates. These problems may be difficult to detect at an early stage of the production process and often are time-consuming, expensive or impossible to correct. They may also result in claims against us by our customers or others, and subject us to liabilities and damages. Our reputation or brand may be damaged as a result of these

problems and customers may be reluctant to buy our products, which could adversely affect our ability to retain existing customers and attract new customers and could adversely affect our business, financial condition and results of operations.

We may be subject to product liability or warranty claims that could result in significant direct or indirect costs, which could adversely affect our business and results of operations.

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.

In addition, in the event that our products fail to perform as expected or such failure of our products results in a recall, our reputation may be damaged, which could make it more difficult for us to sell our products to existing and prospective customers and could materially and adversely affect our business, results of operations and financial condition.

In the event that our products have any defect or quality issue, we may be required to provide replenishment or replacement within the specified timeframe upon receiving notification from our customers. We could incur significant costs to correct any defects or other problems, including costs related to product replenishment and replacement. Product replenishment and replacement or negative publicity may result in litigation, the occurrence of which could be costly, lengthy and distracting and adversely affect our business and results of operations.

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

We had established the Shandong production plant and the Shanghai production plant. The operation of our production plants 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 regulatory development, many of which are beyond our control. As our production process requires substantial amounts of electricity, any power outage, disruption or shortage in power supply could therefore have a materially adverse impact on our production and employee safety.

As part of our production operations, we are engaged in certain inherently risky and hazardous activities, including, among other things, use of special equipment and management of special gases. Therefore, we are subject to risks associated with these activities, including gas leakages, equipment failures, industrial accidents, fires and explosions. While we believe we have adequate systems of safe production and related training, 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 production plants and result in business interruption and legal liability, and materially and adversely affect our financial condition and results of operations.

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

Our growth prospects and future profitability depend on, among other things, 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 following:

- availability of working capital for constructing facilities or purchasing equipment;
- delays in completion of construction and shortages or delays in the delivery of equipment;
- difficulties or delays which may arise in installing the equipment; and
- 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 production plants, we may be subject to low production utilization rates of production capacity or over-capacity for our production plants, 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 production plants 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.

Our future capital expenditure on property, plant and equipment may result in an increase in our depreciation expenses and may affect our profitability.

Our depreciation expenses for our property, plant and equipment amounted to approximately RMB135.2 million, RMB210.9 million, RMB336.2 million and RMB88.0 million for the year ended December 31, 2022, 2023, 2024 and the three months ended March 31, 2025, respectively. As part of our business strategies to expand our production capacity, we plan to build certain new properties and purchase production equipment under our production capacity expansion plan. See "Business — Our Strategies" and "Future Plans and Use of Proceeds". As soon as the properties and equipment is put into operation, they will result in additional annual depreciation charges. The increase in depreciation will adversely affect our financial condition and results of operations.

If we fail to maintain adequate inventory, or if we mismanage our inventory, we could lose sales or incur high inventory-related expenses, which could negatively affect our financial condition and results of operations.

Our inventories mainly include raw materials, work in progress and finished products. As of December 31, 2022, 2023, 2024 and March 31, 2025, we had inventories of RMB533.3 million, RMB843.3 million, RMB1,021.9 million and RMB1,032.9 million, respectively. Our business model requires us to manage our inventories efficiently.

Demand from customers may be affected by general market conditions, end market conditions, new product launches, pricing and discounts, and not all of them are within our control. In addition, as we develop and market a new product, we may not be successful in establishing stable and favorable supplier relationships or accurately forecasting demand. The acquisition of certain types of raw materials and consumables may require significant lead time and prepayment and they may not be returnable. Furthermore, as we plan to continue expanding our product offerings, we expect to include a wider variety of raw materials and consumables, which will make it more challenging for us to manage our inventory and logistics effectively.

Our inventories are carried at the lower of cost and net realizable value. Cost comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. See "Financial Information — Discussion of Certain Key Balance Sheet Items — Inventories." If we experience inventory write-down, our profitability, financial results and prospects will be negatively affected.

During the Track Record Period, our inventory turnover days decreased from 372.7 days in 2022 to 235.1 days in 2023, primarily due to our increased sales. Our inventory turnover days then increased from 235.1 days in 2023 to 255.4 days in 2024, primarily as a result of a higher inventory balance of 8-inch SiC substrates as of December 31, 2024, reflecting our efforts to stock up in response to rising demand and to ensure timely delivery of large-size SiC substrate orders. In the three months ended March 31, 2025, our inventory turnover days increased from 255.4 days in 2024 to 293.0 days, primarily due to (i) a relatively lower cost of sales and (ii) a temporary slowdown in sales attributable to the Spring Festival holiday during the same period. The fluctuations in our inventory turnover days could affect our working capital efficiency by temporarily tying up cash in unsold inventories or increasing the risk of stockouts. During the Track Record Period, the fluctuations in our inventory turnover days has substantially impacted our cash conversion cycle, a metric measuring the efficiency of our working capital management, which decreased from 362.3 days in 2022 to 148.5 days in 2023, and then remained relatively stable at 160.2 days in 2024 and increased to 248.9 days in the three months ended March 31,2025. Additionally, our relatively long inventory turnover days could expose us to risks such as inventory obsolescence and potential write-downs. We cannot guarantee that our inventory levels will be able to swiftly meet the demands of customers, which may adversely affect our revenue. We also cannot guarantee that all of our inventory can be sold as products within a reasonable time period. If we fail to manage our inventory effectively, we may be subject to increased inventory storage costs, a heightened risk of inventory obsolescence, a decline in inventory value and significant inventory write-offs. Any of the above may materially and adversely affect our results of operations and financial condition. On the other hand, if we underestimate demand for our products, or if our suppliers fail to supply in a timely manner, we may experience inventory shortages, which might result in diminished customer base and lost of revenue, any of which could harm our business, financial condition and results of operations.

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 SiC substrates is crucial to our future financial prospects. We control the entire production process to timely meet our customers' shipment orders. However, we may face difficulties managing our production facilities and meeting our delivery deadlines when there

is a surge in customer demand. If any of our production facilities 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 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 facilities or suppliers experience 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.

Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining and enhancing our well-recognized brand is crucial to the success of our business and sustaining our market position. We operate in a highly competitive market characterized by rapid technological evolution, swift changes in customer demands and preferences, frequent introduction of new products, and the constant emergence of new industry standards and practices.

As a semiconductor company focusing on the R&D and production of SiC substrates, we face competition and challenges from various market participants, including fabless companies, foundry companies, and other semiconductor companies entering the SiC substrate market. Fabless companies possess design capabilities and technological prowess, while foundry companies have competitive production advantages. Furthermore, established IDM companies that have historically specialized in silicon-based semiconductors are now entering the SiC substrate market, leveraging their well-established infrastructure and expertise. These companies present a challenge as they bring decades of experience in large-scale production and an existing customer base, while also ramping up efforts to adapt their production lines to SiC substrate technology.

In addition, the successful promotion of our brand will depend on the effectiveness of our marketing efforts and word-of-mouth referrals we receive from satisfied customers. We may incur extra expenses in promoting our brand. The results of such initiatives may not cover the costs of the increased investment. We cannot guarantee that our marketing efforts will be successful, or that

they will yield significant benefits that justify the costs. Any such failure may result in our declining market recognition and position, and materially and adversely affect our business, financial condition and results of operations.

An increase in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs and delay deliveries of our products to customers.

We depend on third-party suppliers to provide a variety of materials necessary for the manufacturing of our SiC substrates, including carbon powder, silicon powder, graphite thermal insulation materials, and equipment for crystal growth, slicing, grinding and polishing. Our material costs allocated to cost of sales amounted to RMB256.2 million, RMB734.9 million, RMB733.8 million, RMB202.5 million and RMB155.1 million, respectively, in 2022, 2023, 2024, and the three months ended March 31, 2024 and 2025, representing 56.9%, 68.8%, 55.1%, 60.6% and 49.2% of our total cost of sales for the respective periods. Our actual production and production costs depend on our ability to source key raw materials at competitive prices. However, the raw materials we use are subject to price volatility caused by external factors, such as commodity price fluctuations, changes in supply and demand, logistics and processing costs, our bargaining power with suppliers, inflation and governmental regulations and policies. We typically negotiate prices with our suppliers on an annual basis or through a bidding process, and we set out the terms in framework agreements that generally span a period of one to three years. We have adopted comprehensive policies and measures to manage the price fluctuations of raw materials. See "Business — Procurement and Supply Chain Management — Raw Materials and Procurement."

Any shortages or delay in the supply of our raw materials could result in occasional price adjustments or cause delays in our production and delivery to customers. We may in the future experience price fluctuations and supply shortages of certain raw materials, and the predictability of the availability and pricing of these materials may be limited. If we are unable to keep up with demand for our products because of failing to obtain the materials needed to successfully manufacture and deliver our products in a timely manner, our business could be materially impaired, and market acceptance for our products could be adversely affected.

We are exposed to concentration risk of reliance on our major customers and suppliers.

During the Track Record Period, we generated a majority portion of our revenue from our major customers, primarily including semiconductor manufacturers. Revenue generated from our five largest customers in each year during the Track Record Period accounted for 65.0%, 51.3%, 57.2% and 52.9% of our total revenue, respectively, in 2022, 2023, 2024 and the three months ended March 31, 2025. Meanwhile, during the Track Record Period, we relied on suppliers that rendered raw materials for our production of SiC substrates as well as construction services.

Purchases from our five largest suppliers (excluding construction service providers) in each year during the Track Record Period accounted for 39.1%, 35.9%, 45.6% and 49.9% of our total purchases, respectively, in 2022, 2023, 2024 and the three months ended March 31, 2025.

Our reliance on these major customers and suppliers subjects us to concentration and counterparty risk from these customers and suppliers. We cannot assure you that we will be able to maintain our relationships with our major customers and suppliers in the future. Moreover, we cannot guarantee that our major customers or suppliers will not have a change of business scope or business model or will continue to maintain their market position and reputation. Any material adverse change to the operation, financial performance or financial condition of our major customers and suppliers may result in material adverse impact on their business with us. For example, if our major customers cease to purchase our products, or if the supply of assembly and testing services is disrupted or delayed, there can be no assurance that we will be able to find new customers with similar level of demands or new suppliers with similar supply capacity on comparable commercial terms within a reasonable time period, or at all. Should any of these occur, our business, financial condition, results of operations and profitability may be adversely affected.

We rely on third-party service providers and business partners to provide products and services to us and our customers.

We work with certain third-party service providers and business partners, including logistic service providers. These third parties are also subject to their own risks relating to business interruption, systems and employee failures, and cybersecurity and data protection, and are also subject to their own legal, regulatory and market risks.

Our third-party service providers and business partners may not fulfill their respective commitments and responsibilities in a timely manner and in accordance with the terms agreed upon or applicable laws. In addition, while we have procedures in place for assessing risks along with selecting, managing and monitoring our relationships with third-party service providers, suppliers and business partners, we do not have control over their business operations or governance and compliance systems, practices and procedures, which may increase our financial, legal, operational and reputational risk. If we are unable to effectively manage our relationships with third-party service providers, suppliers and business partners, or for any reason our third-party service providers, suppliers or business partners fail to satisfactorily fulfill their commitments and responsibilities, our business, results of operations and financial condition could suffer. Upon expiry of existing contracts with third parties, we may not be able to renew such contracts at terms commercially favorable to us, if at all, or find an appropriate substitute in a timely manner, in which case our business may be adversely affected.

We may need to raise additional capital in the future in order to execute our business plan, which may not be available on acceptable terms, or at all.

We may need additional capital in the future to fund our continued operations, and we may be unable to raise additional funds, whether through equity or debt financing, when needed on favorable terms, or at all. If we do raise additional capital through public or private equity offerings, the ownership interest of our existing shareholders, including investors in this offering, will be diluted, and the terms of these securities may include liquidation or other preferences that adversely affect our shareholders' rights. If we raise additional capital through debt financing, we may be subject to covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any failure to raise capital as and when needed could have a negative impact on our financial condition and on our ability to pursue our business plans and strategies.

We may be exposed to credit risk arising from our trade receivables. Failure to collect our trade receivables in a timely manner or at all could have a material and adverse impact on our business, financial condition, liquidity and prospects.

Our trade and other receivables primarily include trade receivables, bills receivables and other receivables. As of December 31, 2022, 2023, 2024 and March 31, 2025, our trade and other receivables amounted to RMB176.3 million, RMB393.2 million, RMB575.8 million and RMB555.8 million, respectively. See "Financial Information — Discussion of Certain Key Balance Sheet Items — Trade and Other Receivables" in this prospectus.

We cannot assure you that we will be able to collect all or any of our trade receivables on time, or at all. Our customers may face unexpected circumstances. Our trade receivables turnover days decreased from 85.7 days in 2022 to 65.2 days in 2023, primarily as a result of our enhanced management of trade receivables. Our trade receivables turnover days then increased to 85.6 days in 2024, and further increased to 115.8 days in the three months ended March 31, 2025, primarily because we provided longer credit period to our customers on a case-by-case basis to maintain strong relationships as a result of our increased sales. We may not be able to receive such customers' payment of uncollected debts in full, or at all, and may be exposed to credit risk. The occurrence of such event would materially and adversely affect our financial condition and results of operations.

The fair value of our financial assets at fair value through profit or loss may face uncertainties and be subject to fluctuations as the valuation of its fair value involves the use of unobservable inputs.

During the Track Record Period, we recorded financial assets at fair value through profit or loss ("**FVPL**") which primarily consisted of bank deposits in the PRC and Japan with variable interest rates. We had financial assets at FVPL of RMB1,792.1 million, RMB277.1 million, RMB2.1 million and RMB1.9 million, respectively, as of December 31, 2022, 2023, 2024 and the three months ended March 31, 2025. We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. Details of the fair value measurement of financial assets at FVPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, and the relationship of unobservable inputs to fair value are disclosed in Note 23 to the Accountants' Report in Appendix I to this prospectus. The fair value of our financial assets measured at fair value through profit or loss is subject to potential fluctuations. The valuation of these assets involves the use of unobservable inputs, which can be inherently subjective and may not accurately reflect market conditions. Changes in assumptions or methodologies used in the valuation process could lead to substantial variations in the reported fair value of these financial assets. Consequently, any adverse changes in the fair value of these assets could materially and adversely affect our financial condition and results of operations.

We have granted, and may continue to grant, certain awards under our share incentive schemes, which may result in increased share-based compensation expenses, affect our financial condition and results of operations, and potentially dilute the shareholding of our existing shareholders.

We adopted share incentive schemes, including share-based compensation, for the benefit of our Directors, Supervisors and employees to incentivize and reward the eligible persons who have contributed to our success. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, we incurred share-based payments of nil, nil, RMB10.2 million, nil and RMB5.2 million, respectively. We believe the granting of share-based compensation is of significant importance to our ability to attract and retain key personnel and employees. Nevertheless, share-based compensation expenses would potentially dilute the shareholding of existing shareholders. We may continue to grant share-based compensation awards to employees in the future. As a result, our expenses associated with share-based compensation may increase, which may affect our financial condition and results of operations. We may re-evaluate the vesting schedules, lock-up period, or other key terms applicable to the grants under the share incentive scheme from time to time. If we choose to do so, we may experience a substantial change in our share-based compensation expenses in the reporting periods following this offering.

Downturns or volatility in global economic conditions could have a material adverse effect on our business, financial condition, results of operations and liquidity.

Our sales and profitability depend significantly on global economic conditions and the demand for the end products in the markets in which our customers compete. Weaknesses in the economy and financial markets can lead to lower demand in our target product groups. Economic uncertainty affects businesses such as ours in a number of ways, making it difficult to accurately forecast and plan our future business activities. A decline in end-user demand can affect the demand of customers for our products, and the tightening of credit in financial markets may lead consumers and businesses to postpone spending, either of which may cause our customers to cancel, decrease or delay their existing and future orders with us.

We may not accurately assess the impact of changing market and economic conditions on our business and operations. Any adverse changes in global economic conditions, including any recession, economic slowdown or disruption of credit markets, may also lead to lower demand for our products. In addition, financial difficulties experienced by our suppliers could result in product delays, increased accounts receivable defaults and inventory challenges. All these factors related to global economic conditions, which are beyond our control, could adversely impact our business, financial condition, results of operations and liquidity.

Any failure to obtain requisite approvals, licenses or permits applicable to our business operation may have a material and adverse impact on our business, financial condition and results of operations.

In accordance with the laws and regulations in the jurisdictions in which we operate, we are required to maintain various approvals, licenses, permits and certifications in order to operate our business. Complying with such laws and regulations may require substantial expense and may impose a significant burden, while any noncompliance may expose us to liability. Furthermore, the regulatory requirements of certain sectors, such as data security and cybersecurity, are relatively new and continuously evolving. Therefore, with the introduction and enactment of new laws and regulations, as well as the refinement of interpretations and applications of existing ones, we cannot assure you that we will not be found in violation of any future laws, regulations and policies or any of the laws, regulations and policies currently in effect due to changes and developments in this regard. If we fail to maintain compliance with law, or otherwise fail to complete, obtain or maintain any of the required licenses or approvals or make the necessary filings in any of the jurisdictions where we operate our business, we may be subject to adverse consequences.

In addition, in the event that we are required to renew our existing licenses or permits or acquire new ones, whether as a result of the promulgation of new laws and regulations or otherwise, we cannot assure you that we will be able to meet the requisite conditions and requirements, or obtain all requisite approvals, licenses, permits and certifications in a timely manner. If we are unable to obtain, or experience material delays in obtaining, necessary government approvals, our operations may be substantially disrupted, which could materially and adversely affect our business, financial condition and results of operations.

Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer.

In the course of our business operations, we collect, store and process business and transaction data. See "Business — Data Security and Privacy." The secure maintenance of such data is critical. Despite our data security and protection measures, our information technology and infrastructure may be vulnerable to breaches by hackers, employee error, malfeasance or other disruptions such as natural disasters, power losses or telecommunication failures. Any such breach could compromise our networks and the information stored therein, possibly resulting in legal and regulatory actions, disruption of operations and customer services, and otherwise harming our business, reputation and future operations.

Our employees or other third parties may engage in misconduct or other improper activities, including noncompliance with regulatory standards and requirements, which could cause significant liability for us, harm our reputation or otherwise result in other consequences that may have a material adverse effect on our business, financial condition and results of operations.

Misconduct could include violations of laws, fraud or other improper activities. Examples could include the failure to comply with our policies and procedures or with regulatory requirements relating to environmental, health or safety matters, import-export controls, lobbying or similar activities, and any other applicable laws or regulations. The precautions that we have implemented may not prevent all misconduct, and, as a result, we could face unknown risks or losses. Our failure to comply with applicable laws or regulations due to misconduct or other improper activities by any of our employees, suppliers, agents or business partners could damage our reputation and may subject us to fines and penalties, restitution or other damages, or loss of current and future customer contracts, any of which would adversely affect our business, financial condition and results of operations.

We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or losses arise.

We face various risks in connection with our business and may lack adequate insurance coverage or have no relevant insurance coverage. As of the Latest Practicable Date, we obtained and maintained insurance policies that we believe are customary for businesses of our size and type and in line with standard commercial practice in China, and we had not maintained product liability insurance or any business interruption or litigation insurance. See "Business — Insurance." We cannot guarantee that a product liability claim or other litigation will not be brought against us in the future, or that we will be able to purchase product liability insurance or other related insurance on acceptable terms. If we were to incur substantial losses or liabilities due to fire, explosions, floods or other natural disasters, disruption in our network infrastructure, production facilities or business operations, or any material litigation, our results of operations could be materially and adversely affected. Our current insurance coverage may not be sufficient to prevent us from suffering any loss and there is no certainty that we will be able to successfully claim our losses under our current insurance policy on a timely basis, or at all. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We are subject to potential material and adverse effects in respect to defects in our existing properties owned and leased in China.

As of the Latest Practicable Date, due to (i) the lack of pre-construction filing and incomplete construction quality and safety supervision procedures, or (ii) our failure to complete the filing with relevant competent authorities within 15 days after passing the completion acceptance inspection, we had not obtained the title certificates for certain of the properties we owned. In addition, we leased certain properties we owned for usage that does not align with the usage registered on their building planning permits. As advised by our PRC Legal Advisor, we may be subject to fines and may be ordered to rectify such defectiveness within a certain time period.

As of the Latest Practicable Date, we primarily leased three properties for production and operation activities with an aggregate gross floor area of 16,276.8 sq.m as our production facilities and offices. As of the Latest Practicable Date, we had not completed the registration of lease filing for all three leased properties with the relevant competent authorities in accordance with applicable laws and regulations in China. As advised by our PRC Legal Advisor, the lack of registration of lease filing does not affect their validity of lease agreements, or result in us being required to

vacate from these leased properties, but we may be ordered by relevant competent authorities to complete the registration within a designated time period, and may be subject to fines from RMB1,000 to RMB10,000 for each lease agreement that we fail to register within the time period.

As of the Latest Practicable Date, the landlords of two of our leased properties had not provided us with the complete and valid property ownership certificates. In addition, the current use of one of the leased properties is different from the planned use stated on its property ownership certificate, which may result in the landlord being ordered to rectify within a certain time period. If the lease agreements of the abovementioned leased properties are deemed invalid, or if we need to vacate the abovementioned leased properties, there is no assurance that we could timely relocate to alternative premises or enter into lease agreements on comparable commercial terms.

Our property valuation is based on certain assumptions which, by their nature, are subjective and uncertain and may materially differ from actual results.

Valuations of our selected property interest as of May 31, 2025 prepared by Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, are set forth in the valuation report set out as Appendix III to this prospectus. The valuations are made based on assumptions which, by their nature, are subjective and uncertain and may differ from actual results. In addition, unforeseeable changes in general and local economic conditions or other factors beyond our control may affect the value of our properties. As a result, the valuation of our properties may differ materially from the price we could receive in an actual sale of the properties in the market and should not be taken as their actual realizable value or an estimation of their realizable value.

We face risks related to natural disasters, health epidemics and other outbreaks, which could significantly disrupt our operations.

Our business could be materially and adversely affected by natural disasters, such as snowstorms, earthquakes, fires or floods, outbreaks of a widespread health epidemic or pandemic, or other events such as wars, acts of terrorism, environmental accidents, power outages or communication interruptions. Such events may also significantly affect our industry and may even cause a temporary closure of the facilities we or our business partners use for our operations, which would severely disrupt our operations and have a material adverse effect on our business, financial condition and results of operations. Our operations could be disrupted if any of our employees or employees of our business partners were suspected of having any of the epidemic or pandemic illnesses, since this could require us or them to quarantine some or all of such employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be materially reduced to the extent that a natural disaster, health epidemic or pandemic or other outbreaks harm the global or PRC economy in general.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY IN THE PRINCIPAL PLACE OF OUR BUSINESS

Changes in global economic, political or social conditions or government policies in the countries and regions where we operate could have a material and adverse effect on our business and operations.

The global economic, political and social conditions are evolving rapidly and are subject to uncertainties. Geopolitical tension and conflicts, energy crisis, inflation risk, interest rate increases, instability in the financial system, and the tightening of monetary policy by the U.S. Federal Reserve impose new challenges and uncertainties on the global economy. It is unclear whether these challenges and uncertainties will be contained or resolved, and what effects they may have on the global political and economic conditions in the long term. Furthermore, sanctions and export control measures are unilaterally imposed by the U.S. or other jurisdictions from time to time. These measures may have a significant impact on the targeted countries, markets and/or entities. Chinese companies may be affected by such sanctions or export control measures. We may also be exposed to risks in dealing with business partners subject to sanctions or export controls. As a result, we could be required to incur additional costs to comply with these complicated regulations and measures and could face penalties for any violation, even if inadvertent.

Substantially all of our operations are located in China. Accordingly, our business, financial condition, results of operations and prospects may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole.

The Chinese economy has experienced significant growth over the past decades, and the Chinese government has implemented various measures to encourage economic growth. These measures may benefit the overall Chinese economy, but may not have the same effect on us. Any economic downturn, whether actual or perceived, decrease in economic growth rates or an otherwise uncertain economic outlook in our geographic markets or any other market in which we may operate could affect our business, financial condition and results of operations.

Holders of our H Shares may be subject to PRC income tax on dividends from us or on any gain realized on the transfer of our H Shares.

As is customary with all major economies, China has tax treaties or similar arrangements with jurisdictions across the world. Under the EIT Law and its implementation rules and 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》) (Guo Shui

Han [2008] No. 897) (國税函[2008]897號), dated November 6, 2008, issued by the STA, subject to any applicable tax treaty or similar arrangement between China and your jurisdiction of residence that provides for a different income tax arrangement, PRC withholding tax at the rate of 10% is normally applicable to dividends from PRC sources payable to investors that are resident enterprises outside of the PRC, which do not have an establishment or a place of business in the PRC, or which have such establishment or place of business if the relevant income is not effectively connected with the establishment or place of business. Any gain realized on the transfer of shares by such investors is subject to 10% (or a lower rate) PRC income tax if such gain is regarded as income derived from sources within the PRC unless a treaty or similar arrangement otherwise provides.

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 rules, income and gains from sources within the PRC paid to foreign individual investors who are not residents in the PRC are generally subject to a PRC withholding tax at a rate of 20%, unless specifically exempted by the tax authority of the State Council or reduced or eliminated by an applicable tax treaty. Pursuant to the Circular on Questions Concerning the Collection of Individual Income Tax Following the Repeal of Guo Shui Fa [1993] No. 045 (《關於國税發[1993]045號文件廢止後有關個人所得税徵管問題的通知》) (Guo Shui Han [2011] No. 348) (國税函[2011]348號) dated June 28, 2011, issued by the STA, dividends paid to non-PRC resident individual holders of H Shares are generally subject to individual income tax of the PRC at the withholding tax rate of 10%, depending on whether there is any applicable tax treaty between the PRC and the jurisdiction in which the non-PRC resident individual holder of H Shares resides as well as the tax arrangement between the PRC and Hong Kong. Non-PRC resident individual holders who reside in jurisdictions that have not entered into tax treaties with the PRC are subject to a 20% withholding tax on dividends received from us. However, pursuant to the Circular Declaring that Individual Income Tax Continues to be Exempted over Income of Individuals from Transfer of Shares (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》) (Cai Shui [1998]NO.61) (財税[1998]61號) issued by the MOF and the STA on March 30, 1998, gains of individuals derived from the transfer of listed shares of enterprises may be exempt from individual income tax. In addition, on December 31, 2009, the MOF, the STA and the CSRC jointly issued the Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of Listed Shares Subject to Sales Limitation (《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》) (Cai Shui [2009] No. 167) (財税[2009]167號) which states that individuals' income from the transfer of listed shares on certain domestic exchanges shall continue to be exempted from individual income tax, except for the relevant shares which are subject to sales restrictions as defined in the Supplementary Circular on Relevant Issues Concerning the Collection of Individual Income Tax over the Income Received by Individuals from Transfer of the Listed Shares Subject to Sales Limitations (《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》) (Cai Shui [2010] No. 70) (財税[2010]70

號). As of the Latest Practicable Date, the aforesaid provision has not expressly provided that individual income tax shall be collected from non-PRC resident individuals on the sale of shares of PRC resident enterprises listed on overseas stock exchanges.

If any PRC income tax is collected from the transfer of our H Shares or on dividends paid to our non-PRC resident investors, the value of your investment in our H Shares may be affected. Furthermore, our Shareholders whose jurisdictions of residence have tax treaties or arrangements with the PRC may not qualify for benefits under such tax treaties or arrangements.

You may experience difficulties in effecting service of legal process and enforcing judgments against us and our management.

We are a company incorporated under the laws of the PRC and substantially all of our business, assets and operations are located in China. In addition, the majority of our Directors, Supervisors and executive officers reside in China, and substantially all of the assets of such Directors, Supervisors and executive officers are located in China. As a result, it may not be possible for you to directly effect service of process upon us or such Directors, Supervisors or executive officers who reside in China, including with respect to matters arising under U.S. federal securities laws or applicable state securities laws. Pursuant to Arrangements for Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Cases between Courts of the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) effective on January 29, 2024, promulgated by the Supreme People's Court, a party with an enforceable final court judgment rendered by any designated people's court of China or any designated Hong Kong court with respect to any civil and commercial cases excluding certain types of which, may apply for recognition and enforcement of the judgment in the relevant people's court of China or Hong Kong court.

China has not entered into a treaty for the reciprocal recognition and enforcement of court judgments with the United States, the United Kingdom, Japan and many other countries. In addition, Hong Kong has no arrangement with the United States for reciprocal enforcement of judgments. In accordance with the Civil Procedure Law of the PRC (《中華人民共和國民事訴訟法》) and other applicable laws, regulations, and interpretations, a court judgment obtained in the United States and any of the other jurisdictions mentioned above may be recognized and enforced in mainland China or Hong Kong in consideration of the treaties providing for the reciprocal enforcement of judgments of courts between China and the country where the judgment was made.

Certain foreign exchange transactions may be subject to regulatory requirements relating to foreign currency conversion.

Conversion and remittance of foreign currencies are subject to the foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. For example, under the current Chinese 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, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within the PRC that have the licenses to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, normally need to be approved by or registered with the SAFE or its local branch unless otherwise permitted by law. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from the SAFE to convert RMB into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected and could subject us to administrative penalties and fines.

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

The exchange rate of Renminbi against the U.S. dollar and other foreign currencies fluctuates and is affected by, among other things, changes in international political and economic conditions, as well as supply and demand in the local market. There is no assurance that, under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. It is difficult to predict how market forces or government policies may impact the exchange rate between Renminbi and the Hong Kong dollar, U.S. dollar or other currencies in the future.

The proceeds from the Global Offering will be received in Hong Kong dollars. As a result, any appreciation of Renminbi against the U.S. dollar, Hong Kong dollar or any other foreign currency may result in a decrease in the value of our proceeds from the Global Offering. Conversely, any depreciation of the Renminbi may adversely affect the value of, and any dividends payable on, our Shares in foreign currency. In addition, there are limited instruments available for us to reduce our foreign currency risk exposure at reasonable costs. Any of these factors could materially and adversely affect our business, financial condition, results of operations and prospects, and could reduce the value of, and dividends payable on, our Shares in foreign currency terms.

We may be subject to additional regulatory requirements relating to new laws and regulations in connection with overseas securities offering and listing issued by PRC government authorities.

On February 17, 2023, the CSRC issued the Trial Measures for the Administration on 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》) and five supporting guidelines, which became effective on March 31, 2023 (the "**Overseas Listing Regulations**"). The Overseas Listing Regulations are applicable to overseas securities offering and listing conducted by issuers who are (i) companies incorporated in the PRC ("**PRC domestic companies**") and (ii) companies incorporated overseas with substantial operations in the PRC. The Overseas Listing Regulations lay out the arrangements for regulatory filings for both direct and indirect overseas offerings, and clarify the determination criteria for indirect overseas offerings in overseas markets. For details, see "Regulatory Overview — Laws and Regulations Relating to Securities and Overseas Listings" in this prospectus. The Overseas Listing Regulations, or any pertinent rules or regulations promulgated in the future, may subject us, or our financing activities, to additional compliance requirements in the future. Any failure on our part to fully comply with the new regulatory requirements may significantly limit or completely hinder our future financing activities.

Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties.

Companies operating in the PRC are required to participate in various employee benefit plans, including pension insurance, unemployment insurance, medical insurance, work-related injury insurance, maternity insurance and housing provident fund and contribute to the amounts equal to certain percentage of salaries, including bonuses and allowances, of their employees up to a maximum amount specified by the local government from time to time at locations where they operate their business.

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain of our employees as required by relevant PRC laws and regulations. As advised by our PRC Legal Advisor, according to the Social Insurance Law of the PRC, we may be ordered to pay for the shortfalls within a prescribed time period along with the late payment fees and be imposed of a fine if such payment is not made within the required time period, the maximum penalty amount being three times of the cumulative shortfall in our social insurance contribution. In addition, according to the Regulations on the Administration of Housing Provident Fund, we may be ordered to pay for the shortfalls within a prescribed time period, if the payment is not made within such time period, an application may be made to the courts in the Chinese mainland for compulsory enforcement. Such legal consequence might adversely affect our business, financial condition and results of operations.

In addition, as of December 31, 2022, 2023, 2024 and March 31, 2025, we engaged third-party agencies to make social insurance and housing provident fund contributions for three, six, five and five employees, respectively, which was not in strict compliance with applicable PRC laws and regulations. As advised by our PRC Legal Advisor, if the validity of such arrangements is challenged by relevant competent authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice.

Our operations are subject to, and may be affected by, changes in tax laws and regulations in the countries and regions where we operate.

The PRC EIT Law imposes a tax rate of 25% on business enterprises. Some of our subsidiaries are entitled to preferential tax treatment. See "Financial Information — Description of Key Components of Our Results of Operations — Income Tax Credit" in this prospectus. To the extent there are any changes in the laws and regulations governing preferential tax treatment, or increases in our effective tax rate due to any other reasons, our tax liability would increase correspondingly. In addition, the PRC government may amend or restate regulations on income, withholding, value-added, and other taxes. Non-compliance with the PRC tax laws and regulations may also result in penalties or fines imposed by relevant tax authorities. Adjustments or changes to PRC tax laws and regulations and tax penalties or fines could affect our business, financial condition and results of operations.

We also operate in countries and regions overseas and are subject to various taxes. See "Financial Information — Description of Key Components of Our Results of Operations — Income Tax Credit" in this prospectus. Due to the fact that the tax environment can be different in different jurisdictions and that the regulations regarding various taxes, including but not limited to corporate income tax, are complex, our international operations may expose us to risks associated with the overseas tax policy changes. Dealing with such regulatory complexities and changes may require us to divert more managerial and financial resources, which in turn could affect our results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

We will be concurrently subject to PRC and Hong Kong listing and regulatory requirements.

As we are listed on the STAR Market and will be listed on the Main Board of the Stock Exchange, we will be required to comply with the listing rules (where applicable) and other regulatory regimes of both jurisdictions, unless otherwise agreed by the relevant regulators. Accordingly, we may incur additional costs and resources in complying with the requirements of both jurisdictions.

Our A Shares are listed on the STAR Market, and the characteristics of the A Share and H Share markets may differ.

Our A Shares are listed on the STAR Market. Following the Global Offering, our A Shares will continue to be traded on the STAR Market and our H Shares will be traded on the Stock Exchange. Under current PRC laws and regulations, without the approval from the relevant regulatory authorities, our H Shares and A Shares are neither interchangeable nor fungible. With different trading characteristics, the H Share and A Share markets have divergent trading volumes, liquidity and investor bases, as well as different levels of retail and institutional investor participation. As a result, the trading performance of our H Shares and A Shares may not be comparable. Nonetheless, fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Furthermore, due to the different characteristics of the H Share and A Share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the trading history of our A Shares when evaluating the investment decision in our H Shares.

An active trading market for our H Shares may not develop or be sustained.

Prior to the Global Offering, there was no public market for our H Shares. We cannot assure you that a public market for our H Shares with adequate liquidity will develop and be sustained following the completion of Global Offering. The initial Offer Price for our H Shares to the public will be the result of negotiations, and the Offer Price may differ significantly from the market price of the H Shares following the Global Offering.

We have applied to the Stock Exchange for the listing of, and permission to deal in, the H Shares (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). However, the listing on the Stock Exchange does not guarantee that an active and liquid trading market for the H Shares will develop, or if it does develop, that it will be sustained following the Global Offering, or that the market price of the H Shares will not decline

following the Global Offering. If an active public market for our H Shares does not develop following the completion of the Global Offering, the market price and liquidity of our H Shares could be materially and adversely affected.

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

Our Controlling Shareholders Group has 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 Global Offering (assuming that the Over-allotment Option is not exercised), the Controlling Shareholders Group will be together entitled to control the exercise of approximately 34.63% of the voting rights and thus remain as a group of Controlling Shareholders of our Company. The interests of our Controlling Shareholders Group might differ from the interests of our other Shareholders. In the event that our Controlling Shareholders Group causes 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 Group 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 operations and prospects.

The price and trading volume of our H Shares may be volatile, which could materially and adversely affect the market price of our H Shares.

The price and trading volume of our H Shares may be subject to significant volatility in response to various factors beyond our control, including the general market conditions of the securities in Hong Kong and elsewhere in the world. The Stock Exchange and other securities markets have, from time to time, experienced significant price and trading volume volatility that are not related to the operating performance of any particular company. The business and performance and the market price of the shares of other companies engaging in similar business may also affect the price and trading volume of our H Shares. In addition to market and industry factors, the price and trading volume of our H Shares may be highly volatile for specific business reasons, such as fluctuations in our revenue, earnings, cash flows, investments, expenditures, regulatory developments, relationships with our suppliers, movements or activities of key personnel, or actions taken by competitors. Moreover, shares of other companies listed on the Stock Exchange with significant operations and assets in the PRC have experienced price volatility in the past, and it is possible that our H Shares may be subject to changes in price not directly related to our performance.

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 IFRSs (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 Offer Price 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 Offer Shares you purchased in the Global Offering and may experience further dilution if we issue additional Shares in the future.

The Offer Price of the Offer Shares may be higher than the net tangible book value per Share immediately prior to the Global Offering. As a result, you and other purchasers of the Offer Shares in the Global Offering may experience an immediate dilution in pro forma net tangible asset value. In order to expand our business, we may consider offering and issuing additional Shares in the future. Purchasers of the Offer Shares 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.

Certain facts, forecasts and statistics contained in this prospectus are derived from publicly available sources and they may not be reliable.

Certain facts, forecasts and statistics contained in this prospectus are derived from publicly available sources. We believe that the sources of this information are appropriate sources for such information and have taken reasonable care in the reproduction or extraction of such information for the purpose of disclosure in this prospectus. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. However, the information from official government sources has

not been independently verified by us, the Joint Sponsors, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries or any of their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, such statistics in this prospectus 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 similar statistics presented elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such facts, forecasts and statistics.

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

This prospectus 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 prospectus 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 prospectus, 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 prospectus are qualified by reference to this cautionary statement.

You should not place reliance on any information released by us in connection with the listing of our A Shares on the STAR Market.

As our A Shares are listed on the STAR Market, we have been subject to periodic reporting and other information disclosure requirements in the PRC. As a result, from time to time we publicly release information relating to ourselves on the STAR Market or other media outlets designated by the CSRC. However, the information announced by us in connection with our A Shares is based on the regulatory requirements of the securities authorities and market practices in the PRC which are different from those applicable to our H Shares. Such information does not and will not form a part of this prospectus. As a result, prospective investors in our H Shares are

reminded that, in making their investment decisions as to whether to purchase our H Shares, they should rely only on the financial, operating and other information included in this prospectus. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and any formal announcements made by us in Hong Kong with respect to the Global Offering.

You should read the entire prospectus carefully and only rely on the information included in this prospectus to make your investment decision, and we strongly caution you not to rely on any information contained in press articles or other media coverage relating to us, our H Shares or the Global Offering.

There has been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and media coverage regarding us and the Global Offering. We have not authorized the disclosure of any information concerning the Global Offering in the press or media. We do not accept any responsibility for the accuracy or completeness of any information reported by the press or other media, nor the fairness or appropriateness of any forecasts, views or opinions expressed by the press or other media regarding our H Shares, the Global Offering or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations or other forward-looking information about us. To the extent such statements are inconsistent with, or conflict with, the information contained in this prospectus, we disclaim responsibility for them. You should rely solely upon the information contained in this prospectus, the Global Offering and any formal announcements made by us in Hong Kong in making your investment decision regarding our H Shares. By applying to purchase our H Shares in the Global Offering, you will be deemed to have agreed that you will not rely on any information other than that contained in this prospectus and any formal announcements made by us in Hong Kong with respect to the Global Offering.

In preparation for the Global Offering, we have sought the following waivers from strict compliance with certain provisions of the Hong Kong Listing Rules.

WAIVER IN RESPECT OF MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rules 8.12 and 19A.15 of the Hong Kong Listing Rules, our Company must have sufficient management presence in Hong Kong, which normally means that at least two executive Directors must be ordinarily resident in Hong Kong. Given that (i) our core business operations are principally located, managed and conducted in mainland China and our Company's head office is situated in mainland China; (ii) our executive Directors and senior management team principally reside in mainland China; and (iii) the management and operation of our Company have mainly been under the supervision of our executive Directors and senior management, who are principally responsible for the overall management, corporate strategy, planning, business development and control of the Group's businesses and it is important for them to remain in close proximity to the Group's operation located in mainland China, our Company considers that it would be more practical for its executive Directors and senior management to remain ordinarily resident in mainland China where the Group has substantial operations. For the above reasons, we do not have, and do not contemplate in the foreseeable future that we will have sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rules 8.12 and 19A.15 of the Hong Kong Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 8.12 and 19A.15 of the Hong Kong Listing Rules. We will ensure that there are adequate and efficient arrangements to achieve regular and effective communication between us and the Hong Kong Stock Exchange as well as compliance with the Hong Kong Listing Rules by way of the following arrangements:

1. Authorized representatives: we have appointed Mr. Zong, Chairman of the Board, executive Director and general manager of our Company, and Ms. Leung Sau Fong ("**Ms. Leung**"), one of our joint company secretaries, as the authorized representatives (the "**Authorized Representatives**") for the purpose of Rule 3.05 of the Hong Kong Listing Rules. The Authorized Representatives will act as our principal channel of communication with the Hong Kong Stock Exchange and would be readily contactable by phone and email to deal promptly with enquiries from the Hong Kong Stock Exchange. Mr. Zong ordinarily resides in mainland China, possesses valid travel documents, and is able to renew such travel documents before expiry in order to visit Hong Kong. Ms. Leung ordinarily resides in Hong Kong. Accordingly, the Authorized Representatives will be able to meet with the relevant members of the Hong Kong Stock

Exchange to discuss any matters in relation to our Company within a reasonable period of time. See the section headed "Corporate Information" in this prospectus for more information about our Authorized Representatives.

2. Directors: to facilitate communication with the Hong Kong Stock Exchange, we have provided the Authorized Representatives and the Hong Kong Stock Exchange with the contact details of each of our Directors (i.e. mobile phone number, office phone number, email address and fax number (as applicable)). In the event that any Director expects to travel or otherwise be out of office, he or she will provide the phone number of the place of his/her accommodation to the Authorized Representatives, so that the Authorized Representatives would be able to contact all our Directors promptly at all times as and when the Hong Kong Stock Exchange wishes to contact our Directors on any matters. To the best of our knowledge and information, each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Hong Kong Stock Exchange within a reasonable period after requested by the Hong Kong Stock Exchange.

3. Compliance adviser: we have appointed Somerley Capital Limited as our Compliance Adviser (the "**Compliance Adviser**") in compliance with Rule 3A.19 of the Hong Kong Listing Rules. The Compliance Adviser will, among other things and in addition to the Authorized Representatives, provide us with professional advice on continuing obligations under the Hong Kong Listing Rules and act as additional channel of communication of our Company with the Hong Kong Stock Exchange during the period from the Listing Date to the date on which our Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of its financial results for the first full financial year immediately after the Listing. The Compliance Adviser will be available to answer enquiries from the Hong Kong Stock Exchange and will act as an additional channel of communication with the Hong Kong Stock Exchange when the Authorized Representatives are not available.

WAIVER IN RESPECT OF JOINT COMPANY SECRETARIES

Rule 8.17 of the Hong Kong Listing Rules provides that our Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Hong Kong Listing Rules.

According to Rule 3.28 of the Hong Kong Listing Rules, our Company must appoint an individual, who, by virtue of his/her academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary.

Pursuant to Note 1 to Rule 3.28 of the Hong Kong Listing Rules, the Hong Kong 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); and

(c) a certified public accountant (as defined in the Professional Accountants Ordinance)

In addition, pursuant to Note 2 to Rule 3.28 of the Hong Kong Listing Rules, in assessing "relevant experience," the Hong Kong Stock Exchange will consider the individual's:

(a) length of employment with the issuer and other issuers and the roles they played;

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

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

(d) professional qualifications in other jurisdictions.

Pursuant to the Chapter 3.10 under the Guide for New Listing Applicants published by the Hong Kong Stock Exchange, the waiver under Rule 3.28 of the Hong Kong Listing Rules will be granted for a fixed period of time but in any event not exceeding three years from the date of listing (the "**Waiver Period**") and on the following conditions: (i) the relevant company secretary must be assisted by a person who possesses the qualifications or experience as required under Rule 3.28 of the Hong Kong Listing Rules and is appointed as a joint company secretary throughout the Waiver Period; and (ii) the waiver can be revoked in the event of a material breach of the Hong Kong Listing Rules by our Company.

We have appointed Mr. Wang Junguo ("**Mr. Wang**"), as one of the joint company secretaries of our Company. See "Directors, Supervisors and Senior Management — Executive Directors" in this prospectus for further biographical details of Mr. Wang.

Mr. Wang has extensive experience in financial management but personally does not possess any of the qualifications under Rules 3.28 and 8.17 of the Hong Kong Listing Rules, and may not be able to solely fulfill the requirements of the Hong Kong Listing Rules. Therefore, our Company has appointed Ms. Leung, a member of Hong Kong Institute of Chartered Secretaries, who fully

meets the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules to act as one of our joint company secretaries and to provide assistance to Mr. Wang for an initial period of three years from the Listing Date to enable Mr. Wang to acquire the "relevant experience" under Note 2 to Rule 3.28 of the Hong Kong Listing Rules so as to fully comply with the requirements set forth under Rules 3.28 and 8.17 of the Hong Kong Listing Rules. See "Directors, Supervisors and Senior Management — Joint Company Secretaries" in this prospectus for further biographical details of Ms. Leung.

The following arrangements have been, or will be, put in place to assist Mr. Wang in acquiring the qualifications and experience as the company secretary of our Company required under Rule 3.28 of the Hong Kong Listing Rules:

(a) Mr. Wang will comply with the annual professional training requirement under Rule 3.29 of the Hong Kong Listing Rules and attend relevant training courses, including briefings on the latest changes to the relevant applicable Hong Kong laws and regulations and the Hong Kong Listing Rules which will be organized by our Company's Hong Kong legal advisers on an invitation basis and seminars organized by the Hong Kong Stock Exchange for listed issuers from time to time;

(b) Ms. Leung will assist Mr. Wang to enable him to acquire the relevant experience (as required under Rule 3.28 of the Hong Kong Listing Rules) to discharge the duties and responsibilities as the company secretary of our Company;

(c) Ms. Leung will communicate regularly with Mr. Wang on matters relating to corporate governance, the Hong Kong Listing Rules and any other laws and regulations which are relevant to our Company and its affairs. Ms. Leung will work closely with, and provide assistance to, Mr. Wang in discharging his duties as a company secretary, including organizing our Company's Board meetings and general meetings; and

(d) Prior to expiry of Mr. Wang's initial term of appointment as the company secretary of our Company, we will evaluate his experience in order to determine if he has acquired the qualifications required under Rule 3.28 of the Hong Kong Listing Rules, and whether on-going assistance should be arranged so that Mr. Wang's appointment as the company secretary of our Company continues to satisfy the requirements under Rules 3.28 and 8.17 of the Hong Kong Listing Rules.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us, a waiver from strict compliance with Rules 3.28 and 8.17 of the Hong Kong Listing Rules. The waiver was granted for a three-year period commencing from the Listing Date (the "**Waiver Period**"), on the condition that Ms. Leung, as a joint company secretary

of our Company, will work closely with, and provide assistance to Mr. Wang, in the discharge of his duties as a joint company secretary during the Waiver Period. Such waiver will be revoked immediately if and when (i) Mr. Wang ceases to be assisted by a person with qualifications under Rule 3.28 and 8.17 of the Hong Kong Listing Rules, or (ii) if there are material breaches of the Hong Kong Listing Rules by us. Before the end of the three-year period, the Company will demonstrate to the Stock Exchange and seek the Stock Exchange's confirmation that Mr. Wang, having had the benefit of Ms. Leung's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules so that a further waiver from Rules 3.28 and 8.17 of the Listing Rules will not be necessary.

WAIVERS IN RESPECT OF CONTINUING CONNECTED TRANSACTION

We have entered into and expect to continue to have one transaction after the Listing which will constitute our non-exempt continuing connected transaction under Chapter 14A of the Hong Kong Listing Rules upon Listing. Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted us a waiver in relation to such continuing connected transaction between us and our connected person under Chapter 14A of the Hong Kong Listing Rules. See the section headed "Connected Transactions — Partially Exempt Continuing Connected Transaction" in this prospectus.

ALLOCATION OF H SHARES TO EXISTING MINORITY SHAREHOLDERS AND THEIR CLOSE ASSOCIATES

Rule 10.04 of the Listing Rules requires that a person who is an existing shareholder of the issuer may only subscribe for or purchase any securities for which listing is sought which are being marketed by or on behalf of the issuer either in his or its own name or through nominees if the conditions in Rules 10.03(1) and (2) of the Listing Rules are fulfilled. It is provided in Rule 10.03(1) of the Listing Rules that no securities may be offered to existing shareholders on a preferential basis and no preferential treatment may be given to them in the allocation of the securities; and in Rule 10.03(2) that the minimum prescribed percentage of public shareholders required by Rule 8.08(1) must be achieved.

Paragraph 5(2) of Appendix F1 to the Listing Rules provides that no allocations will be permitted to the existing shareholders of the applicant or their close associates, whether in their own names or through nominees, in the Global Offering unless the conditions set out in Rules 10.03 and 10.04 of the Listing Rules are fulfilled.

Chapter 4.15 of the Guide for New Listing Applicants provides that the Stock Exchange will consider giving consent and granting waiver from Rule 10.04 of the Listing Rules to an applicant's existing shareholders or their close associates to participate in an initial public offering if any actual or perceived preferential treatment arising from their ability to influence the applicant during the allocation process can be addressed.

Prior to the Listing, our Company's share capital comprises entirely A Shares listed on the STAR Market. We have a large and widely dispersed public A Share shareholder base.

We have applied to the Stock Exchange for, and the Stock Exchange has granted to us, a waiver from strict compliance with the requirements under Rule 10.04 and consent under Paragraph 5(2) of Appendix F1 to the Listing Rules to permit H Shares in the International Offering to be placed to certain existing minority Shareholders who (i) hold less than 5% of the total number of A Shares in issue of our Company prior to the completion of the Global Offering and (ii) are not and will not become (upon the completion of the Global Offering) core connected persons of our Company or the close associates of any such core connected person (together, the "**Existing Minority Shareholders**"), subject to the conditions as follows:

(i) the Joint Sponsors confirm that each Existing Minority Shareholder to whom our Company may allocate the H Shares in the International Offering holds less than 5% of the total number of A Shares in issue of our Company before Listing;

(ii) the Joint Sponsors confirm that each Existing Minority Shareholder is not, and will not be, a core connected person of our Company or any close associate of any such core connected person immediately prior to or following the Global Offering;

(iii) the Joint Sponsors confirm that none of the Existing Minority Shareholders have the right to appoint a Director and/or have any other special rights;

(iv) the Joint Sponsors confirm that allocation to the Existing Minority Shareholders or their close associates will not affect our ability to satisfy the public float requirement as prescribed by the Stock Exchange under Rule 8.08 (as amended and replaced by Rule 19A.13A(2)) of the Listing Rules or otherwise approved by the Stock Exchange;

(v) the Joint Sponsors confirm to the Stock Exchange in writing that based on (a) their discussions with our Company and the Overall Coordinators; and (b) the confirmations provided to the Stock Exchange by our Company and the Overall Coordinators (confirmations (vi) and (vii) mentioned below), and to the best of their knowledge and belief, they have no reason to believe that any of the Existing Minority Shareholders or their close associates received any preferential treatment, or is in a position to exert

influence on the Company to obtain actual or perceived preferential treatment in the allocation either as a cornerstone investor or as a placee by virtue of their relationship with our Company other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, and details of the allocation to the Existing Minority Shareholders holding more than 1% of the issued share capital of the Company immediately prior to the completion of the Global Offering will be disclosed in this prospectus and/or the allotment results announcement, as the case may be;

(vi) our Company will confirm to the Stock Exchange in writing that:

(a) in the case of participation as cornerstone investors, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates by virtue of their relationship with our Company, other than the preferential treatment of assured entitlement under a cornerstone investment following the principles set out in Chapter 4.15 of the Guide for New Listing Applicants, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, and the Existing Minority Shareholders or their close associates' cornerstone investment agreements do not contain any material terms which are more favorable to the Existing Minority Shareholders or their close associates than those in other cornerstone investment agreements; or

(b) in the case of participation as placees, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates, nor is the Existing Minority Shareholder in a position to exert influence on the Company to obtain actual or perceived preferential treatment, by virtue of their relationship with our Company in any allocation in the placing tranche;

(vii) in the case of participation as placees, the Overall Coordinators will confirm to the Stock Exchange that, to the best of their knowledge and belief, no preferential treatment has been, nor will be, given to the Existing Minority Shareholders or their close associates by virtue of their relationship with our Company in any allocation in the placing tranche.

DISCLOSURE OF OFFER PRICE

Paragraph 15(2)(c) of Appendix D1A to the Listing Rules provides that the issue price or offer price of each security must be disclosed in the prospectus. Pursuant to Paragraph 12 of the Guide, the Stock Exchange also allows an indicative offer price range to be included in the prospectus, as an alternative to the disclosure of a fixed offer price.

We have applied to the Stock Exchange a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules so that the Company will only disclose the maximum Offer Price in this prospectus on the below basis:

(a) The Offer Price will be determined with reference to, among other factors, the closing price of the Company's A Shares on the Shanghai Stock Exchange on the last trading day on or before the Price Determination Date. Our Company is unable to control the trading price of our A Shares on the Shanghai Stock Exchange;

(b) Setting a fixed offer price or an offer price range with a low-end may adversely affect our ability to price our H Shares in the best interests of our Shareholders and the market price of the A Shares and the Hong Kong Offer Shares;

(c) Pursuant to paragraphs 9 and 10(b) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the amount payable on application and allotment on each share, and the price to be paid for shares subscribed for, shall be specified in the prospectus, respectively. Disclosure of a maximum Offer Price complies with the requirements prescribed under paragraphs 9 and 10(b) of Part A of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance by providing a clear indication of the maximum subscription consideration a potential investor shall pay for the Offer Shares; and

(d) A maximum Offer Price will be disclosed in this prospectus. This alternative disclosure approach would not prejudice the interests of the investing public in Hong Kong.

The Stock Exchange has granted to us a waiver from strict compliance with paragraph 15(2)(c) of Appendix D1A to the Listing Rules on the conditions that this prospectus will disclose:

(a) the maximum Offer Price;

(b) the time for the determination of the Offer Price and the form of its publication;

(c) the historical prices of the Company's A Shares and trading volume on the Shanghai Stock Exchange during the Track Record Period and up to the Latest Practicable Date;

(d) the determinants of the final Offer Price; and

(e) the source for investor to access the latest market price of the Company's A Shares.

See "Structure of the Global Offering — Pricing and Allocation — Determining the Pricing of the Offer Shares" in this prospectus for the historical prices of our A Shares and trading volume on the Shanghai Stock Exchange.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) for the purpose of giving information with regard to our Group. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

RESTRICTIONS ON OFFER AND SALE OF H SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of Hong Kong Offer Shares to, confirm that he is aware of the restrictions on the offer and sale of the Hong Kong Offer Shares described in this prospectus.

No action has been taken to permit a public offering of the H Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, and without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation for subscription. The distribution of this prospectus and the offering and sale of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered and sold, directly or indirectly, in mainland China or the U.S.

CSRC FILING

On June 12, 2025, the CSRC has issued a notification on our Company' completion of the PRC filing procedures for the listing of our H Shares on the Stock Exchange and the Global Offering. As advised by our PRC Legal Advisor, our Company has completed all necessary filings with the CSRC in the PRC in relation to the Global Offering and the Listing.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering. For applications under the Hong Kong Public Offering, this prospectus contains the terms and conditions of the Hong Kong Public Offering. The Global Offering comprises the Hong Kong Public Offering of initially 2,387,300 Offer Shares and the International Offering of initially 45,358,400 Offer Shares (assuming the Over-allotment Option is not exercised and subject, in each, to reallocation on the basis as set out in "Structure of the Global Offering").

The Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Lead Managers, the Joint Bookrunners, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering. Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

UNDERWRITING

The Listing is sponsored by the Joint Sponsors and the Global Offering is managed by the Sponsor-OC. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters subject to the terms and conditions of the Hong Kong Underwriting Agreement and is subject to us and the Sponsor-OC (for themselves and on behalf of the Underwriters) agreeing on the Offer Price. The International Offering is expected to be fully underwritten by the International Underwriters, subject to the terms and conditions of the International Underwriting Agreement. See "Underwriting" for further details on the Underwriters and the underwriting arrangements.

APPLICATION FOR LISTING OF THE H SHARES ON THE HONG KONG STOCK EXCHANGE

We have applied to the Hong Kong Stock Exchange for the granting of listing of, and permission to deal in, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option). Dealings in

the H Shares on the Hong Kong Stock Exchange are expected to commence on Tuesday, August 19, 2025. Except for our A Shares that have been listed on the STAR Market and our pending application to the Hong Kong Stock Exchange for the listing of, and permission to deal in, the H Shares, no part of our share or debt securities is listed on or dealt in on the Hong Kong Stock Exchange or any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Hong Kong Stock Exchange.

H SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the H Shares on the Hong Kong Stock Exchange and our compliance with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Hong Kong Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Hong Kong Stock Exchange is required to take place in CCASS on the second settlement day after any trading day. All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time. All necessary arrangements have been made for the H Shares to be admitted into CCASS. Investors should seek the advice of their stockbroker or other professional advisers for the details of the settlement arrangements as such arrangements may affect their rights and interests.

REGISTER OF MEMBERS AND STAMP DUTY

All of the H Shares issued pursuant to applications made in the Global Offering will be registered on our H Share register to be maintained in Hong Kong by our H Share Registrar, Computershare Hong Kong Investor Services Limited. Our principal register of members will be maintained by us at our headquarters in mainland China.

Dealings in the H Shares registered in our H Share Register will be subject to Hong Kong stamp duty.

DIVIDENDS PAYABLE TO HOLDERS OF H SHARES

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of our H Shares will be paid to the shareholders as recorded on the H Share Register of our Company in Hong Kong and sent by ordinary post, at the shareholders' risk, to the registered address of each shareholder of our Company.

PROFESSIONAL TAX ADVICE RECOMMENDED

You should consult your professional advisers if you are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposal of, dealing in or the exercise of any rights in relation to our H Shares. None of our Company, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, the Capital Market Intermediaries, any of our or their affiliates or any of their respective directors, officers, employees, advisers, agents or representatives, or any other persons or parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposal of, dealing in, or the exercise of any rights in relation to, our H Shares.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of the Chinese laws and regulations, government authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages. In the event of any inconsistency, the Chinese version shall prevail.

ROUNDING

Certain amounts and percentage figures, such as equity and operating data, included in this prospectus may have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

CURRENCY TRANSLATIONS

Solely for your convenience, this prospectus contains translations among certain amounts denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Unless otherwise specified, this prospectus contains certain translations for convenience purposes at the following rates: Renminbi into Hong Kong dollars at the rate of HK$1.00 into RMB0.9108, Renminbi into U.S. dollars at the rate of US$1.00 to RMB7.1496 and Hong Kong dollars into U.S. dollars at the rate of US$1.00 to HK$7.8499.

No representation is made that any amounts in RMB or Hong Kong dollars can be or could have been at the relevant dates converted at the above rate or any other rates or at all.

For further information on our Directors and Supervisors, please refer to the section headed "Directors, Supervisors and Senior Management" of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Zong Yanmin **(宗艷民先生)**	No. 169, Lingang Mansion Lane 503, Zhubai Road Lingang Special Area Pudong New Area Shanghai, PRC	Chinese
Mr. Gao Chao **(高超先生)**	1-601, Building 4 Evergrande Jade Residence Huaiyin District, Jinan City Shandong, PRC	Chinese
Mr. Wang Junguo **(王俊國先生)**	2-602, Building 23 Zone 7, Zhonghai International Community No. 66 Jiuquzhuang Road Shizhong District, Jinan City Shandong, PRC	Chinese
Non-executive Directors		
Mr. Qiu Yufeng **(邱宇峰先生)**	Room 401, Unit 2, Building 3 Meilunbao, Kehui Road Chaoyang District Beijing, PRC	Chinese
Ms. Li Wanyue **(李婉越女士)**	Room 2604, Unit 2, Building 37 Lot 7, Xinxinyuan, Haidian District Beijing, PRC	Chinese
Mr. Fang Wei **(方偉先生)**	Room 1301, No.1, Lane 2088 Wanhangdu Road Changning District Shanghai, PRC	Chinese

Name	Address	Nationality
Independent non-executive Directors		
Mr. Li Honghui (李洪輝先生)	3-102, No.9, Yuyuantan South Road Haidian District Beijing, PRC	Chinese
Ms. Liu Hua (劉華女士)	127-01, Xisi Zhuangyuan II Licheng District, Jinan City Shandong, PRC	Chinese
Mr. Lai Kwok Hung Alex (黎國鴻先生)	Flat C, 19/F, Block 2 The Belcher's 89 Pok Fu Lam Road Polfulam, Hong Kong	Chinese (Hong Kong)

SUPERVISORS

Name	Address	Nationality
Ms. Zhang Hongyan (張紅岩女士)	Room 504, Building 16 Lvdi Xiangxie Xinli Square Huaiyin District, Jinan City Shandong, PRC	Chinese
Mr. Song Jian (宋建先生)	14-2-1802, Jishui Shangyuan Huaiyin District, Jinan City Shandong PRC	Chinese
Mr. Dou Wentao (竇文濤先生)	2-2-1503, Block 9 Huangjin Shanshui Jun Lixia District, Jinan City Shandong, PRC	Chinese

PARTIES INVOLVED IN THE GLOBAL OFFERING

Joint Sponsors	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **CITIC Securities (Hong Kong) Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Sponsor-OC	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong
Overall Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong **CLSA Limited** 18/F, One Pacific Place 88 Queensway Hong Kong

	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central Hong Kong
	UOB Kay Hian (Hong Kong) Limited 6/F, Harcourt House 39 Gloucester Road Hong Kong
Joint Global Coordinators	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
	BOCI Asia Limited 26/F, Bank of China Tower 1 Garden Road Central Hong Kong

	UOB Kay Hian (Hong Kong) Limited 6/F, Harcourt House 39 Gloucester Road Hong Kong
	The Hongkong and Shanghai Banking Corporation Limited 1 Queen's Road Central Hong Kong
	Zhongtai International Securities Limited 19/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
Joint Bookrunners	**China International Capital Corporation Hong Kong Securities Limited** 29/F, One International Finance Centre 1 Harbour View Street Central Hong Kong
	CLSA Limited 18/F, One Pacific Place 88 Queensway Hong Kong
	Haitong International Securities Company Limited 22/F, Li Po Chun Chambers 189 Des Voeux Road Central Hong Kong
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6/F, Harcourt House
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37/F, ICBC Tower
3 Garden Road
Hong Kong

CMB International Capital Limited
45/F, Champion Tower
3 Garden Road
Central
Hong Kong

CCB International Capital Limited
12/F, CCB Tower
3 Connaught Road Central
Central
Hong Kong

ABCI Capital Limited
11/F, Agricultural Bank of China Tower
50 Connaught Road Central
Central
Hong Kong

GF Securities (Hong Kong) Brokerage Limited
27/F, GF Tower
81 Lockhart Road
Wan Chai
Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central
Hong Kong

Shenwan Hongyuan Securities (H.K.) Limited
Level 6, Three Pacific Place
1 Queen's Road East
Hong Kong

Futu Securities International (Hong Kong) Limited
34/F, United Centre
No. 95 Queensway
Admiralty
Hong Kong

Sun Securities Limited
Room 2104, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

Huafu International Securities Limited
Unit 2603–04, 26/F, Infinitus Plaza
199 Des Voeux Road Central Sheung Wan
Hong Kong

Fosun International Securities Limited
Suite 2101–2105, 21/F
Champion Tower
3 Garden Road
Central
Hong Kong

Tiger Brokers (HK) Global Limited
23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Joint Lead Managers

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

CLSA Limited
18/F, One Pacific Place
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Hong Kong

Haitong International Securities Company Limited
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Capital Market Intermediaries

China International Capital Corporation Hong Kong Securities Limited
29/F, One International Finance Centre
1 Harbour View Street
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Hong Kong

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Hong Kong

Tiger Brokers (HK) Global Limited
23/F, Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

Legal Advisors to the Company

As to Hong Kong and U.S. laws:
Clifford Chance
27/F, Jardine House
One Connaught Place
Central
Hong Kong

As to PRC law:
Grandall Law Firm (Shanghai)
25-28/F, Suhe Centre
China Central Place
99 North Shanxi Road
Shanghai
PRC

	As to U.S. export control and sanctions law: **King & Wood Mallesons** 10/F, Building B4, Xinchen Lingang Center Lane 9, North Yunjuan Road, Shengang Street Pudong New District Shanghai PRC
Legal Advisors to the Joint Sponsors and the Underwriters	*As to Hong Kong and U.S. laws:* **Freshfields** 55th Floor, One Island East Taikoo Place, Quarry Bay Hong Kong *As to PRC law:* **Commerce & Finance Law Offices** 12-15/F, China World Office 2 No. 1 Jianguomenwai Avenue Beijing PRC
Auditor and Reporting Accountant	**BDO Limited** *Certified Public Accountants* 25th Floor, Wing On Centre 111 Connaught Road Central Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 2504-2505 Wheelock Square 1717 Nanjing West Road Shanghai, PRC

Property Valuer	**Asia-Pacific Consulting and Appraisal Limited** Flat/Rm A, 12/F Kiu Fu Commercial Building 300 Lockhart Road Wan Chai Hong Kong
Receiving Banks	**CMB Wing Lung Bank Limited** 14/F, CMB Wing Lung Bank Building 45 Des Voeux Road Central, Hong Kong
	Industrial and Commercial Bank of China (Asia) Limited 33/F, ICBC TOWER No.3 Garden Road Central, Hong Kong

Registered Office, Headquarters and Principal Place of Business in the PRC	No. 99, South Tianyue Road Huaiyin District, Jinan City Shandong, PRC
Principal Place of Business in Hong Kong	Room 503, 5th Floor Tung Wai Commercial Building 109–111 Gloucester Road Wanchai, Hong Kong
Company's Website	**www.sicc.cc** *(The information contained in this website does not form part of this prospectus)*
Joint Company Secretaries	**Mr. Wang Junguo (王俊國)** No. 99, South Tianyue Road Huaiyin District, Jinan City Shandong, PRC **Ms. Leung Sau Fong (梁秀芳)** *(ACG HKACG)* Unit 1301, 13/F Wing Tuck Commercial Centre 177-183 Wing Lok Street Sheung Wan Hong Kong
Authorized Representatives	**Mr. Zong Yanmin (宗艷民)** No. 169, Lingang Mansion Lane 503, Zhubai Road Lingang Special Area Pudong New Area Shanghai, PRC **Ms. Leung Sau Fong (梁秀芳)** *(ACG HKACG)* Unit 1301, 13/F Wing Tuck Commercial Centre 177-183 Wing Lok Street Sheung Wan Hong Kong

Strategy Committee	Mr. Zong Yanmin (宗艷民) *(Chairperson)* Mr. Qiu Yufeng (邱宇峰) Mr. Li Honghui (李洪輝)
Audit Committee	Mr. Li Honghui (李洪輝) *(Chairperson)* Mr. Lai Kwok Hung Alex (黎國鴻) Ms. Liu Hua (劉華)
Nomination Committee	Ms. Liu Hua (劉華) *(Chairperson)* Mr. Zong Yanmin (宗艷民) Mr. Lai Kwok Hung Alex (黎國鴻)
Remuneration and Appraisal Committee	Mr. Lai Kwok Hung Alex (黎國鴻) *(Chairperson)* Mr. Zong Yanmin (宗艷民) Ms. Liu Hua (劉華)
Compliance Advisor	**Somerley Capital Limited** 20/F, China Building 29 Queen's Road Central Hong Kong
H Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wan Chai Hong Kong
Principal Banks	**Qilu Bank Co., Ltd. Jinan Huaiyin Sub-branch** No. 28366, Jingshi Road Huaiyin District, Jinan City Shandong, PRC **Bank of Beijing Co., Ltd. Jinan Branch** No. 11890, Jingshi Road Lixia District, Jinan City Shandong, PRC

The information and statistics set out in this section and other sections of this prospectus were extracted from the F&S Report, which was commissioned by the Company, and from various official government publications and available resources from public market research. The Company engaged Frost & Sullivan to prepare the F&S Report in connection with the Global Offering. The information from official government sources has not been independently verified by any of the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors and advisers, or any other persons or parties involved in the Global Offering (other than Frost & Sullivan), and no representation is given as to its accuracy. For discussion of risks related to the Group's industry, see "Risk Factors — Risks Relating to Our Industry and Business" in this prospectus.

OVERVIEW OF THE GLOBAL SIC MATERIALS AND APPLICATIONS MARKET

Energy transition and artificial intelligence (AI) are two critical engines driving the future technology revolution. Building a world of growth, innovation, and sustainability stands as the core objective of the advancement and integrated development of energy transition and AI technologies. Silicon Carbide (SiC) materials have emerged as one of the cornerstones empowering energy transition and AI to achieve their core development goals.

SiC, a compound material composed of carbon and silicon elements, features high hardness and excellent physical and chemical properties. Characterized by high-voltage resistance, high-frequency resistance, high thermal conductivity, high-temperature stability, and a high refractive index, SiC materials serve as crucial materials for cost-reduction and efficiency-enhancement in numerous industries. SiC materials take the lead in promoting the transformation of the semiconductor industry, and are beginning to replace and complement silicon-based technologies in more fields.

Comparative Analysis of Major Semiconductor Materials across Different Generations

Semiconductor	First generation semiconductor	Second generation semiconductor	Third generation semiconductor
Material	Elemental semiconductors: Silicon (Si), germanium (Ge)	Compound semiconductors: Gallium Arsenide (GaAs), Indium Phosphide (InP)	Wide bandgap semiconductors: Silicon Carbide (SiC) , Gallium Nitride (GaN)
Advantage	• Abundant and low-cost, silicon is the most widely used semiconductor • Enabled the shift from vacuum tubes to compact electronics	• Faster electron mobility for high-frequency transmission • Direct bandgap for applications in light emission, including infrared lasers and high-brightness red LEDs	• Enhanced thermal and electronic properties • Improved electrical strength and radiation resistance • Energy-efficient and eco-friendly • Compact device size
Industrialization Process	• Elemental semiconductor manufacturing technology is mature and close to optimal, but has reached the physical limit, performance enhancement space is narrowed, industrialization is very mature	• Compound semiconductors are gradually achieving industrialization in high-frequency and high-power fields, with significant developments particularly in areas such as radio frequency and communications	• Wide bandgap semiconductors are in the early stage of industrialization, the production process is complex, there is still room for improvement, only a small number of companies with large-scale high-quality production capacity
Application	• Widely used in information processing and automation, including consumer electronics, telecommunications, photovoltaics	• In optoelectronics, including millimeter-wave devices, satellite communication, mobile communication, and GPS navigation	• In high-performance sensors • Applications span 5G, IoT, electric vehicles, optoelectronics, and display technology

Compared with silicon-based semiconductors, wide bandgap semiconductors represented by SiC (SiC) and gallium nitride (GaN) have prominent performance advantages from the material to the device level. They feature high frequency, high efficiency, high power, high-voltage resistance, and high-temperature resistance, and are an important direction for the future development of the semiconductor industry. Among them, SiC exhibits unique physical and chemical properties. Characteristics such as its high band-gap width, high breakdown electric field strength, high electron saturated drift velocity, and high thermal conductivity make it play a crucial role in applications such as power-electronic devices. These properties endow SiC with significant advantages in high-performance application fields such as xEV and photovoltaics, especially in terms of stability and durability.

The current semiconductor material market is dominated by first-generation silicon (Si), and third-generation materials such as gallium nitride (GaN) and silicon carbide (SiC). In 2024, Si accounts for 83.4% of the market, SiC accounts for around 15.1%, and GaN accounts for around 1.5%.

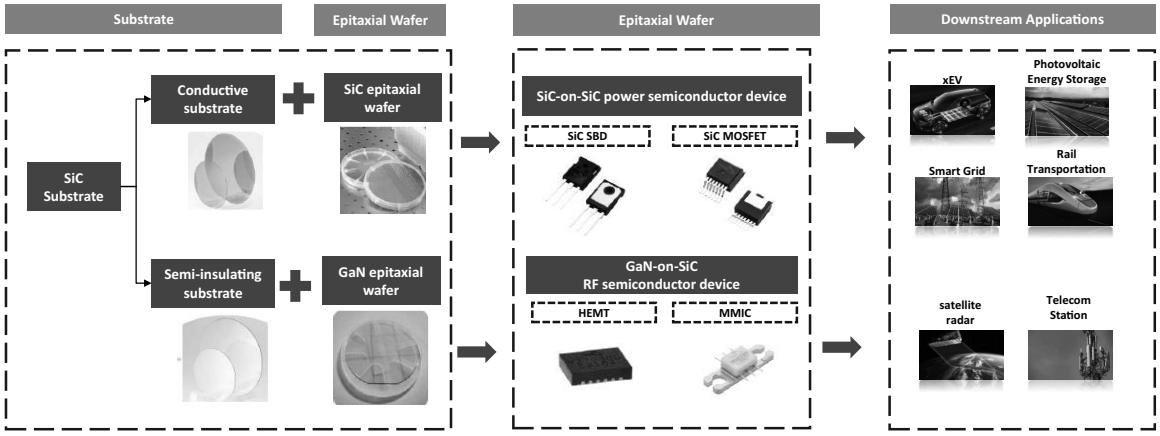
SiC and GaN are two distinct wide bandgap semiconductor materials, each with unique characteristics and advantages, which generally preclude simple substitution between them. GaN boasts faster switching speeds and lower on-resistance, making it particularly effective in high-frequency and high-speed switching applications such as wireless power transfer and radio frequency amplifiers. On the other hand, SiC features higher operating voltages and superior thermal conductivity, making it well-suited for high-power and high-temperature applications like electric vehicles and renewable energy systems. However, in applications where moderate switching power and frequency are required, SiC and GaN can potentially replace each other or silicon, depending on the specific demands of the application.

Gallium oxide (Ga_2O_3) is one of the fourth-generation semiconductor materials. This emerging semiconductor material offers higher conduction and breakdown field strength, enabling the cost-effective production of large, high-quality crystals with higher crystal brittleness, stronger disintegration properties, and lower fracture toughness. Despite these advantages, the technology is still in its infancy, with ongoing research aimed at overcoming challenges such as high-temperature decomposition and volatility to produce large, defect-free gallium oxide wafers for industrial applications.

SiC materials have broad market application potential in power semiconductor devices, radio-frequency semiconductor devices, and emerging application fields

SiC materials are commonly used to produce SiC substrates or SiC epitaxial wafers. Among them, SiC substrates can be widely applied in downstream products such as power semiconductor devices, radio-frequency semiconductor devices, optical waveguides, TF-SAW filters, and heat-dissipation components. The main application industries include xEV, photovoltaics and

energy storage system, power grid, rail transportation, telecommunications, AI glasses, smartphones, semiconductor lasers, etc. The third-generation semiconductors are predominantly utilizing SiC as the substrate material, which can be categorized into conductive and semi-insulating types based on resistivity. Power devices are manufactured by growing homogeneous SiC epitaxial layers on conductive substrates, and these are primarily applied in areas such as new energy vehicles and photovoltaic energy storage. On semi-insulating substrates, heteroepitaxial GaN layers are grown to produce radio frequency (RF) devices, which are predominantly used in communications and radar applications. The table below showed the main application of SiC substrate:



SiC Power Semiconductor Devices Market Application Analysis

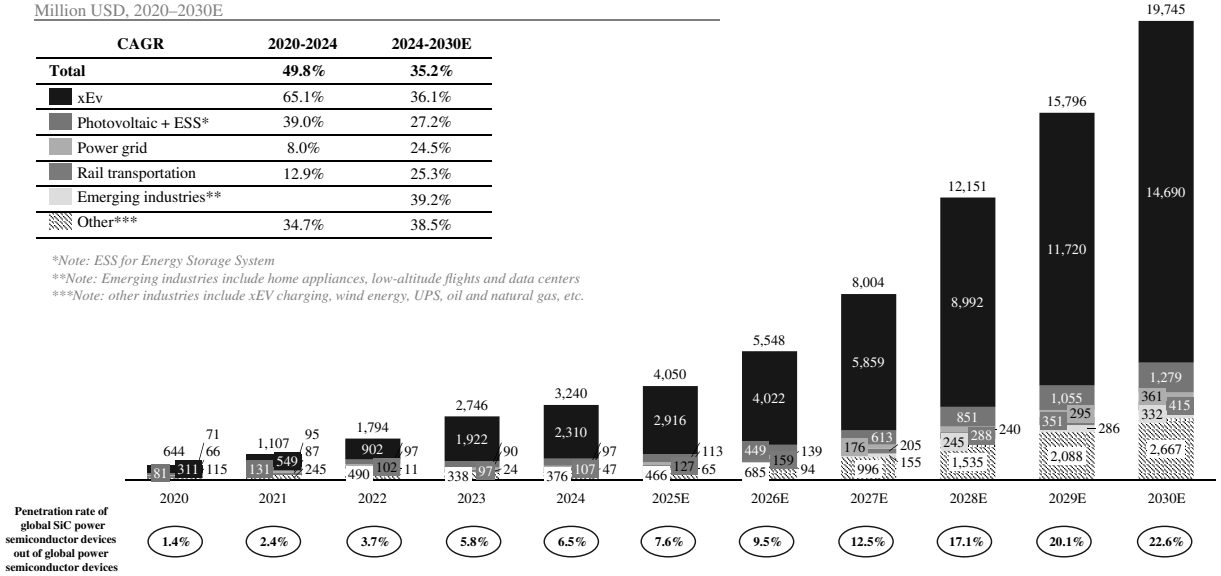
Power semiconductor devices are semiconductor devices used as switches or rectifiers in power electronic products. Power semiconductor devices mainly include power diodes, power transistors, thyristors, MOSFETs, IGBTs, etc.

From 2020 to 2024, the SiC power semiconductor device market witnessed remarkable growth. The penetration rate of global SiC power semiconductor device out of global power semiconductor device market increased from 1.4% to 6.5%, and is expected to reach 22.6% in 2030. Such growth is primarily attributed to the increasing adoption of SiC devices across various industries, particularly in the xEV and photovoltaic sectors. In the xEV sector, SiC power semiconductors are pivotal in improving the performance of electric vehicles, including extending driving range, enabling faster charging speeds, and enhancing powertrain efficiency. The transition to renewable energy systems, such as solar and wind power, has also driven demand for SiC-based components in inverters and grid infrastructure. SiC semiconductors offer superior energy conversion efficiency and reduce system losses, making them ideal for applications such as solar inverters, wind turbine converters and energy storage systems. Additionally, as the cost of SiC power semiconductor devices continues to decline, their adoption is expected to accelerate not only in traditional downstream applications, replacing conventional power devices, but also in

emerging applications such as home appliances, low-altitude flight technologies, and data centers. These factors collectively underpin the anticipated significant growth in the global penetration rate of silicon carbide power semiconductor devices.

By application area, from 2020 to 2024, the global revenue of SiC power semiconductor devices used in xEV had a compound annual growth rate (CAGR) as high as 65.1%. From 2024 to 2030, the CAGR in the xEV vehicle sector will still be as high as 36.1%, continuing to lead the growth of the global SiC power semiconductor device market. The photovoltaic energy storage, power grid, and rail transit sectors also show strong growth momentum. The CAGRs in the future forecast period will reach 27.2%, 24.5%, and 25.3% respectively. Emerging application areas of SiC power semiconductor devices such as home appliances, low-altitude flight, and data centers will exhibit the fastest growth rate. The global revenue of SiC power semiconductor devices applied to these areas is expected to have a projected CAGR of 39.2%.

Market Size of Global SiC Power Semiconductor Devices (by Application Area), by Sales Revenue



Source: Yole, F&S

Application in xEVs

Range, charging speed, and driving experience are crucial factors of xEVs. Compared with traditional silicon-based power semiconductor devices such as silicon-based IGBTs, SiC power semiconductor devices have significant advantages such as low on-resistance, high switching frequency, high heat resistance, and high thermal conductivity. These advantages can effectively reduce energy losses in the power conversion process, decrease the volume of passive components like inductors and capacitors, lower the weight and cost of power modules, reduce the need for heat dissipation and simplify the thermal management system, and improve the dynamic response of motor control. As a result, they enhance the range, charging speed, and driving experience of xEVs. SiC power semiconductor devices can be applied to various components in xEVs, including motor drives, on-board chargers (OBCs), DC/DC converters, air-conditioning compressors, high-voltage PTC heaters, and pre-charge relays. Currently, they are mainly used in motor drives, OBCs, and DC/DC converters, replacing traditional silicon-based IGBT power modules: In motor drives, SiC power modules replace traditional silicon IGBTs, reducing energy loss by 70–90%, increasing vehicle range by 10%, and supporting high-power output in high-temperature environments. In OBC where the power module converts external alternating current into direct current to charge the battery, SiC power modules reduce charging losses by 40%, enabling faster charging and improving user experience. For DC/DC converter where it converts the direct current from high-voltage battery into low-voltage direct current for in-vehicle devices use, SiC power modules boost efficiency by reducing heat generation and energy loss by 80-90%, minimizing the impact on vehicle range.

The market size of SiC power semiconductor devices applied in the xEVs sector is expected to grow further. It is predicted that by 2030, the global sales revenue of SiC power semiconductor devices for xEVs will reach USD14.7 billion, with a CAGR of 36.1% from 2024 to 2030. The penetration rate of SiC power semiconductor devices in terms of revenue in the new energy vehicle sector has been on the rise. It is expected to increase from 19.2% in 2024 to 53.6% in 2030.

Data Centers

SiC is mainly applied to the AC/DC stage of the rack power supply in AI data center power supplies. SiC MOSFETs can be used to construct the power-factor-correction (PFC) circuit of the power-supply unit (PSU) to replace silicon-based MOSFETs. Compared with silicon-based MOSFETs, SiC MOSFETs have a higher switching frequency and lower reverse-recovery losses, which can effectively reduce the number of components, increase the power density of the power supply, and improve the energy-conversion efficiency of the AC/DC stage. The power density of a PSU using SiC MOSFETs can be more than twice that of a PSU using silicon-based power devices, and the power-conversion efficiency can be increased by up to about 1%.

Benefiting from the development of large language model technology and the rapid penetration of generative AI, the global AI market size is growing rapidly. By 2030, global data center capacity is expected to reach 299 GW, a net increase of 244 GW from 2023, at a CAGR of 27.4%. This growth will significantly increase data center power consumption from 1.4% to 10% of global electricity use from 2023 to 2030. Traditional silicon-based power supply systems in data centers have an efficiency of about 85%-88%, wasting 12%-15% of electricity as heat. SiC power semiconductor devices can help improve energy efficiency, reduce operating costs, and support sustainable development strategies in data centers. Additionally, the rise in AI workloads has increased the number of AI servers in data centers, which consume significantly more power than traditional servers. This has led to a higher power density requirement for rack power supplies, making SiC power devices a viable solution for increasing power output within existing rack spaces. It is expected that from 2025 to 2030, the global AI data-center scale will increase by 201 GW. Correspondingly, the potential market size of PSUs based on SiC power devices in the AI data-center field from 2025 to 2030 will exceed RMB80 billion, the penetration rate of SiC in the AI data-center is expected to reach 18.3% in 2030.

Photovoltaic Energy Storage Applications

SiC power semiconductor devices can be used in photovoltaic components such as inverters, boost converters, and energy storage converters, as well as in energy storage systems. They enhance photovoltaic systems by improving energy conversion efficiency, reducing losses, and minimizing the size and weight of components, which broadens their application. Compared with traditional silicon-based devices, SiC-based photovoltaic inverters can increase the conversion efficiency by 1%–3%. Their volume and weight can usually be reduced by 40%–60%, simplifying installation and cutting cost. In the energy storage sector, in 2024, the newly installed capacity of global new-type energy storage was approximately 43.7 GW, an increase of 24.9% compared to the previous year. SiC can drive the development of energy storage converters towards large-capacity and modular directions while significantly simplify the design of energy storage converters. With the reduction in the cost of SiC and the improvement of various technologies in photovoltaic power generation, the comprehensive cost-performance ratio of the silicon-carbide-based inverter solution will be further enhanced. The penetration rate of SiC power semiconductor devices in terms of revenue in the photovoltaic energy storage industry is expected to gradually increase, rising from 9.7% in 2024 to 20.4% in 2030.

Ultra-fast Chargers

At present, DC fast-charging technology is a key step in improving the energy-replenishment experience of xEVs. As the electrical systems of xEVs are transitioning from 400V to 800V, the power level and power density of the power modules of ultra-fast chargers are gradually increasing from 20kW/30kW to 40kW/50kW and above to meet the needs of xEVs with higher voltages. Due to its excellent high-voltage and high-temperature resistance properties, SiC-based materials have a

much lower on-resistance than silicon-based materials, reducing conduction losses and ensuring that ultra-fast chargers can provide a higher and wider output voltage range to cover the battery needs of various xEV models. At the same time, the low-junction-capacitance characteristic of SiC semiconductor materials allows for a higher switching frequency, which in ultra-fast chargers means faster charging speed and higher power density. In addition, the high thermal stability and wide operating temperature range (-55°C to +175°C) of SiC MOSFETs ensure the stable operation of ultra-fast chargers under various climatic conditions, meeting the market demand for efficient, fast, and stable charging solutions.

Power Grid Applications

Renewable energy sources such as solar and wind have been playing an increasingly important role in global power systems. In 2024, renewable energy contributed over 40% of the global total electricity generation, and this share is expected to rise further in the future. The power grid, as the primary carrier of electricity production, transmission, consumption, and utilization, faces growing demands for integration of distributed renewable energy and energy storage. As such, the development of smart grids with stronger and more flexible capabilities in regulation, control, and routing of power flows has become an inevitable trend. SiC power semiconductor devices have overcome the limitations of silicon-based power semiconductors in terms of high voltage, high power, and high temperature, thereby addressing system constraints. Thanks to the advantages of SiC, the application of SiC power semiconductor devices can significantly reduce the number of components required for power equipment, as well as the equipment's size, weight, energy loss, and system complexity. It also reduces the demand for cooling equipment, thereby lowering the overall construction cost of power systems. The penetration of SiC power semiconductor devices in power grids is steadily increasing, and it is expected to grow from 4.2% in 2024 to 14.6% in 2030.

Rail Transit Applications

The high critical field strength, high carrier saturation velocity, and high thermal conductivity of SiC have enabled the miniaturization and lightweight development of the traction conversion system in rail transit. This is crucial for meeting the green and energy-saving requirements of rail vehicle operations. By using SiC power semiconductor devices, the power-electronic devices of rail transit vehicles can be significantly reduced in volume and weight, which has a positive impact on increasing speed, acceleration, and extending the maintenance cycle and service life. At the same time, the high-efficiency and high-power-density characteristics of these devices also help to reduce operating costs and improve energy utilization efficiency. Currently, SiC has been maturely applied in the rail transit field. On July 2020, Zhuhai Metro Line 1 in China adopted SiC power devices, which led to a 50% reduction in equipment volume, a 56% decrease in weight, and an efficiency improvement to over 95.5%. Same month, the N700S train of the Tokaido Shinkansen in Japan was officially put into operation. This train adopted hybrid SiC modules,

which reduced the size and weight of the traction inverter by 40% and decreased losses by 35%. In the future, the penetration rate of SiC power semiconductor devices in rail transit is expected to increase from 16.7% in 2024 to 36.6% in 2030.

Household Appliances

In the field of household appliances, SiC Schottky barrier diodes (SBDs) and SiC MOSFETs can be used in power-factor-correction (PFC) circuits, motor drives, boost circuits, high-voltage power supplies, etc., and are suitable for high-power household appliances. SiC power semiconductor devices can improve the energy-conversion efficiency of household appliances, thereby enhancing energy-efficiency performance and providing consumers with more environmentally friendly and efficient household appliances products. At the same time, SiC power semiconductor devices can increase the power density of household appliances power supplies and reduce the size of heat sinks, thus reducing the volume and cost of magnetic components and thermal-management components and promoting the miniaturization of household appliances products. Taking air conditioners as an example, to meet higher energy-efficiency standards, the PFC frequency of variable-frequency air conditioners is constantly increasing. Traditional silicon-based IGBTs and fast-recovery diodes (FRDs) are gradually struggling to meet the requirements of high voltage, high switching frequency, and short reverse-recovery time. SiC SBDs have become the first choice to replace these silicon-based power devices. Air conditioning is expected to be a major sector to adopt SiC power semiconductor devices. In 2030, the potential shipments of SiC-based high-end home air conditioners could reach more than 80 million units, which account for approximately 30% of the global home air conditioner shipments in the same year. Going forward, it is possible for SiC power semiconductor devices to become more affordable and to penetrate into mass market of home air conditioners, which holds approximately 70% of the market share. SiC power semiconductor devices have great growth potential in the global household appliances market and will be more widely applied in the future in areas such as refrigerators, washing machines, microwave ovens, induction cookers, electric ovens, rice cookers, and televisions.

Electric Vertical Take-off and Landing (eVTOL) Aircraft

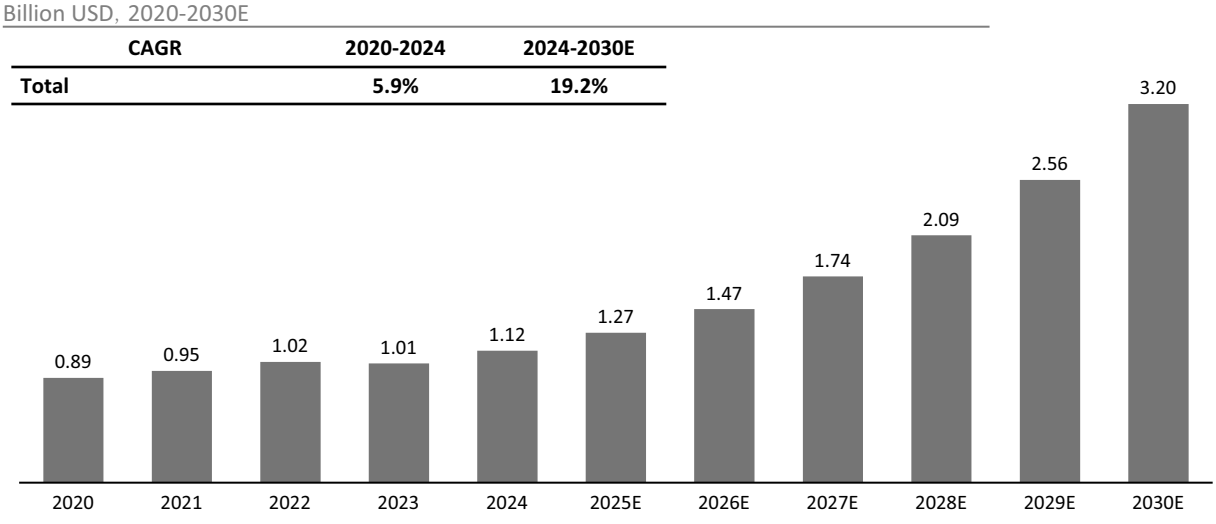
The weight of the motor is an important indicator in the design requirements of eVTOL aircraft, which has a high demand for the power density of materials. The high-power-density, high-temperature-resistant, and high-voltage-resistant characteristics of SiC power semiconductor devices can meet the requirements of eVTOL aircraft for the voltage resistance and output power of electric control, making them an ideal choice for low-altitude aircraft and helping to improve flight performance and safety. The global low-altitude flight economy market size reached 1.0 billion USD in 2024 and is expected to reach 19.6 billion USD by 2030. The application of SiC power semiconductor devices in the eVTOL aircraft field has just started. With the growth of the low-altitude flight economy, the potential of SiC in this field is huge.

Market Application of Semi-insulating Silicon Carbide-based RF Semiconductor Devices

RF semiconductor devices play a crucial role in the wireless communication field. They are mainly responsible for signal conversion and processing and are indispensable basic components of wireless communication devices. These devices include power amplifiers, filters, switches, low-noise amplifiers, and duplexers, which jointly ensure the performance and efficiency of communication systems. Especially in the field of commercial mobile communication, gallium nitride RF semiconductor devices based on semi-insulating SiC substrates exhibit significant advantages. With their high-power, high-efficiency, and high-frequency characteristics, these devices are widely used in power amplifiers of communication base stations, significantly improving the quality and coverage of signal transmission. In addition, with the popularization of 5G networks and the development of Internet of Things technologies, gallium nitride RF semiconductor devices play a key role in increasing data transmission rates, reducing energy consumption, and supporting the connection of more devices.

In 2024, the global market size of semi-insulating silicon carbide-based RF semiconductor devices reached 1.12 billion USD. In the next five years, driven by the 5G market, semi-insulating silicon carbide-based RF semiconductor devices will gradually capture the market share of LDMOS, and the global market for semi-insulating silicon carbide-based RF semiconductor devices is expected to enter a stage of accelerated growth. By 2030, the market is expected to reach a peak of 3.2 billion USD. During 2024 to 2030, the compound annual growth rate of the market is expected to reach 19.2%. This remarkable growth rate reflects the strong growth in market demand for semi-insulating silicon carbide-based RF semiconductor devices.

Market Size of Global Semi-insulating Silicon Carbide-based RF semiconductor devices, by revenue



Source: Yole, F&S

Emerging Applications of SiC in More Industries

AI Glasses Optical Waveguides

For AI glasses' optical systems, silicon-carbide-based SRG waveguides are a revolutionary innovation. Silicon carbide have traits like high refractive index, wide FOV, and full-color integration. Notably, silicon carbide's exceptional refractive index (2.6–2.7) enables single-layer integration of RGB color channels, effectively addressing rainbow effects and significantly reducing device weight, thickness and production complexity compared to conventional multi-layer solutions. This advancement positions silicon carbide SRG waveguides as the optimal choice for next-generation AR displays requiring compact form factors and immersive visual experiences. As AI glasses evolve into mainstream wearable computing platforms, it is estimated that by 2030, the potential market size of silicon-carbide-based SRG waveguides in the global AI glasses market will reach over 60 million pieces.

TF-SAW High-end Filters

Thin-film surface acoustic wave (TF-SAW) filters represent a significant technological advancement in the acoustic filter sector, offering high frequency, high selectivity, and low insertion loss. TF-SAW filters based on piezoelectric on insulator (POI) substrates are cost-effective and simpler to produce than bulk acoustic wave (BAW) filters, making them ideal for supporting higher frequency bands in consumer electronics and 5G applications. Notably, TF-SAW filters utilizing silicon carbide substrates excel in high frequency, high Q-value, power handling, and temperature stability. They can support frequency bands above 3.3GHz, making them suitable for high-end smartphones, 5G infrastructure, and AIoT devices. As wireless communication technology advances, the demand for these filters is expected to grow substantially, with the potential market size for silicon-carbide-based TF-SAW filters projected to reach USD5.2 billion by 2030.

Heat Dissipation Components

Due to its high thermal conductivity, low coefficient of thermal expansion, high hardness, chemical stability, and lightweight characteristics, SiC has a wide range of applications in the fields of heat dissipation and heat sinks, including semiconductors, thermal management systems, 5G communication, high-power LED lighting, electric vehicles, and renewable energy systems. This improves the operating efficiency and reliability of equipment, reduces the weight of the thermal management system, and extends the service life of the equipment. Compared with traditional heat-dissipation materials such as copper and aluminum nitride, the thermal conductivity of SiC is 1.2 times that of copper and more than 2 times that of aluminum nitride. Therefore, SiC is more suitable for scenarios where rapid heat dissipation is required to protect sensitive electronic components or to maintain stable operation in high-power-density devices. For example, in high-power laser applications, silicon carbide could be used in the fabrication of heat

sinks, which are designed to transfer heat away from a heat-generating object, to replace other conventional materials. It is estimated that in 2030 the total potential demands for heat sinks made of silicon carbide in high-power laser applications could reach more than 35 million pieces.

OVERVIEW OF THE GLOBAL SIC SUBSTRATE MARKET

Introduction to SiC Substrates and Manufacturing Processes

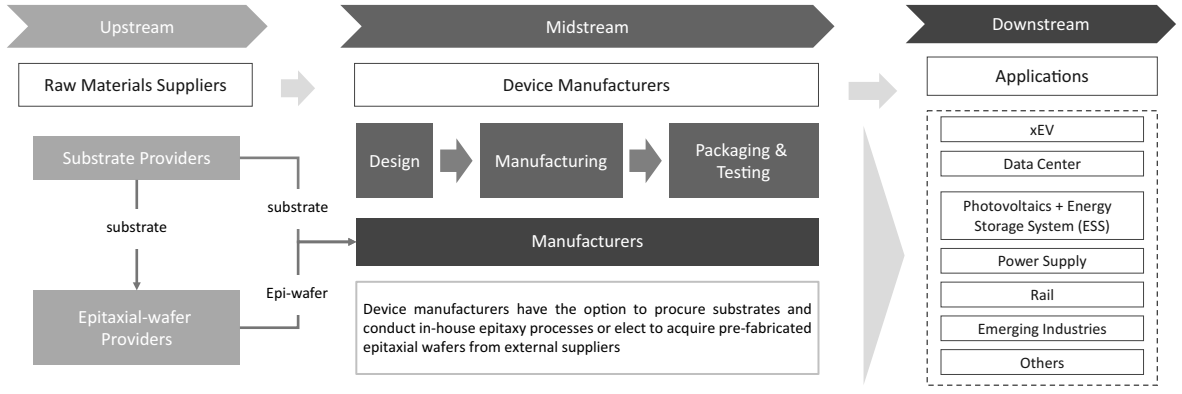
A SiC substrate refers to a single-piece material formed through manufacturing processes such as crystal growth, ingot processing, cutting, grinding, polishing, and cleaning, with SiC powder as the main raw material. It is the basic material for fabricating wide bandgap semiconductors and other SiC-based devices. The research, development, and manufacturing processes of SiC substrates are highly complex, involving the application of interdisciplinary knowledge from materials science, thermodynamics, semiconductor physics, chemistry, computer simulation, and mechanics.

SiC Semiconductor Device Industry Chain

Substrate manufacturers are upstream participants in the entire SiC semiconductor device industry chain. These substrate manufacturers are a crucial link in the industry chain, transforming raw materials into substrate products that can be used by downstream players.

The mid-and downstream segments include device manufacturers, foundry manufacturers, and end-applications. After epitaxial growth, the substrates are used to manufacture various power devices, radio-frequency devices, etc. These devices are widely applied in fields such as new energy vehicles, data centers photovoltaics and energy storage, power supply, rail transit, and emerging industries.

SiC Semiconductor Device Industry Chain



Based on differences in electrical properties, SiC substrates are divided into conductive substrates and semi-insulating substrates. Conductive substrates, through the homo-epitaxy process, grow an epitaxial layer with characteristics consistent with those of the substrate material, and are mainly applied to the manufacturing of SiC power semiconductor devices. Semi-insulating substrates, on the one hand, can use hetero-epitaxy technology to grow a gallium nitride epitaxial layer with different characteristics from the substrate material, mainly for the production of radio-frequency (RF) devices.

When classified by substrate diameter, SiC substrates can be divided into products with diameters of 2-inch, 3-inch, 4-inch, 6-inch, 8-inch, and 12-inch. The research, development, and commercialization progress of different-sized SiC substrates under different technical routes vary.

The technological process of SiC substrates includes steps such as raw material synthesis, crystal growth, orientation and slicing, surface grinding and polishing, chemical mechanical polishing (CMP), and inspection and quality control.

The preparation of SiC substrates is highly complex, with the following difficulties:

- **High difficulty in growth process:** Defect control during the growth of SiC single crystals is extremely challenging and constitutes a significant production difficulty. First, there are diverse and intractable defect types. Second, SiC has a complex crystal form, covering more than 200 structures. Many of these crystal forms are prone to transformation due to similar formation energies in a high-temperature growth environment, resulting in polytype inclusion, which disrupts the crystal structure and seriously interferes with electrical and optical properties. Third, thermal field factors lead to many problems. The temperature gradient in the thermal field can generate thermal stress. Coupled with frequent fluctuations in temperature and components during the growth process, defects such as dislocations are likely to occur, laying hidden dangers for subsequent epitaxial growth and device manufacturing, and greatly affecting product quality and performance. Overall, these difficulties are intertwined, and producers must adopt precise measures in complex technological processes to achieve the stable production of high-quality SiC single crystals.

- **Powder synthesis difficulty:** The preparation of SiC powder faces several challenges. The synthesis environment exerts an influence, and the raw and auxiliary materials contain inherent and unremovable impurities. As a result, the synthesized SiC powder unavoidably has a large number of impurities introduced. These impurities directly impact the purity and electrical performance of the crystals, posing significant difficulties in the preparation of high-quality SiC powder.

- **High processing difficulty:** Silicon carbide substrates, as a high-hardness brittle material, face challenges such as cracking during processing and issues like warping post-processing. To meet the high standards of "ready-to-use" requirements for downstream epitaxial processes, ultra-precision surface processing is essential to significantly reduce surface roughness and improve flatness, while strictly controlling metal impurities and particle contamination. Additionally, the high hardness and brittleness of SiC substrates make cutting, grinding, and polishing processes time-consuming and prone to chipping, further increasing processing difficulty. These factors collectively highlight the high technical barriers and complexity involved in the processing of SiC substrates.

- **High difficulty in diameter expansion:** Large-sized crystals require a more uniform temperature distribution to avoid stress and defects. Thermal stress management becomes more complex. Internal stress caused by temperature gradients and growth rate differences may lead to crystal cracking. Raw material consumption and costs increase accordingly, as diameter expansion means more high-purity raw materials are needed. The crystal growth rate slows down, increasing the production cycle and costs. Due to the combined effects of the above factors, the growth yield of expanded-diameter crystals is usually low, affecting the product's economic efficiency and market competitiveness. These challenges need to be overcome through technological innovation and process optimization to achieve the stable production of large-sized, high-quality SiC substrates. Currently, 6-inch silicon carbide substrates have become the mainstream in the market, while 8-inch substrates are in a phase of rapid scaling. With swift technological advancements, they are expected to further drive industry upgrades in the future.

- **Difficulty in maintain production consistency:** The highly complex preparation process of SiC substrates makes it difficult to maintain production quality consistency during large-scale mass production. The quality of the final SiC substrate is jointly affected by key links such as material purity, process control capabilities, equipment accuracy, and inspection capabilities. The instability of any link will affect the consistency of the final product quality. Substrate manufacturers usually need to have a profound understanding of process technology, and by establishing a fine-grained production process system, introducing automated and intelligent equipment, and implementing a complete quality inspection system, they can ultimately achieve consistency in product production quality during large-scale mass production.

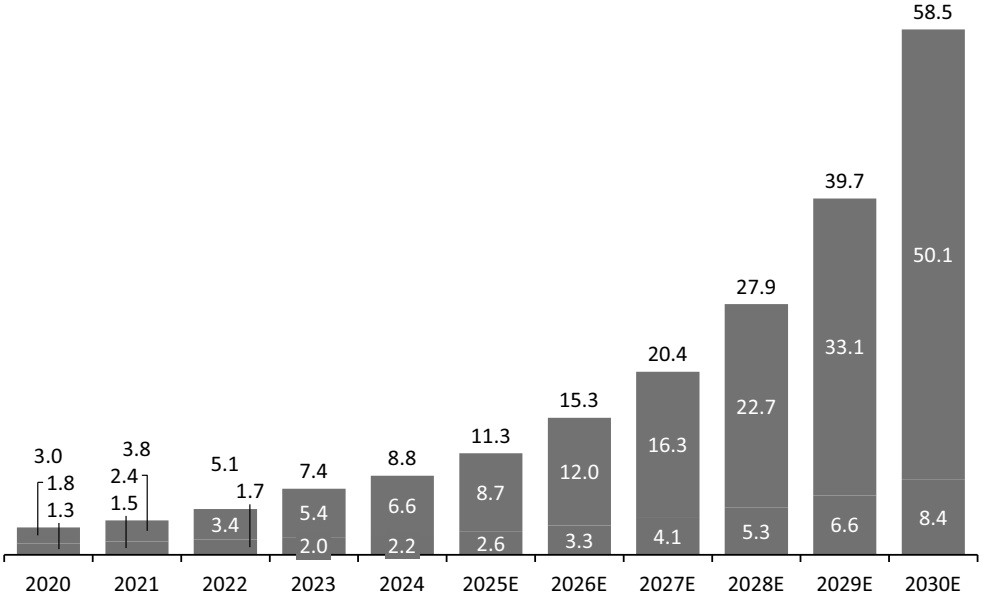
Global SiC Substrate Market Size

In terms of sales revenue, the global silicon carbide substrate market has grown from RMB3.0 billion in 2020 to RMB8.8 billion in 2024, with a compound annual growth rate of 29.9%. It is expected that by 2030, the market size is likely to increase to RMB58.5 billion, with a compound annual growth rate of 37.1%.

Global SiC Substrate Market Size, by Sales Revenue

billion RMB, 2020-2030E

CAGR	2020-2024	2024-2030E
Total	**29.9%**	**37.1%**
Conductive silicon carbide substrate	38.5%	40.1%
Semi-insulating silicon carbide substrate	14.1%	25.0%



(Note: The market size only includes products for external sales, and data of selfproduced and self-used products are not included.)

Source: Yole, Frost & Sullivan

(Note: The market size only includes products for external sales, and data of self-produced and self-used products are not included.)

Key Drivers of the Global SiC Substrate Market

– **Global Energy Transition Propels the Development of the SiC Industry**. For energy supply, energy transition emphasizes reducing reliance on fossil fuels and developing clean and renewable energy sources like solar and wind energy. From 2020 to 2024, the proportion of global electricity consumption in total global energy consumption increased from 19.8% to over 20%. The increase in the total amount of electricity consumption makes the conversion efficiency of electricity particularly crucial. Thanks to the advantages of SiC materials, such as high frequency, low loss, high-voltage resistance, and high-temperature resistance, SiC power semiconductor devices can enhance the conversion efficiency of electricity in the generation and consumption, achieve a smaller system size and higher power density, and also less demand for cooling systems. They have become the "energy efficiency multipliers" in fields such as xEVs, photovoltaic and energy storage system, power supply, and data centers, driving the energy system to transition towards low-carbonization.

– **Growth and Innovation of AI Industries Create More Incremental Opportunities for SiC.** Currently, AI is being integrated into various aspects of industries and people's daily lives, exerting a profound impact on human development. With the advancement of large language model technology, generative AI has stronger reasoning and intelligent capabilities, further accelerating the rapid penetration of AI. As an important infrastructure supporting the development of AI, data centers are expected to account for 10% of global power consumption by 2030. Compared with traditional silicon-based power semiconductor devices, silicon carbide-based power semiconductor devices can provide higher power conversion efficiency and higher power density. The application of silicon carbide-based power semiconductor devices in data centers is an inevitable choice to alleviate the global power supply challenges for AI and achieve the low-carbonization of data centers. Moreover, the development of AI technology continuously gives rise to innovations in AI-enabled smart products, which in turn create application opportunities for new materials represented by SiC. For example, the application of silicon-carbide-based optical waveguides in AI glasses can achieve a larger field of view and a simpler structured full-color display. This can reduce the size, weight, manufacturing cost, and complexity of AI glasses, and significantly enhance the user experience.

– **Higher Requirements for Performance, Efficiency, and Stability Drive the Growth of the SiC Power Semiconductor Device Market.** From 2020 to 2024, the global market size of the SiC power semiconductor device industry increased significantly, from $644 million to $3.2 billion, with a CAGR of 49.8%. This growth trend not only reflects the strong demand in the SiC power semiconductor device market but also directly drives the growth of the demand for SiC substrates. With the widespread application of SiC power semiconductor devices in strategic emerging industries such as xEVs, photovoltaic and wind energy, and 5G communication, the substrate, as a key material for producing SiC devices, has seen an

expansion in market demand. It is expected that from 2024 to 2030, the market size of the SiC power device industry will continue to grow, with a compound annual growth rate of 35.2%. By 2030, the market size is expected to reach approximately $19.7 billion. The global penetration rate of SiC in the entire power semiconductor device market has also increased significantly, from 1.4% in 2020 to 6.5% in 2024, and is expected to increase to 22.6% by 2030.

– **Technological Advancements Improve Production Efficiency, Reduce Production Costs, and Enhance Economy and Penetration Rate**. Technological progress in crystal growth, slicing, and grinding and polishing processes has significantly improved the production efficiency of SiC substrates and reduced production costs. For example, advancements in crystal growth technology have enabled the mass production of 8-inch conductive substrates. The larger available substrate area has reduced the unit comprehensive cost by 50% and increased the substrate production yield, further driving down the unit cost of substrates. With continuous technological progress and capacity expansion, the cost of SiC substrates is expected to decline further, and their economy and market penetration rate will continue to increase.

Key Trends of the Global SiC Substrate Market

– **Accelerated Penetration in Existing Fields and Expansion into Emerging Application Areas:** SiC substrates have witnessed rapid development in recent years, with their application scope continuously expanding. The penetration rate of SiC power semiconductor devices in the xEVs field was 19.2% in 2024 and is expected to reach 53.6% by 2030. In the photovoltaic energy storage field, the market penetration rate of SiC is expected to increase from 9.7% in 2024 to 20.4% in 2030. In the optical waveguide field, SiC can be used in AI glasses to achieve a lower refractive index and lighter weight. It is expected that in the future, with the increase in the shipment volume of AI glasses, the shipment volume of SiC in this field will also rise. With the vigorous development of 5G, the demand for SiC in the filter field has increased sharply. The high-frequency and high-speed characteristics of 5G require filters to have low loss and high stability, which SiC substrates can precisely meet. Therefore, in the construction of advanced communication base stations in the future, its penetration rate will climb year by year. Its penetration rate in advanced communication base stations increased from 36% in 2019 to 50% in 2024 and is expected to increase to 66% by 2030. At the same time, the improvement of electronic device performance brings heat dissipation pressure. SiC, with its high thermal conductivity and high-temperature resistance, stands out in the high-end heat-dissipation material market, and its market share will continue to grow. Evidently, SiC substrate materials have great potential in both existing and emerging fields. In the future, they will play a key role in the transformation of the technology industry, helping multiple industries break through technical bottlenecks and promoting the global technology industry to a new height.

– **The substrates are evolving towards larger sizes. Currently, 6-inch conductive substrates remain the mainstream, while the 8-inch conductive substrates are starting to gain momentum, and there are already R&D samples of 12-inch conductive substrates.** At present, the SiC substrate industry is at a crucial development stage of size upgrading. Although 6-inch conductive substrates are still dominant in the market, the market demand for 8-inch conductive substrates is gradually rising. The demand for high-performance SiC power semiconductors from downstream industries, such as xEV and Photovoltaic and ESS, will continuously drive the market demand for SiC substrates. More specifically, with the advancement of technology and the growth of market demand, 8-inch SiC substrates gradually become the new focus of the industry due to its higher output rates, reduced edge loss, and improved device performance replacing 4-inch and 6-inch SiC substrates. The output of single-chip chips on an 8-inch substrate is approximately twice that of a 6-inch substrate and four times that of a 4-inch substrate. Moreover, 8-inch substrates can make partial use of the production line equipment of silicon-based power chips, which can effectively reduce costs and improve production efficiency. Enterprises that take the lead in achieving R&D breakthroughs in 8-inch SiC substrates will enter the verification process of downstream device manufacturers earlier. The verification period for their electrical performance generally lasts 6 to 12 months. Once the verification is successful, downstream device manufacturers will not easily change substrate suppliers. Based on these advantages, global substrate manufacturers are vigorously investing in the construction of 8-inch conductive substrate production lines. Statistics show that the total investment of global SiC power semiconductor device manufacturers in 8-inch projects has exceeded RMB175.4 billion. Among them, the total investment of the top five SiC power device manufacturers has exceeded RMB126.9 billion, accounting for more than 72%. At the same time, manufacturers in the industry are constantly exploring substrates of larger sizes. Currently, there are R & D samples of 12-inch conductive SiC substrates. The 12-inch substrates can further enhance economic benefits, create more possibilities for the large-scale application of SiC materials, and represent the future development direction and industrialization trend of SiC substrate technology.

– **Decrease in Unit Production Costs and Emergence of Economies of Scale, Promoting the Adoption of SiC Substrates in More Downstream Scenarios:** The price of SiC substrates will continue to decline in the future, mainly driven by two factors. First, the reduction in unit die cost brought about by ongoing improvements and advancements in both technology and processes. As the yield in links such as SiC crystal growth improves and the substrate size expands, the unit cost of each device will continue to decrease. Second, economies of scale. With the capacity expansion of leading SiC substrate manufacturers globally, especially in China, these leading manufacturers demonstrate significant economies of scale in aspects such as cost-sharing, production automation and process optimization, supply chain procurement, and technology accumulation, thus driving down the price of substrates. The decline in substrate prices will promote the adoption of SiC substrates in more downstream scenarios.

Analysis of the Unit Price of Global SiC Substrates

The market price of global SiC substrates has experienced decline between 2019 and 2024, mainly driven by factors such as increased market competition, cost optimization due to technological maturity, and gradual expansion in production capacity. In the future, with the accelerated iteration of SiC substrate products and the continuous rise in demand due to the fast development of downstream applications, the price decline for substrates of the same size is expected to gradually narrow.

Average Price Trends of SiC Substrates

SiC Substrate Price 000' RMB/Piece	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Price Range	4.4–6.4	4.0–6.0	3.6–5.6	3.3–5.3	2.7–4.7	2.4–4.4	2.3–4.3	2.3–4.3	2.3–4.3	2.3–4.3	2.3–4.3

Source: Frost & Sullivan

There is a decreasing trend of the price of sic substrates due to the factors such as technical maturity, supply–demand relationship and market competition. In 2020, the price range of SiC substrate was typically RMB4,400 to RMB6,400. In 2024, it declined to RMB2,700 to RMB4,700. Such price range is expected to further decline to RMB2,300 to RMB4,300 in 2030.

Analysis of Price Changes of Major Upstream Raw Materials for Global SiC Substrates

The major upstream raw materials for SiC substrates include silicon powder, carbon powder, graphite parts, graphite felts used for substrate preparation, as well as diamond powder, polishing fluid, polishing pads, etc. used for post–processing procedures.

In the total cost composition of SiC substrates, carbon powder and silicon powder, which directly form the substrate, usually account for a relatively low proportion as raw materials. The prices of carbon powder and silicon powder are highly positively correlated with their purity. Higher purity means more complex preparation processes and cost inputs, resulting in higher prices. Fluctuations in the prices of these raw materials have a relatively limited impact on the overall cost of SiC substrates. Graphite parts and graphite felts account for a relatively large proportion in the cost of SiC substrates. However, graphite parts and graphite felts are mostly customized products, and their prices depend on various factors.

Average Price Trends of Graphite Parts and Graphite Felts

000' RMB/Piece	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E
Graphite Parts	2.7–3.7	5.0–6.0	6.5–7.6	5.0–6.0	5.2–6.2	5.4–6.4	5.6–6.6	5.8–6.8	6.0–7.0	6.2–7.2	6.4–7.4
Graphite Felts	7.3–8.3	10.6–11.6	17.5–18.5	13.1–14.1	14.1–15.1	15.1–16.1	16.1–17.1	17.1–18.1	18.1–19.1	19.1–20.1	20.1–21.1

Source: Frost & Sullivan

The prices of graphite parts and graphite felts are primarily influenced by factors such as material purity, high-temperature stability, process compatibility, customization requirements, and procurement scale. The price range of graphite parts was RMB2,700 to RMB3,700 in 2020, and increased to RMB5,200 to RMB6,200 in 2024. The price range of graphite felts was RMB7,300 to RMB8,300 in 2020, and increased to RMB14,100 to RMB15,100 in 2024. In the future, the prices of graphite parts and graphite felts are expected to increase due to the rise of their raw material cost and increase in market demand.

COMPETITIVE LANDSCAPE OF GLOBAL AND CHINA'S SIC SUBSTRATE MARKETS

Overview of the Competitive Landscape of Global SiC Substrate Market

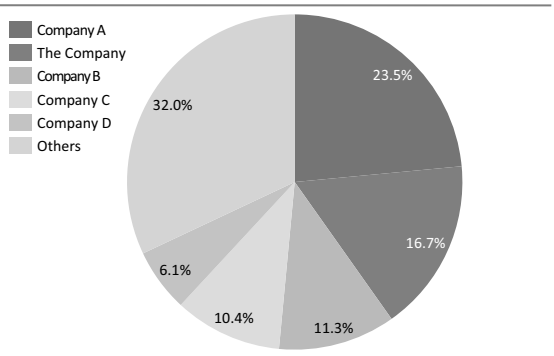
The competition landscape is dominated by a few leading enterprises, which have significant advantages in terms of technological strength, production scale, brand awareness, and recognition. In terms of the sales revenue of SiC substrates, the total market share of the top five market participants in 2024 was 68.0%. The market concentration is relatively high, with leading enterprises taking a dominant position.

Ranking of SiC Substrate Manufacturers

In terms of the sales revenue of SiC substrates in 2024, our Company ranked second among global SiC substrate manufacturers, with a market share of 16.7%.

The Top Five Global SiC Substrate Manufacturers, in terms of Sales Revenue of SiC substrates (2024)

Ranking	Manufacturers	Revenue of SiC Substrates (RMB Billion)	Market Share (%)
1	Company A[1]	2.07	23.5%
2	The Company	1.5	16.7%
3	Company B[2]	1.0	11.3%
4	Company C[3]	0.9	10.4%
5	Company D[4]	0.5	6.1%
CR5		6.0	68.0%



Note: The statistics of each manufacturer only includes products for external sales, and data of self-produced and self-used products are not included.

1. *Company A is a listed company based in Durham, United States. It focuses on silicon carbide and gallium nitride technologies for applications in power and radio frequency.*
2. *Company B is a private company based in Beijing, China. It specializes in the research, development, production, and sales of silicon carbide related materials.*
3. *Company C is a listed company based in Saxonburg, United States. It focuses on semiconductor materials, for various markets including industrial, communications, and electronics.*
4. *Company D is a private company based in Gumi, South Korea. It focuses on manufacturing and supplying polished wafers and epitaxial wafers for semiconductor manufacturing.*

Source: Frost & Sullivan

Source: Expert Interview, Frost & Sullivan

(Note: The statistics of each manufacturer only includes products for external sales, and data of self-produced and self-used products are not included.)

Key Success Factors and Entry Barriers in the Global SiC Substrate Market

The key success factors and competitive barriers in the global SiC substrate market include:

– **Technical Know-how:** The preparation of SiC substrates is a technology-intensive process, involving multiple technical challenges. Firstly, the growth of SiC crystals must be carried out in a high-temperature and airtight environment exceeding 2,000°C, which requires extremely high precision in temperature control. Secondly, during the growth process, parameters such as the silicon-carbon ratio, temperature gradient, crystal growth rate, and gas flow pressure need to be precisely controlled to avoid crystal form transformation and polytype inclusion defects. In addition, the processing of SiC substrates is difficult. Reducing the micropipe density is a key technical direction for improving device performance and reliability. With the increase in substrate size, the

challenges of diameter-expansion technology also increase, which requires comprehensive technical control in aspects such as thermal field design, structural design, and crystal preparation process design. These technical difficulties jointly form the high-tech barriers of the SiC substrate industry.

– **Adequate Resources (Customers, Capital, Suppliers, etc.):** The SiC substrate industry poses severe challenges to new entrants due to its high resource barriers. These challenges include investment in equipment such as crystal growth furnaces and processing machinery, as well as the continuous R & D capital investment required to maintain technological leadership and ensure product quality. In addition, the high entry threshold for forming professional management and R & D teams, and the technical barriers in precisely controlling multiple parameters during the crystal-growth process to ensure crystal quality and stability, all increase the difficulty of entering the industry. The long-term verification process of downstream customers leads to long-term cooperation between customers and existing suppliers. This high customer stickiness makes it difficult for new entrants to compete for market share. At the same time, the intensification of market competition and the diversification of demand require enterprises to have strong R & D capabilities and production flexibility to meet the needs of different customers. These factors jointly form the difficult-to-enter threshold of the SiC substrate industry.

– **Cost-control Capability:** Cost-control capability is a key competitive barrier in the SiC substrate industry because it involves multiple aspects such as technological accumulation, equipment investment, R & D investment, production efficiency, material processing difficulty, market acceptance, economies of scale, and supply chain management. New entrants, due to their lack of experience and resources in these areas, find it difficult to achieve cost optimization quickly. Early entrants, through long-term technological accumulation, large-scale production, and mature supply chain management, have already established cost advantages, putting new entrants under higher cost pressure in market competition and making it difficult for them to reach the same cost-control level as early-stage enterprises in the short term.

– **High-quality Mass Production Capability:** In the SiC substrate industry, achieving high-quality mass production is of great significance. Its production and processing are extremely difficult and require long-term industry-specific efforts and profound process experience accumulation. On the one hand, large-scale production of large-sized substrates faces challenges. It is necessary to design compatible equipment in advance according to the processes of different-sized products based on a forward-looking strategy to achieve rapid production switching, and at the same time, keep up with downstream demand and iterate the process. On the other hand, there are many difficulties in increasing the effective crystal-growth thickness. It is necessary to overcome the impact of thickness and source-powder consumption on the thermal field during the crystal-growth process, and also ensure the consistency of output from a large number of production equipment. Furthermore, achieving low-defect production is not easy. Product-related measurement indicators need to break through the existing industry level, and it is quite difficult to achieve zero-defect delivery. Finally, the investment in intelligent construction is large, and the threshold is high. High-performance intelligent equipment, professional personnel, and multiple systems are required to achieve real-time control of production quality and optimization of multiple links, so as to achieve a high automation rate, high production-efficiency improvement, and high overall equipment efficiency. For new entrants, it is difficult to take into account all aspects and achieve high-quality mass production in the short term. Especially for the mass production of automotive-grade silicon carbide substrates, as they require breakthroughs in multiple technical barriers such as low-defect control, thermal field stability, intelligent production, and automotive-grade certification, while meeting stringent reliability and consistency requirements.

Information disclosed in this section is relevant PRC laws and regulations in effect which have a significant impact on the operations of the Group in the PRC as of the date of this prospectus (the "**PRC Laws**"), which are subject to change in the future, but it does not include a detailed analysis of PRC Laws related to our business activities and operations in the PRC, or serve as all PRC Laws applicable to our operations in the PRC.

LAWS AND REGULATIONS RELATING TO CORPORATION AND FOREIGN INVESTMENT

The establishment, operation and management of corporate entities in the PRC is governed by the Company Law of the PRC (《中華人民共和國公司法》) (the "**Company Law**"), which was promulgated by the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會) (the "**SCNPC**") on December 29, 1993, last amended on December 29, 2023 and implemented on July 1, 2024. Unless otherwise provided in the Foreign Investment Law (as defined below), foreign-invested entities are also subject to the Company Law. The Company Law generally governs two types of companies, namely limited liability companies and joint stock limited companies. Both types of companies have the status of legal persons, and the liability of shareholders of a limited liability company or a joint stock limited company is limited to the amount of registered capital they have contributed. The Company Law shall also apply to foreign-invested companies in form of limited liability company or joint stock limited company.

Foreign-invested entities in the PRC are also required to comply with foreign investment laws and regulations, including the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**") promulgated by the National People's Congress of the PRC (the "**NPC**") and implemented on January 1, 2020, and the Regulations on Implementing the Foreign Investment Law of the PRC (《中華人民共和國外商投資法實施條例》) promulgated by the State Council on December 26, 2019 and implemented on January 1, 2020. Pursuant to the Foreign Investment Law, China has adopted a system of pre-entry national treatment and a negative list for the administration of foreign investment. The negative list will be issued by the State Council or approved by the State Council.

On September 6, 2024, the National Development and Reform Commission of the PRC (國家發展和改革委員會) (the "**NDRC**") and the MOFCOM jointly issued the Special Administrative Measures (Negative List) for Foreign Investment Access (2024 Version) (《外商投資準入特別管理措施(負面清單)(2024年版)》 (the "**Negative List**"), which came into effect on November 1, 2024. The Negative List has set out in a unified manner the shareholding requirements, senior management requirements and other special administrative measures for foreign investment access. Fields that were not included in the Negative List shall be regulated according to the principle of equal treatment of domestic and foreign investments. On October 26, 2022, the MOFCOM and the NDRC released the Catalogue of Industries for Encouraging Foreign Investment (2022 Version)

(《鼓勵外商投資產業目錄(2022年版)》) (the "**Encouraging Catalogue**"), which was implemented on January 1, 2023. The Encouraging Catalogue sets out the industries in which foreign investment is encouraged.

According to the Measures for the Reporting of Foreign Investment Information (《外商投資信息報告辦法》) jointly promulgated by the MOFCOM and the SAMR on December 30, 2019 and implemented on January 1, 2020, where foreign investors carry out investment activities directly or indirectly within China, foreign investors or foreign-invested enterprises shall report investment information to commercial competent authorities in accordance with the provisions of these measures.

According to the Measures for the Security Review of Foreign Investments (《外商投資安全審查辦法》) promulgated by the NDRC and the MOFCOM on December 19, 2020 and implemented on January 18, 2021, security review shall be conducted in accordance with the provisions of these measures for foreign investments that affect or may affect national security. A foreign investor or relevant parties in China shall take the initiative to report to the Office of the Working Mechanism (located in the NDRC and led by the NDRC and the MOFCOM) before investing in important infrastructure facilities, important transport services and other important fields related to national security and obtaining actual control of the invested enterprises.

LAWS AND REGULATIONS RELATING TO OVERSEAS INVESTMENT

According to the Measures for the Administration of Overseas Investment (《境外投資管理辦法》) promulgated by the MOFCOM on March 16, 2009, amended on September 6, 2014 and implemented on October 6, 2014, the overseas investment activities of companies and other enterprises established in China are subject to the management and supervision of the MOFCOM and the provincial-level commercial competent authorities, and are also subject to the administration of the NDRC in accordance with the Administrative Measures for Overseas Investment by Enterprises (《企業境外投資管理辦法》) promulgated by the NDRC and implemented on March 1, 2018. According to these administrative measures, if a PRC enterprise (the "**Investment Entity**") intends to make an overseas investment involving sensitive countries and regions and sensitive sectors, it is required to implement the project approval management of the NDRC and the investment approval management of the MOFCOM. Except for overseas investments that are subject to approval management requirements, other overseas investment projects shall be filed with the NDRC and the MOFCOM respectively. Both the NDRC and the MOFCOM have established online systems for the Investment Entity to submit approval/filing application documents and information. If the approval or filing is approved, the Investment Entity will receive the approval document or filing notice issued by the NDRC, as well as the Enterprise Overseas Investment Certificate issued by the MOFCOM.

LAWS AND REGULATIONS RELATING TO CUSTOMS

According to the Customs Law of the PRC (《中華人民共和國海關法》) (the "**Customs Law**") promulgated by the SCNPC on January 22, 1987 and last amended and implemented on April 29, 2021, the customs of the PRC is the state's entry and exit customs supervision and administration authority. In accordance with the Customs Law and other relevant laws and administrative regulations, the customs shall supervise the transport vehicles, goods, freight items, postal items and other items entering into and departing from the PRC and collecting tariff and other duties and charges. All imported goods, throughout the period from arrival in the territory to the customs clearance, all exported goods, throughout the period from declaration to the customs to departure from the territory, and transit, transshipment and through goods, throughout the period from arrival in the territory to departure from the territory shall be subject to the supervision of the customs. Unless otherwise specified, the declaration of import or export goods may be carried out by the consignees or consignors or the entrusted customs declaration enterprises. The consignees of the imported goods and the consignors of the exported goods shall truthfully declare and submit the import and export licenses and relevant documents to the customs for examination.

According 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 of the People's Republic of China (the "**General Administration of Customs**") on November 19, 2021 and implemented on January 1, 2022, the consignees or consignors of imported or exported goods, as well as customs declaration enterprises engaged in customs declaration business, shall go through the filing procedures at the relevant administration department of customs.

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 May 12, 1994 and last amended on December 30, 2022 and the Notice of the Department of Enterprise Management and Inspection on Matters Concerning the Filing of Consignees and Consignors of Import and Export Goods (《企業管理和稽查司關於進出口貨物收發貨人備案有關事宜的通知》) issued by the General Administration of Customs on January 3, 2023, consignees and consignors of import and export goods applying for filing shall obtain the qualification of market entities and are not required to obtain the filing of foreign trade operators. According to the Administrative Regulations on the Import and Export of Goods of the PRC (《中華人民共和國貨物進出口管理條例》(the "**Administrative Regulations on the Import and Export of Goods**") promulgated by the State Council on December 10, 2001, last amended on March 10, 2024 and implemented on May 1, 2024, trading activities involving the importation of goods into or the exportation of goods out of the customs territory of the PRC shall comply with the Administrative Regulations on the Import and Export of Goods. Goods prohibited from export or import are not permitted to be exported or imported; goods limited in export or import shall be subject to license system or quota control; and goods free to be exported or imported have no

limitation in export or import. Import and export operators shall present relevant import or export licenses or import or export quota licenses to the customs to complete the customs declaration, inspection and release procedures.

LAWS AND REGULATIONS RELATING TO FOREIGN EXCHANGE

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and last amended and implemented on August 5, 2008, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be freely convertible into and made in foreign currencies without prior approval from the State Administration of Foreign Exchange (the "**SAFE**"), by complying with certain procedural requirements. By contrast, prior approval from or registration with the SAFE or its local branches is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for 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》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and partially repealed on December 30, 2019, the bank, on behalf of SAFE, shall directly review and handle the foreign exchange registration and approval under domestic and foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under direct investment through the bank.

According to the Circular of the State Administration of Foreign Exchange on Reforming the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**") issued by the SAFE on Mach 30, 2015 and last amended and implemented on March 23, 2023, foreign-invested enterprises are allowed to make equity investments by using RMB funds converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the branch office of the State Administration of Foreign Exchange (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. In addition, Circular 19 and the Circular of the State Administration of Foreign Exchange 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》) (the

"**Circular 16**")issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023, provide that foreign-invested enterprises shall not use RMB funds converted from its foreign exchange capital for expenditures beyond its business scope or prohibited by national laws and regulations, securities investment or other investment and wealth management other than banks' principal guaranteed products, granting loans to non-affiliated enterprises, save as the cases expressly permitted in the business scope or constructing or purchasing non-self-use real estate (excluding real estate enterprises). The Circular of the State Administration of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-border Trade and Investment (Hui Fa [2023] No. 28) (《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》(匯發[2023]28號)) issued and implemented by the SAFE on December 4, 2023 further updates the Circular No. 16 and provides that the use of capital funds of non-financial enterprises, foreign exchange income under foreign debt and RMB funds derived from foreign exchange settlement shall follow the principle of truthfulness and self-use, and 1) it shall not be used directly or indirectly for expenditures prohibited by national laws and regulations; 2) unless otherwise expressly provided, it shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk ratings of not higher than Level 2); 3) it shall not be used for the issuance of loans to non-affiliated enterprises (except for those expressly permitted in the scope of business and the four areas of Ingang New Area of China (Shanghai) Pilot Free Trade Zone, Guangzhou Nansha New Area of China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of China (Hainan) Free Trade Port and Beilun District of Ningbo City, Zhejiang Province); 4) it shall not be used for the purchase of non-self-use residential properties (except for enterprises engaged in real estate development and operation and real estate leasing and operation).

On October 23, 2019, the SAFE released the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was last amended and implemented on December 4, 2023, and canceled the restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds and non-investment foreign-invested enterprises are allowed to make domestic equity investment with their capital funds in accordance with the law on the premise that the Negative List is not violated and the projects invested thereby in China are genuine and compliant.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《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 and implemented by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the

prevailing administrative regulations on the use of income under capital accounts. The concerned bank shall follow the principle of prudential business development to manage and control relevant business risks, and conduct random checks on the facilitation of payment from income under capital accounts afterwards in accordance with relevant requirements.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of 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, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of the State Administration of Foreign Exchange at the place of its establishment. The funds raised by the domestic company from overseas listing may be repatriated or be deposited overseas. The use of such funds shall be consistent with those listed in the prospectus documentation for shares or the prospectus documentation for corporate bonds, circulars to shareholders, resolutions of the Board of Directors or the general meetings and other public disclosure documents.

LAWS AND REGULATIONS RELATING TO ENTERPRISE INVESTMENT PROJECTS

According to the Regulations on the Administration of Approval and Filing of Enterprise Investment Projects (《企業投資項目核準和備案管理條例》) promulgated by the State Council on November 30, 2016 and implemented on February 1, 2017, the Chinese government implements approval management for fixed asset investment projects invested and constructed by enterprises in China that are related to national security, major productivity distribution, strategic resource development and major public interests. The specific project scope, approval authority and approval power shall be implemented in accordance with the catalog of investment projects approved by the government, while other projects are subject to the filing management.

The Notice of the State Council on Issuing the Catalogue of Investment Projects Approved by the Government (2016 version) (《國務院關於發布政府核准的投資項目目錄(2016年本)的通知》) issued and implemented by the State Council on December 12, 2016 stipulates the projects subject to approval.

LAWS AND REGULATIONS RELATING TO CONSTRUCTION WORK

Construction Work Planning Permit

According to the Urban and Rural Planning Law of the People's Republic of China (《中華人民共和國城鄉規劃法》) promulgated by the SCNPC on October 28, 2007 and last amended and implemented on April 23, 2019, when building any building, structure, road, pipeline and other engineering project within a city or town planning area, the relevant construction unit or individual

shall apply for a Construction Work Planning Permit from an urban and rural planning competent authority of the people's government at the municipal or county level or a people's government of town as recognized by the people's government of a province, autonomous region or municipality directly under the Central Government. When applying for a Construction Work Planning Permit, the land use rights certificate, the construction work design plan and other materials shall be submitted. Projects that meet the planning and planning conditions shall be granted a Construction Work Planning Permit.

Construction Work Commencement Permit

According to the Construction Law of the People's Republic of China (《中華人民共和國建築法》) promulgated by the SCNPC on November 1, 1997 and last amended and implemented on April 23, 2019, a construction unit shall, prior to the commencement of a construction project, apply for a Construction Work Commencement Permit to a construction administrative competent authority of the people's government at or above the county level of the place where the project is located pursuant to the relevant regulations of the State. However, small projects below the threshold value set by the construction administrative competent authority of the State Council are subject to exception.

Pursuant to the Administrative Measures for Construction Permits of Building Projects (《建築工程施工許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on October 15, 1999 and last amended and implemented on March 30, 2021, within the territory of PRC, when engaged in the construction and decoration of buildings and the subsidiary facilities, installation of supporting lines, pipelines and equipment, as well as the construction of municipal infrastructure projects in cities and towns, the construction unit shall apply for a construction permit before starting construction. Construction projects with the investment of less than RMB300,000 or a construction area of less than 300 square meters are not required for construction permits. The competent authority in charge of housing and urban-rural development of the people's government of a province, autonomous region or municipality directly under the Central Government may, in accordance with the specific circumstances prevailing in their respective regions, readjust these limits and notify the competent authority in charge of housing and urban-rural development under the State Council for its records.

Inspection and Acceptance on Completion of Construction

According to the Rules on the Administration of Construction Quality (《建設工程質量管理條例》) promulgated by the State Council on January 30, 2000 and amended and implemented on April 23, 2019 and the Administrative Measures for Recording of the Inspection and Acceptance on Construction Completion of Buildings and Municipal Infrastructures (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated and implemented by the Ministry of Housing and

Urban-Rural Development on October 19, 2009, units engaged in the new construction, expansion, and reconstruction of various types of housing construction and municipal infrastructure projects in China shall register with the construction competent authority of the people's government at or above the county level of the place where the project is located within 15 days from the date when the completed project passes the acceptance checks.

LAWS AND REGULATIONS RELATING TO LAND AND REAL ESTATE REGISTRATION

According to the Civil Code of the People's Republic of China (《中華人民共和國民法典》) (the "**Civil Code**") promulgated by the NPC on May 28, 2020 and implemented on January 1, 2021, the creation, change, transfer and elimination of the real right of a real estate shall become effective after it is registered according to the law; it shall have no effect if it is not registered, except it is otherwise prescribed by any law. The real estate registration shall be handled by the registration authority where the real estate is located.

According to the Land Administration Law of the People's Republic of China (《中華人民共和國土地管理法》) (the "**Land Administration Law**"), which was promulgated by the SCNPC on June 25, 1986, amended on August 26, 2019, and implemented on January 1, 2020, construction units acquiring land use rights in respect of state-owned land at a consideration such as by way of grant of land shall pay land use fee and other fees such as land grant premium in accordance with the standards and ways stipulated by the State Council before using such land. When using state-owned land, construction units shall do so according to the stipulations of the contract for compensated use of leased land use rights or according to the provisions of the approval documents relevant to the allocation of land use rights. If the use of land is changed within the urban planning area, the approval from the relevant urban planning competent authorities shall be obtained prior to the submission. Land can be classified by use into agricultural land, construction land, and unused land. The construction land can be further classified into state-owned and collectively managed construction land, and land users may obtain the land use rights of the construction land according to the Land Administration Law. The registration of land ownership and use rights shall be handled in accordance with the provisions of laws and administrative regulations on real estate registration. The planning period of the overall land use plan shall be stipulated by the State Council. The overall land use plan shall be subject to hierarchical approval. Any modification of an approved overall land use plan shall be approved by the original approving authority; without approval, the land use determined in the overall land use plan shall not be changed.

According to the Interim Regulation on Real Estate Registration (《不動產登記暫行條例》) promulgated by the State Council on November 24, 2014, last amended on March 10, 2024 and implemented on May 1, 2024, real estate registration shall be handled by the real estate registration authorities of the people's government at or above the county level. Each real estate

unit has a unique code. The real estate register shall record the following matters: (i) the location, boundaries, spatial boundaries, area, use and other natural conditions of the real estate; (ii) the ownership status such as the subject, type, content, source, term and change of rights of the real estate; (iii) matters involving restrictions and reminders of real estate rights; and (iv) other related matters.

LAWS AND REGULATIONS RELATING TO LEASE

According to the Civil Code, owners shall have the rights to possess, use, benefit from and dispose of their real estate or movable properties in accordance with the law.

According to the Management Measures for the Lease of Commercial Housing (《商品房屋租賃管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on December 1, 2010 and implemented on February 1, 2011, within 30 days after the conclusion of the housing lease contract, the parties to the lease shall go to the construction (real estate) competent authorities of the people's government of the municipalities directly under the Central Government, cities and counties where the leased housing is located to register and file the housing lease. In violation of the foregoing provisions, the construction (real estate) competent authorities of the people's government of the municipalities directly under the Central Government, cities and counties shall order rectification within a time limit. If rectification is not made by an entity within the time limit, a fine of more than RMB1,000 but less than RMB10,000 shall be imposed. In addition, the law also stipulates that houses with changes of use in violation of regulations shall not be rented out, otherwise the construction (real estate) competent authorities of the people's government of the municipalities directly under the Central Government, cities and counties shall order rectification within a time limit, and if there is no illegal income, a fine of less than RMB5,000 may be imposed; if there is illegal income, a fine ranging from one to three times the illegal income and of not more than RMB30,000 may be imposed.

LAWS AND REGULATIONS RELATING TO FIRE SAFETY

Pursuant to the Fire Prevention Law of the People's Republic of China (《中華人民共和國消防法》) promulgated by the SCNPC on April 29, 1998 and last amended and implemented on April 29, 2021, for special construction projects stipulated by the Ministry of Housing and Urban-Rural Development under the State Council, construction units shall submit the fire control design documents to the Ministry of Housing and Urban-Rural Development for examination, while for construction projects other than those stipulated as special construction projects, construction units shall, at the time of applying for the Construction Work Commencement Permit or approval for work commencement report, provide the fire control design drawings and technical materials which satisfy the construction needs. The fire control design or construction of a construction project must conform to the national fire safety technical standards of project construction.

Construction projects that are required by law to undergo fire control design examination shall not be constructed without legal examination or if the examination fails. Construction projects that are subject to fire safety inspection and acceptance in accordance with the laws shall not be put into use if they have not been accepted or are unqualified in fire safety inspection and acceptance; other construction projects that fail to pass the spot checks according to law shall be stopped from use. According to the Interim Regulations on Administration of Examination and Acceptance of Fire Control Design of Construction Projects (《建設工程消防設計審查驗收管理暫行規定》) promulgated by the Ministry of Housing and Urban-Rural Development on April 1, 2020 and amended on August 21, 2023, an examination system for fire control design and acceptance only applies to special construction projects, and for other construction projects, a record-filing and spot check system shall be applied.

According to the Administrative Measures for Fire Safety of Leased Factories and Warehouses (Trial) (《租賃廠房和倉庫消防安全管理辦法(試行)》) promulgated by the National Fire and Rescue Administration on July 14, 2023 and implemented on the same day, lessors, lessees and property service companies of leased factories and warehouses shall perform relevant fire safety responsibilities and strengthen fire safety management. In addition, leased factories and warehouses shall comply with fire safety requirements and shall not change the nature and function of the use of factories and warehouses in violation of regulations. The lessors and lessees of leased factories and warehouses shall clarify the fire safety responsibilities of each party in writing. If such responsibilities are not clarified in writing, the lessors shall be responsible for the unified management of public evacuation passages, emergency exits, fire safety facilities of buildings, and fire lanes, while the lessees shall be responsible for the fire safety of leased factories and warehouses.

LAWS AND REGULATIONS RELATING TO ENVIRONMENTAL PROTECTION

According to the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (the "**Environmental Protection Law**") promulgated by the SCNPC on September 13, 1979, last amended on April 24, 2014, and coming into force on January 1, 2015, enterprises, institutions and other producers and business operators shall prevent and reduce environmental pollution and ecological damage, and bear liability for compensation in accordance with the law for any damage caused. In accordance with the Environmental Protection Law and other relevant laws and regulations in China, the Ministry of Environment Protection and local environmental protection departments are responsible for the supervision and management of environmental protection work. According to the Environmental Protection Law, construction projects with environmental impacts shall undergo environmental impact assessment.

Environmental Impact Assessment

The Law of the PRC on Environmental Impact Assessment (《中華人民共和國環境影響評價法》) ("**Environmental Impact Assessment Law**") was promulgated by the SCNPC on October 28, 2002, and last amended on December 29, 2018. According to the Environmental Impact Assessment Law, the State implements classified management of environmental impact assessments for construction projects based on the degree of environmental impact of such projects.

According to the Interim Measures for the Environmental Protection Acceptance Inspection upon Completion of Construction Projects (《建設項目竣工環境保護驗收暫行辦法》) implemented on November 20, 2017, and the Regulations on the Environmental Protection Management of Construction Projects (《建設項目環境保護管理條例》) amended on July 16, 2017, and implemented on October 1, 2017, after the completion of a construction project that requires the preparation of an environmental impact report or an environmental impact statement form, the construction unit shall, in accordance with the standards and procedures specified by the environmental protection administrative competent authority of the State Council, conduct acceptance inspection on the supporting environmental protection facilities, and prepare an acceptance report. For a construction project that requires the preparation of an environmental impact report or an environmental impact statement form, its supporting environmental protection facilities must pass the acceptance inspection before it can be put into production or use.

According to the Environmental Impact Assessment Law, if a construction unit starts construction without legally submitting the environmental impact report or statement form of a construction project for approval, or fails to resubmit the environmental impact report or statement form for approval or re-review in accordance with the provisions of the Environmental Impact Assessment Law, the ecological and environmental competent authority at or above the county level shall order the suspension of construction. Depending on the circumstances of the violation and the harm caused, a fine of not less than 1% but not more than 5% of the total investment of the construction project shall be imposed, and the unit may be ordered to restore the original state. The person in charge of the construction project and other responsible persons shall be given administrative sanctions in accordance with the law.

Pollutant Discharge Permission

According to the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Wastes (《中華人民共和國固體廢物污染環境防治法》) promulgated by the SCNPC on October 30, 1995, and last amended on April 29, 2020, entities that generate hazardous waste shall store, utilize, and dispose of hazardous wastes in accordance with relevant national requirements and environmental protection standards. They are prohibited from arbitrarily dumping or piling up

hazardous waste. In addition, it is prohibited to provide or entrust hazardous waste to entities or other producers and business operators without a hazardous waste disposal permit for collection, storage, utilization, and disposal activities. Otherwise, the ecological environment competent authority shall order rectification, impose a fine, and confiscate the illegal income. In serious cases, upon approval of the people's government, the offender shall be ordered to suspend business or close down.

According to the Regulations on the Management of Pollutant Discharge Permits (《排污許可管理條例》) promulgated by the State Council on January 24, 2021, and implemented on March 1, 2021, as well as the Measures for the Management of Pollutant Discharge Permits (《排污許可管理辦法》) promulgated by the Ministry of Ecology and Environment on January 10, 2018, and last amended and implemented on July 1, 2024, based on factors such as the amount of pollutants generated, the amount of pollutants discharged, and the degree of environmental impact, the management of pollutant-discharging units is divided into key management and simplified management. The review, decision-making, and information disclosure of pollutant discharge permits shall be handled through the national pollutant discharge permit management information platform. The validity period of a pollutant discharge permit is 5 years. If a pollutant-discharging unit needs to continue discharging pollutants, it shall apply for renewal 60 days before the expiration of the validity period. In case of violations of the regulations regarding pollutant discharge permits, the ecological environment competent authority has the power to order rectification, restrict production, suspend production for rectification, order business suspension or closure, and impose fines. Where the violations constitute a crime, criminal liability shall be investigated in accordance with the law.

Enterprises, institutions, and other producers and business operators that are subject to pollutant discharge permit management in accordance with the law shall apply for and obtain a pollutant discharge permit in accordance with the law, and discharge pollutants in accordance with the provisions of the pollutant discharge permit. Those that have not obtained a pollutant discharge permit shall not discharge pollutants.

The Regulations on Urban Drainage and Sewage Treatment (《城鎮排水與污水處理條例》) promulgated by the State Council on October 2, 2013, and implemented on January 1, 2014, as well as the Measures for the Administration of Permits for the Discharge of Urban Sewage into Drainage Pipelines (《城鎮污水排入排水管網許可管理辦法》) promulgated by the Ministry of Housing and Urban-Rural Development on January 22, 2015, and last amended and implemented on February 1, 2023, stipulate that enterprises, institutions, and individual industrial and commercial households engaged in activities such as industry, construction, catering, and medical services shall apply to the urban drainage competent authority for a permit for discharging sewage into the urban drainage pipelines (drainage permit) before discharging sewage into the urban drainage facilities. If sewage is discharged into the urban drainage facilities without a drainage

permit, the relevant urban drainage competent authority shall order the violator to stop the illegal act, take treatment measures within a specified time limit, and apply for the drainage permit retroactively, and may impose a fine of up to RMB500,000.

LAWS AND REGULATIONS RELATING TO WORK SAFETY

According to the Work Safety Law of the PRC (《中華人民共和國安全生產法》) promulgated by the SCNPC on June 29, 2002, and last amended on June 10, 2021, production and business units must strengthen work safety management, establish and improve a full-staff work safety responsibility system and work safety rules and regulations, increase investment in work safety in terms of funds, materials, technology, and personnel, improve work safety conditions, strengthen the standardization and informationization of work safety, establish a dual-prevention mechanism for hierarchical management and control of safety risks and investigation and treatment of potential hazards, improve the risk prevention and mitigation mechanism, enhance the work safety level, and ensure work safety.

REGULATIONS RELATING TO CYBERSECURITY AND DATA PROTECTION

In recent years, PRC government authorities have enacted laws and regulations relating to cybersecurity and data protection. We collect and store business data and transaction data generated during or in connection with our business operations, and use information technology systems and network in the course of our business and are therefore subject to such laws and regulations. The Decisions on Protection of Internet Security enacted by the SCNPC (《全國人民代表大會常務委員會關於維護互聯網安全的決定》) was promulgated in 2000, as amended on August 27, 2009, provides that, among other things, the following activities conducted through the internet, if constituting a crime according to PRC laws, are subject to criminal punishment: (i) intrusion into any computer information system relating to state affairs, national defense construction or cutting-edge science and technology; (ii) intentionally inventing and disseminating destructive programs, such as computer viruses, to attack the computer system and the communications network, thereby damaging the computer system and the communications networks; (iii) violating national regulations, suspending the computer networks or the communication services without authorization, causing the computer network or communication system to fail to operate normally; (iv) leaking state secrets; (v) spreading false commercial information; or (vi) infringing intellectual property rights through internet, etc.

On July 1, 2015, the SCNPC issued and implemented the National Security Law of the PRC (《中華人民共和國國家安全法》), pursuant to which the State shall safeguard the sovereignty, security and development interests of cyberspace of the State, and that the State shall establish a

national security review and supervision system to review, among other things, foreign investment, key technologies, internet and information technology products and services, and other important activities that are likely to impact the national security of the PRC.

On November 7, 2016, the SCNPC promulgated the Cybersecurity Law of the PRC (《中華人民共和國網絡安全法》) (the "**Cybersecurity Law**"), which was implemented on June 1, 2017, and applies to the construction, operation, maintenance and use of networks as well as the supervision and administration of cybersecurity in the PRC. According to the Cybersecurity Law, network operators are broadly defined as owners and administrators of networks and network service providers, and such network operators shall comply with laws and regulations and fulfill their obligations to safeguard security of the network when conducting business and providing services. Those who construct or operate networks or provide services through networks shall take technical measures and other necessary measures pursuant to the mandatory requirements of laws, regulations and national standards to safeguard the safe and stable operation of the networks, respond to network security incidents effectively, prevent illegal and criminal activities, and maintain the integrity, confidentiality and usability of network data, and a network operator shall not collect the personal information irrelevant to the services it provides or collect or use the personal information in violation of the provisions of laws or agreements between both parties. In addition, critical information infrastructure operators ("**CIIOs**") shall, during their operations in the PRC, store within the PRC the personal information and important data collected and generated within the territory of the PRC, and where cross-border transfer of such data is necessary for business, 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 PRC (《中華人民共和國數據安全法》) (the "**Data Security Law**") which was implemented on September 1, 2021. The Data Security Law mainly sets forth specific provisions regarding establishing basic systems for data security management, including hierarchical data classification management system, risk assessment system, monitoring and early warning system, and emergency disposal system. In addition, it clarifies the data security protection obligations of organizations and individuals carrying out data activities and implementing data security protection responsibility, including without limitation, that any organization or individual collecting data shall adopt lawful and proper methods and shall not steal data or obtain the data by other illegal means, and risk monitoring shall be strengthened when data processing activities are carried out, and where risks such as data security flaws and vulnerabilities are discovered, remedial measures shall be immediately taken.

On November 14, 2021, the Cyberspace Administration of China (the "**CAC**") published the Regulations on Network Data Security Management (Draft for Comments) (《網絡數據安全管理條例(徵求意見稿)》) (the "**Draft Regulations on Cyber Data Security Management**") which

specifies that data processors who process the personal information of more than one million individuals and seek a foreign listing, or data processors who seek a Hong Kong listing which might affect or potentially affect national security, shall apply for cybersecurity review. On September 24, 2024, the Administration Regulations on Network Data Security (《網絡數據安全管理條例》) (the "**Regulation on Cyber Data Security**") is published, which will come into effect on January 1, 2025. The Regulation on Cyber Data Security reiterates the general regulations for cyber data processing activities, rules of personal information protection, important data security protection, network data cross-border transfer management, and the responsibilities of internet platform service providers. In addition, unlike the Draft Regulations on Cyber Data Security Management, the officially promulgated Regulation on Cyber Data Security does not specifically include the requirement that cyber data processing entities seeking a Hong Kong listing that affects or may affect national security should apply for a cybersecurity review. Instead, the Regulation on Cyber Data Security generally provides that cyber data processors whose cyber data processing activities affect or may affect national security shall be subject to national security review in accordance with the relevant regulations. The Regulation on Cyber Data Security is relevantly new and there is no further explanation or interpretation on what kind of activities "affect or may affect national security" under the Regulation on Cyber Data Security yet.

On December 28, 2021, the CAC and other twelve PRC regulatory authorities jointly revised and promulgated the Measures for Cybersecurity Review (《網絡安全審查辦法》) (the "**Cybersecurity Review Measures**") which was implemented on February 15, 2022. The Cybersecurity Review Measures provides that, among others, (i) a CIIO purchasing network products and services or a network platform operator that engages in data processing activities that affect or may affect national security shall be subject to the cybersecurity review by the Cybersecurity Review Office, the department which is responsible for the implementation of cybersecurity review under the CAC; (ii) a network platform operator with personal information of more than one million users, which seeks listing in a foreign country, is obliged to apply for a cybersecurity review by the Cybersecurity Review Office; and (iii) the relevant regulatory authorities may initiate cybersecurity review if such regulatory authorities determine that the issuer's network products or services, or data processing activities affect or may affect national security.

On July 7, 2022, the CAC promulgated the Measures on Security Assessment of Cross-border Data Transfer (《數據出境安全評估辦法》) (the "**Security Assessment Measures**"), which was implemented on September 1, 2022. The Security Assessment Measures applies to all processors of data and requires that any data processor providing important data collected and generated during operations within the territory of the PRC or personal information that should be subject to security assessment according to the relevant law to an overseas recipient shall conduct security assessment. The Security Assessment Measures provides four circumstances, under any of which data processors shall, through the local cyberspace administration at the provincial level, apply to

the national cyberspace administration for security assessment of cross-border data transfer. These circumstances include: (i) where important data is transferred to an overseas recipient; (ii) where personal information is transferred to an overseas recipient by a CIIO or a data processor who has processed personal information of more than one million people; (iii) where a data processor provides personal information to an overseas recipient if such data processor has already provided overseas the personal information of 100,000 individuals or sensitive personal information of 10,000 individuals in total since January 1 of the preceding year; or (iv) other circumstances under which security assessment of outbound data transfer is required as prescribed by the national cyberspace administration.

On March 22, 2024, the CAC promulgated the Provisions on Promoting and Regulating Cross-Border Data Flows (《促進和規範數據跨境流動規定》), effective on the date of promulgation. The provisions provide several exemptions to processors of data, which exempt them from undergoing data security assessment, obtaining personal information protection certification, or entering into standard contracts for outbound transfer of personal information for businesses. These exemptions include, among others, scenarios where a data processor, other than a CIIO, has cumulatively transferred personal information (excluding sensitive personal information) of fewer than 100,000 individuals to overseas recipients since January 1 of the current year. In addition, a data processor, other than a CIIO, shall enter into a standard contract with overseas recipients for the cross-border transfer of personal information, or obtain certification for personal information protection if, since January 1 of the current year, the data processor has cumulatively transferred to overseas recipients personal information (excluding sensitive personal information) of more than 100,000 but fewer than 1,000,000 individuals, or sensitive personal information of fewer than 10,000 individuals. The provisions also explicitly state that data processors are not required to apply for security assessment on cross-border transfer of important data, provided that the relevant data has not been notified or published as important data by relevant departments or regions.

In order to guide and assist data processors in submitting data export security assessments in a standardized and orderly manner, the CAC prepared the Guidelines for Data Export Security Assessment Application (Version 3.0) (《數據出境安全評估申報指南(第三版)》) in June 2025, which provide specific requirements for the method, process, and materials required for submitting a data export security assessment application and simplify the materials required to be submitted by the data processors.

LAWS AND REGULATIONS RELATING TO INTELLECTUAL PROPERTIES

Trademarks

According to 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 implemented on November 1, 2019, as well as the Implementation Regulations 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 implemented on May 1, 2014, registered trademarks in China include goods trademarks, service trademarks, collective trademarks, and certification trademarks. The Trademark Office of China National Intellectual Property Administration is responsible for handling trademark registrations. A registered trademark is granted a ten-year validity period, and upon request, an additional ten-year period may be granted upon the expiration of the first or any renewed ten-year term. The Trademark Law adopts the "first-to-file" principle for trademark registration. Acts that constitute infringement of the exclusive right to use a registered trademark include, but are not limited to, using a trademark identical with or similar to a registered trademark on the same kind of goods or similar goods without the permission of the trademark registrant. Where the administrative department for industry and commerce determines that an infringement has been established, it shall order the infringer to immediately stop the infringing act and may impose a fine. In addition, the infringer must also bear liability for compensating the losses of the right-holder.

Patents

According to the Patent Law of the PRC (《中華人民共和國專利法》) promulgated by the SCNPC on March 12, 1984, last amended on October 17, 2020, and implemented on June 1, 2021, as well as the Implementation Rules of the Patent Law of the PRC (《中華人民共和國專利法實施細則》) promulgated by the State Council, last amended on December 11, 2023, and implemented on January 20, 2024, there are three types of patents in China, namely invention patents, utility model patents, and design patents. The protection period of an invention patent is 20 years, that of a utility model patent is 10 years, and that of a design patent is 15 years, commencing from their respective application dates. The Chinese patent system implements the "first-to-file" principle. That is, where two or more applicants file applications for patents for the same invention-creation respectively, the patent right shall be granted to the applicant who files the application first. The implementation of a patent without the permission of the patentee constitutes patent infringement. The infringer shall bear liability for compensation to the patentee, and may be fined or even held criminally liable.

Software Registration

According to the Regulations on Computer Software Protection (《計算機軟件保護條例》) promulgated by the State Council on June 4, 1991, and last amended on January 30, 2013, as well as the Measures for the Registration of Computer Software Copyrights (《計算機軟件著作權登記辦法》) promulgated by the National Copyright Administration on April 6, 1992, last amended on June 18, 2004, and implemented on July 1, 2004, the National Copyright Administration is responsible for the registration and management of software copyrights in mainland China and has designated the China Copyright Protection Center as the software registration authority. The China Copyright Protection Center shall issue registration certificates to applicants for computer software copyrights in compliance with the provisions of the Measures for the Registration of Computer Software Copyrights and the Regulations on Computer Software Protection.

Domain Names

According to the Administrative Measures for Internet Domain Names (《互聯網域名管理辦法》) promulgated by the Ministry of Industry and Information Technology on August 24, 2017, and implemented on November 1, 2017, the Ministry of Industry and Information Technology is the primary regulatory body for national domain name services. The domain name services follow the "first-come, first-served" principle. Applicants for domain name registration shall provide the domain name registration institution with true, accurate, and complete identity information of the domain name holder for registration purposes. The applicants shall become the holders of such domain names upon successful registration.

REGULATIONS RELATING TO EQUITY INCENTIVE PLANS

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of Domestic Individuals' Participation in Equity Incentive Plans of Overseas-listed Companies (《國家外匯管理局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》) issued and implemented by the SAFE on February 15, 2012, and other relevant regulations, directors, supervisors, senior management members and other employees who are Chinese citizens or non-Chinese citizens who have continuously resided in China for not less than one year, when participating in any equity incentive plan of an overseas-listed company, except for a few exceptional cases, must handle matters such as foreign exchange registration, account opening, fund transfer and exchange with the State Administration of Foreign Exchange through a domestic agency. In addition, an overseas entrusted institution must be engaged to handle matters such as individual exercise of rights, purchase and sale of corresponding stocks or interests, and the corresponding fund transfer.

The foreign exchange income obtained by Chinese residents from selling shares under the equity incentive plan and the dividends distributed by overseas-listed companies shall be remitted into the bank accounts opened in China by domestic institutions and then distributed to Chinese residents.

LAWS AND REGULATIONS RELATING TO TAXATION

Enterprise Income Tax

According to the Enterprise Income Tax Law (《企業所得税法》) promulgated by the SCNPC on March 16, 2007, and last amended and implemented on December 29, 2018, as well as the Implementation Regulations 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 December 6, 2007, last amended on December 6, 2024, and implemented on January 20, 2025, domestic enterprises that are legally established within the territory of China, or that are established in accordance with the laws of foreign countries (regions) but whose actual management institutions are within the territory of China shall be regarded as resident enterprises. Resident enterprises shall pay enterprise income tax at a rate of 25% on their income sourced from both inside and outside China. Preferential enterprise income tax rates apply to any major industries or projects supported or encouraged by the State. High-tech enterprises to which the State needs to give key support can enjoy a reduced enterprise income tax rate of 15%.

VAT

According to the Interim Regulations of the PRC on VAT (《中華人民共和國增值税暫行條例》) promulgated by the State Council on December 13, 1993, latest amended and implemented on November 19, 2017, and the Detailed Rules for the Implementation of the Interim Regulations of the PRC on VAT (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF on December 15, 1993, latest amended on October 28, 2011 and implemented on November 1, 2011, all taxpayers in the PRC engaging in sale of goods or processing, repair or replacement of labor services, sale of services, intangible assets, immovables, and import of goods shall pay VAT. Unless otherwise specified, for the sale of goods, the provision of services, the provision of tangible personal property leasing services or the importation of goods, the tax rate shall be 17.0%.

The Circular of the Ministry of Finance and the State Administration of Taxation on Adjustment of VAT Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) promulgated by the MOF and the STA on April 4, 2018 and implemented on May 1, 2018 adjusted the applicative rate of VAT, and the tax rates of 17.0% and 11.0% applicable to the taxpayers who have VAT taxable sales activities or imported goods are adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening VAT Reform (《關於深化增值税改革有關政策的公告》) issued by the MOF, the STA and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, the VAT rates of 16% and 10% on sales and imported goods shall be adjusted to 13% and 9%, respectively.

LAWS AND REGULATIONS RELATING TO EMPLOYMENT AND SOCIAL SECURITY

Labor Contract

According to the PRC Labor Law (《中華人民共和國勞動法》), which was promulgated by the SCNPC on July 5, 1994 and latest amended and implemented on December 29, 2018, the PRC Labor Contract Law (《中華人民共和國勞動合同法》), which was promulgated by the SCNPC on June 29, 2007, latest amended on December 28, 2012 and implemented on July 1, 2013, and the Implementing Regulations of the Labor Contract Law of the PRC (《中華人民共和國勞動合同法實施條例》), which was promulgated and implemented by the State Council on September 18, 2008, employers shall establish and improve labor rules and regulations according to the laws, strictly comply with the national standards, provide relevant trainings to its employees, protect their labor rights and perform its labor obligations. Labor contracts in written form shall be executed to establish labor relationships between employers and employees. Labor contracts shall be categorized into contracts with fixed term, contracts without fixed term and contracts to be expired upon completion of certain tasks. The salary paid by the employers to the employees shall not be lower than the minimum salary standard in the location where the employers are located. In addition, employers must establish and improve the system for labor safety and sanitation, strictly implement the national protocols and procedures on labor safety and sanitation, provide education on labor safety and sanitation to employees, guard against labor safety accidents and reduce occupational hazards.

Social Insurance

The PRC Social Insurance Law (《中華人民共和國社會保險法》) (the "**Social Insurance Law**"), promulgated by the SCNPC on October 28, 2010 and latest amended and implemented on December 29, 2018, has established social insurance systems of basic pension insurance, basic medical insurance, work-related injury insurance, unemployment insurance and maternity insurance and has elaborated in detail the legal obligations and liabilities of employers who fail to comply with relevant laws and regulations on social insurance. According to the Social Insurance Law and the Provisional Regulations on Collection and Payment of Social Insurance Premiums (《社會保險費徵繳暫行條例》) promulgated by the State Council on January 22, 1999 and latest amended on March 24, 2019 and implemented on the same date, enterprises shall register social insurance with local social insurance and pay or withhold relevant social insurance for its employees. Any employer that fails to make social insurance contributions may be ordered to pay the required

contributions within a prescribed time limit and be subject to a late fee. If the employer still fails to make the relevant contributions within the prescribed time, it may be subject to a fine ranging from one to three times the amount overdue.

Housing Provident Fund

According to the Regulations on the Administration of Housing Provident Funds (《住房公積金管理條例》) promulgated by the State Council on April 3, 1999 and latest amended and implemented on March 24, 2019, employers must register at the housing provident fund management center for payment and deposit of the housing provident fund, and handle the establishment or transfer procedures of housing provident fund accounts on behalf of its employees for depositing employees' housing provident funds. Employers and employees are also required to pay and deposit housing provident funds, with the rate no less than 5% of the monthly average salary of the employee in the preceding year in full and on time. In case of overdue payment or underpayment by employers, orders for payment within a specified period will be made by the housing provident fund management center. Where employers fail to make payment within such period, enforcement by the people's court may be applied.

LAWS AND REGULATIONS RELATING TO SECURITIES AND OVERSEAS LISTINGS

Securities Laws and Regulations

The Securities Law of the People's Republic of China, which was promulgated by the SCNPC on December 29, 1998, latest amended on December 28, 2019 and implemented on March 1, 2020, comprehensively regulates activities in the PRC securities market including issuance and trading of securities, takeovers by listed companies, securities exchanges and securities companies and the duties and responsibilities of securities regulatory authorities, etc. The Securities Law further regulates that a domestic enterprise issuing securities overseas directly or indirectly or listing and trading its securities overseas shall comply with the relevant provisions of the State Council and for subscription and trading of shares of domestic companies using foreign currencies, detailed measures shall be stipulated by the State Council separately. The CSRC is the securities regulatory body set up by the State Council to supervise and administer the securities market according to law, maintain order in the market, and ensure the market operates in a lawful manner. Currently, the issue and trading of H shares are principally governed by the regulations and rules promulgated by the State Council and the CSRC.

Overseas Listings

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 "**Overseas Listing Trial Measures**") and five supporting guidelines on February 17, 2023, which were implemented on March 31, 2023. The Overseas Listing Trial Measures introduce a new filing regime. Under the Overseas Listing Trial Measures, domestic companies that seek to offer or list their securities in overseas markets, either in direct or indirect means, are required to file the required documents with the CSRC within three working days after its application for overseas listing is submitted. The Overseas Listing Trial Measures provide that overseas listing and offering are explicitly prohibited, if any of the following applies: (i) such securities listing and financing are explicitly prohibited by provisions in laws, administrative regulations or relevant state rules; (ii) the overseas listing may endanger national security as reviewed and determined by competent authorities under the State Council in accordance with law; (iii) the domestic company or its controlling shareholder(s) and the actual controller, have committed crimes including corruption, bribery, embezzlement, misappropriation of property or undermining the order of the socialist market economy in the past three years; (iv) the domestic company is currently under investigations for suspicion of criminal offenses or major violations of laws and regulations which have not definitive conclusion; or (v) there are material ownership disputes over equity held by the controlling shareholder(s) or by other shareholder(s) that are controlled by the controlling shareholder(s) and actual controller. As advised by our PRC Legal Advisor, we do not fall under any of the aforementioned circumstances that would prohibit us from listing overseas.

In addition, according to the Overseas Listing Trial Measures, after offering and listing securities in overseas markets, the issuer shall submit a report to the CSRC within three working days after the occurrence and public disclosure of (i) change of control; (ii) measures such as investigation and punishment imposed on the issuer by overseas securities regulators or relevant competent authorities; (iii) changes of listing status or transfers of listing segment, and (iv) a voluntary or mandatory delisting. Overseas offering and listing by domestic companies shall strictly comply with relevant laws, administrative regulations, and national security provisions on foreign investment, cybersecurity, data security and etc., and duly fulfill their obligations to protect national security.

The CSRC and other three relevant government authorities jointly promulgated the Provisions on Strengthening the Confidentiality and Archives Administration of Overseas Securities Offering 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 "**Provision on Confidentiality"**) on February 24, 2023, which implemented on March 31, 2023. Pursuant to the Provision on Confidentiality, when a domestic company provides or publicly discloses the documents and materials involving state secrets and working secrets of state organs to the relevant securities companies, securities service institutions, overseas regulatory authorities and other entities and individuals, or provides or publicly discloses such documents and materials through its overseas listing subjects, it shall report to the competent authority with the examination and approval authority for approval, and file with the same level secrecy administration department in accordance with the law. Domestic companies providing accounting archives or copies thereof to entities and individuals such as securities companies, securities service institutions and overseas regulatory authorities shall perform the corresponding procedures according to relevant national regulations. The working papers formed within the territory of the PRC by the securities companies and securities service institutions that provide related securities services for the overseas offering and listing of domestic enterprises shall be kept within the territory of the PRC. Cross-border transferring of such working papers shall go through the examination and approval formalities in accordance with the relevant national regulations.

OVERVIEW

Our history can be traced back to 2010, when Mr. Zong Yanmin (宗艷民), our founder, founded SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, on November 2, 2010, to primarily engage in the research and development, manufacturing and sales of SiC substrates. Throughout more than a decade of development under the leadership of Mr. Zong, we have become a leader in the wide bandgap semiconductor material industry, focusing on the research, development and industrialization of high-quality SiC substrates.

From 2010 to 2020, our predecessor completed several rounds of capital contribution and equity interest transfers, and were converted into a joint stock limited company under the name of SICC Co., Ltd. (山東天岳先進科技股份有限公司) in November 2020, with Mr. Zong being our primary promoter. On January 12, 2022, our A Shares were listed on the STAR Market (stock code: 688234) (the "**A-Shares Listing**"). See "— Major Shareholding Changes of Our Company — Conversion into a Joint Stock Limited Company and A-Shares Listing" in this section for more details.

OUR KEY MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone
2010	SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, was established in Shandong, the PRC as a limited liability company
2015	Our Jinan SiC semiconductor material production plant was put into operation
	We successfully achieved the mass production of 4-inch SiC substrates
2020	Our predecessor was converted into a joint stock limited company under the name of SICC Co., Ltd. (山東天岳先進科技股份有限公司)
2021	We successfully achieved the mass production for 6-inch SiC substrates
2022	Our Company became listed on the STAR Market (stock code: 688234)
2023	We achieved the mass production of 8-inch SiC substrates
2024	We introduced the industry's first 12-inch SiC substrate

OUR MAJOR SUBSIDIARIES

As of the Latest Practicable Date, the following entities were our major subsidiaries which had made a material contribution to our results of operation during the Track Record Period:

Name of subsidiary	Place of incorporation	Date of incorporation	Equity interest attributable to our Group	Principal business activities
Shanghai Tianyue . . .	PRC	June 2, 2020	100%	Research and development, production and sales of SiC substrates
Shanghai Yuefu	PRC	December 6, 2019	100%	Procurement of raw materials and equipment related to the SiC production

MAJOR SHAREHOLDING CHANGES OF OUR COMPANY

Early Development of our Company

On November 2, 2010, our predecessor was established under the name of SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司) as a limited liability company under the laws of the PRC. The initial registered capital of our predecessor was RMB20 million, which was fully contributed by Mr. Zong and his controlled entity.

Upon completing multiple rounds of share transfers and capital injections between November 2010 to October 2020, the registered capital of our predecessor reached RMB128,913,313, of which Mr. Zong directly and indirectly (through Shanghai Maiming and Shanghai Zhuao, our employee incentive platforms controlled by Mr. Zong) held an aggregate of approximately 42.75% equity interests, with the remaining 57.25% equity interests held by 38 other Shareholders.

Conversion into a Joint Stock Limited Company and A-Shares Listing

On November 17, 2020, our predecessor was converted from a limited liability company to a joint stock limited company under the name of SICC Co., Ltd. (山東天岳先進科技股份有限公司) with the registered share capital of RMB386,739,939. The shareholding structure of our Company

remained the same after the conversion, with Mr. Zong directly and indirectly (through Shanghai Maiming and Shanghai Zhuao) holding approximately 42.75% Shares and 38 other shareholders holding the remaining 57.25% Shares, respectively.

On January 12, 2022, we completed the listing of our A Shares on the STAR Market (stock code: 688234). During the A-Shares Listing, we issued an aggregate of 42,971,105 A Shares, accounting for 10% of our Company's then share capital immediately upon completion of the A-Shares Listing. As part of the A-Shares Listing, we conducted a strategic placing through which, among others, 2.10% of the total offered A Shares (representing 0.21% of our total share capital upon completion of the A-Shares Listing) were allocated to a collective asset management scheme managed and controlled by the asset manager at its own discretion ("**Collective Asset Management Scheme**"), which subscribed for such A Shares for the economic benefits of our certain senior management members and key employees[1]. The asset manager of the Collective Asset Management Scheme is Shanghai Guotai Junan Securities Asset Management Co., Ltd. (上海國泰君安證券資產管理有限公司), a professional asset manager and an Independent Third Party, which is a wholly-owned subsidiary of Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司), a company listed on the Stock Exchange (stock code: 02611) and the Shanghai Stock Exchange (stock code: 601211). Pursuant to the asset management agreement, the asset manager is entitled to, among others, manage and operate the underlying assets and make investment decisions independently as well as exercise relevant shareholder's rights in its own name, thus is the actual controller of the Collective Asset Management Scheme.

Upon completion of the A-Shares Listing, the registered share capital of our Company reached 429,711,044 Shares, of which approximately 38.48% was directly and indirectly (through Shanghai Maiming and Shanghai Zhuao) held by Mr. Zong. In accordance with the undertaking provided by Mr. Zong during the A-Shares Listing and relevant requirements of the A Share rules and regulations, the A Shares directly and indirectly held by Mr. Zong immediately before the A-Shares Listing were subject to a lock-up period, which has expired on July 12, 2025.

Establishment of Employee Shareholding Platforms

In order to attract experienced talents, maintain a stable R&D and management team and enhance the technological innovation capability of the Group, from 2019 to 2020, our Company established Shanghai Maiming and Shanghai Zhuao as our employee shareholding platforms, with a view to providing equity incentives for the eligible employees to align their interests with our Group.

1 The voting rights attached to the A Shares held under the Collective Asset Management Scheme are exercised by the asset manager of the Collective Asset Management Scheme, an Independent Third Party, at its own discretion in accordance with the terms of the Collective Asset Management Scheme.

Shanghai Maiming

Shanghai Maiming was established as a limited partnership under the laws of the PRC on April 17, 2019. As of the Latest Practicable Date, Mr. Zong, our chairman, executive Director and general manager is the sole executive and general partner and holds approximately 0.01% partnership interests in Shanghai Maiming, with the remaining interests held by Mr. Zhong Wenqing, our senior management member (as to approximately 11.67%), Shanghai Juepeng Enterprise Management Center (Limited Partnership) (上海爵芃企業管理中心(有限合夥)) ("**Shanghai Juepeng**") (as to approximately 76.64%) and Shanghai Cehui Enterprise Management Center (Limited Partnership) (上海策輝企業管理中心(有限合夥)) ("**Shanghai Cehui**") (as to approximately 11.67%). Shanghai Juepeng and Shanghai Cehui have been established to manage the administrative affairs of the underlying incentive entitlements, which have no intention to indirectly exercise the voting rights of our Company but only to enjoy economic benefits.

Shanghai Juepeng was established as a limited partnership under the laws of the PRC on December 20, 2019. As of the Latest Practicable Date, Mr. Zong held approximately 0.02% partnership interests and serves as the sole executive and general partner. The remaining interests of Shanghai Juepeng are held by Mr. Gao Chao, our executive Director and chief technology officer (as to approximately 16.92%), Mr. Wang Junguo, our executive Director and joint company secretary (as to approximately 5.08%), Ms. Zhang Hongyan, our Supervisor (as to approximately 3.38%), Mr. Song Jian, our Supervisor (as to approximately 3.38%), Mr. Dou Wentao, our Supervisor (as to approximately 5.08%), Mr. Zhong Wenqing, our senior management member (as to approximately 2.01%) and 41 other employees[2] of our Group when the stock incentive arrangements were implemented, who are not Directors, Supervisors or senior management members (as to approximately 64.13% in aggregate).

Shanghai Cehui was established as a limited partnership under the laws of the PRC on January 13, 2020. As of the Latest Practicable Date, Mr. Zong held approximately 0.11% partnership interests and serves as the sole executive and general partner. The remaining interests of Shanghai Cehui are held by Mr. Zhong Wenqing, our senior management member (as to approximately 5.44%) and 33 other employees[2] of our Group when the stock incentive arrangements were implemented, who are not Directors, Supervisors or senior management members (as to approximately 94.44% in aggregate).

Shanghai Zhuao

Shanghai Zhuao was established a limited partnership under the laws of the PRC on May 5, 2019. As of the Latest Practicable Date, Mr. Zong, our chairman of the Board, executive Director and general manager, is the sole executive and general partner and holds approximately 0.02% partnership interests in Shanghai Zhuao, with the remaining interests held by Mr. Zhong Wenqing,

our senior management member (as to approximately 20.90%), Mr. Gao Chao, our executive Director and chief technology officer (as to approximately 23.26%) and 44 other employees[2] of our Group when the stock incentive arrangements were implemented, who are not Directors, Supervisors or senior management members (as to approximately 55.81% in aggregate).

MAJOR ACQUISITIONS, DISPOSALS AND MERGERS

We had not carried out any major acquisitions, disposals or mergers during the Track Record Period and up to the Latest Practicable Date.

LISTING OF OUR A SHARES ON THE STAR MARKET AND REASONS FOR THE LISTING ON THE HONG KONG STOCK EXCHANGE

Since our listing on the STAR Market on January 12, 2022 and as of the Latest Practicable Date, our Directors confirmed that we had no instance of material non-compliance with the rules of the Shanghai Stock Exchange and other applicable securities laws and regulations of the PRC in any material respects, and, to the best knowledge of our Directors having made all reasonable enquiries, there was no material matter that should be brought to the investors' attention in relation to our compliance record on the STAR Market. Based on the independent due diligence conducted by the Joint Sponsors, nothing has come to the Joint Sponsors' attention that would cause them to disagree with our Directors' confirmation with regard to the compliance records of the Company on the STAR Market. Based on the filing records on the website of the Shanghai Stock Exchange and the information available in the public domain, our PRC Legal Advisor is of the view that the above confirmation of our Directors with regard to our compliance record on the STAR Market is accurate and reasonable.

In line with our Company's overall development strategy and operational needs, our Company seeks to be listed on the Hong Kong Stock Exchange. This move aims to accelerate our internalization and overseas business expansion, enhance our ability to secure funding from international markets, and further bolster our capital strength and competitive edge. See "Business — Our Strategies" and "Future Plans and Use of Proceeds" for more details.

[2] Such other employees include core technology talents and key technology and business personnel of our Group when the stock incentive arrangements were implemented, none of whom are Directors, Supervisors or senior management members of our Company.

PUBLIC FLOAT AND FREE FLOAT

Satisfaction of the Public Float Requirement

Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public, at the time of listing, must (a) represent at least 10% of the issuer's total number of issued shares in the class to which H shares belong (excluding treasury shares); or (b) have an expected market value of not less than HK$3,000,000,000.

Our A Shares are listed on the STAR Market. The total number of the H Shares to be issued pursuant to the Global Offering represents approximately 10.00% of the total issued share capital of our Company (before any exercise of the Over-allotment Option). Immediately following the completion of the Global Offering (before any exercise of the Over-allotment Option), the total number of the H Shares expected to be held by the public represents approximately 10.04% of the total issued share capital of our Company (excluding 2,005,884 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date), which is higher than the prescribed percentage of H Shares required to be held in public hands of 9.90% under Rule 19A.13A(2)(b) of the Listing Rules calculated based on the Offer Price of HK$42.80 per H Share, thereby satisfying Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules.

Satisfaction of the Free Float Requirement

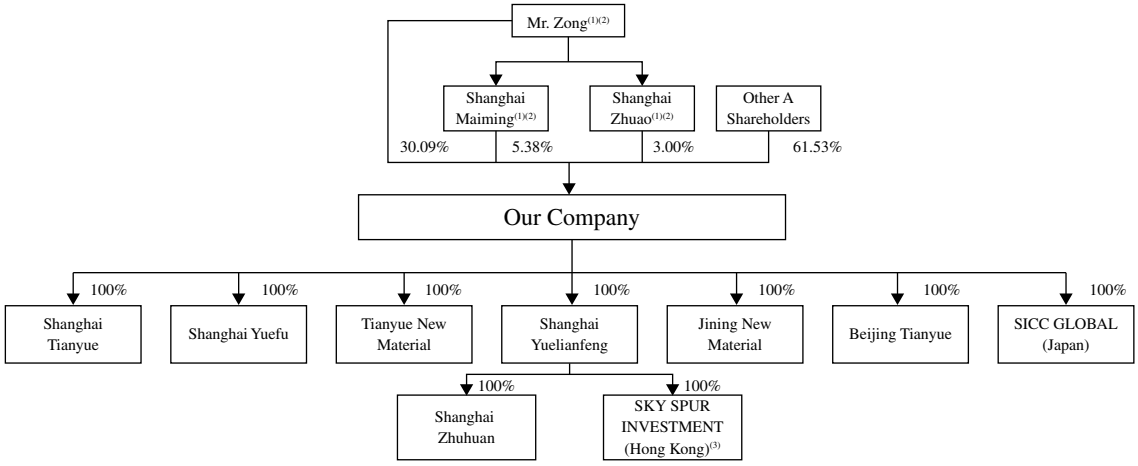
Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules provides that, where a new applicant is a PRC issuer with other listed shares at the time of listing, this will normally mean that the portion of H shares for which listing is sought that are held by the public and not subject to any disposal restrictions (whether under contract, the Listing Rules, applicable laws or otherwise), at the time of listing, must: (a) represent at least 5% 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.

Each of the Cornerstone Investors has agreed to a lock-up period of six months following the Listing Date. As such, H Shares held by the Cornerstone Investors upon the Listing shall not be counted towards the free float of the H Shares of the Company at the time of Listing. Based on an Offer Price of HK$42.80 per H Share, being the maximum Offer Price, the Company will satisfy the free float requirement under Rule 8.08A (as amended and replaced by Rule 19A.13C) of the Listing Rules.

OUR SHAREHOLDING AND CORPORATE STRUCTURE

Shareholding and Corporate Structure Immediately Before the Global Offering

The following chart depicts a shareholding and beneficial ownership structure of our Group immediately prior to the completion of the Global Offering (assuming that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing):



Notes:

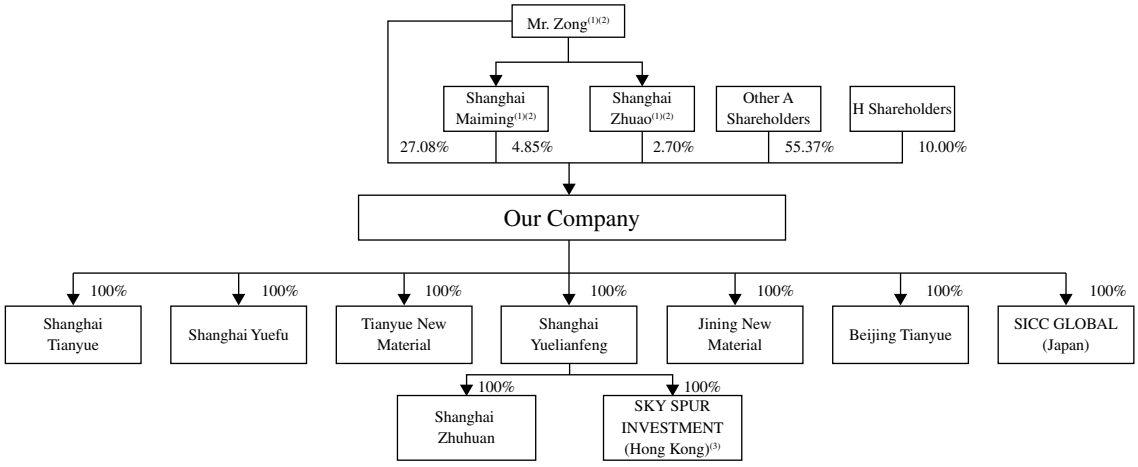
(1) See "— Establishment of Employee Shareholding Platforms" in this section for details.

(2) Mr. Zong, as the sole executive and general partner of each of Shanghai Maiming and Shanghai Zhuao, is responsible for management and exercising the voting rights attaching to the Shares held by each of Shanghai Maiming and Shanghai Zhuao, in accordance with the partnership agreement entered into among the general and limited partners of each of Shanghai Maiming and Shanghai Zhuao, respectively. Therefore, Mr. Zong, Shanghai Maiming and Shanghai Zhuao are considered as a Controlling Shareholder Group as defined under the Hong Kong Listing Rules.

(3) The Company also indirectly and wholly owns several overseas subsidiaries through SKY SPUR INVESTMENT, including VISIONARY HORIZON, SICC Europe GmbH, SICC Malaysia Holdings Inc., SICC Malaysia Sdn Bhd and VH Investment Inc.

Shareholding and Corporate Structure Immediately Following the Global Offering

The following chart depicts the shareholding and beneficial ownership structure of our Group immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised and that no changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing):



Notes (1) to (3): Please refer to the details contained in the preceding pages.

OVERVIEW

Who We Are

We are a company with strong expertise in the wide bandgap semiconductor material industry, focusing on the research, development and industrialization of SiC substrates since our inception. According to Frost & Sullivan, based on revenue from SiC substrate sales in 2024, we ranked among the top three global SiC substrate manufacturers with a market share of 16.7%.

Our SiC materials empower the renewable energy and AI sectors, which are driving future technological advancements. Our SiC substrates can be applied across various sectors, including electric vehicles, AI data centers, photovoltaic systems, AI glasses, rail transportation, power grids, household appliances and advanced telecommunication base stations. Leveraging our technological innovation capabilities, robust mass production capacity, product portfolio, collaborative ecosystem with upstream and downstream market participants and efficient management, we are at the forefront of the rapidly advancing SiC industry. According to Frost & Sullivan, as of March 31, 2025, we were one of the few companies in the world capable of mass producing 8-inch SiC substrates, one of the first to commercialize SiC substrates ranging from a 2-inch to an 8-inch diameter, and the first to introduce 12-inch SiC substrates.

We have established ourselves as a key supplier to globally recognized semiconductor companies, and our products have gained widespread recognition internationally. As of March 31, 2025, we had established business relationships with over half of the top ten global power semiconductor device manufacturers in terms of revenue in 2024. Our customers primarily utilize our SiC substrates to manufacture power devices and radio frequency devices, which are ultimately applied to end products in sectors such as electric vehicles, AI data centers and photovoltaic systems.

Dedicated to SiC materials for over 14 years, we are one of the first companies in China to achieve the industrialization of both semi-insulating and conductive SiC substrates. Leveraging our capabilities in R&D, production and management, we have continuously solidified our advantage in product scaling. The SiC substrates that we mass produced have evolved from a 2-inch to an 8-inch diameter. In 2024, we introduced the industry's first 12-inch SiC substrate. Beyond scaling the diameter of our SiC substrates, we continue to maintain leadership in industrialization capabilities and product quality. By driving product scaling and production efficiency, we enable our customers to continuously reduce the costs of using SiC substrates, thereby accelerating the adoption of SiC substrates in more application scenarios.

As of the Latest Practicable Date, we had mastered core technologies encompassing every stage of SiC substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing and quality inspection. Our proprietary technological toolkit has enabled us to achieve high standards in product defect control and cost optimization.

Our Milestones

Throughout our journey, we have consistently demonstrated our commitment to innovation and technological advancement in the SiC industry. Our leading position is highlighted by our milestones, spanning from product development to market recognition.

Founded in 2010, we successfully achieved the mass production of 4-inch SiC substrates and 6-inch SiC substrates in 2015 and 2021, respectively. In 2022, we were listed on the STAR Market, and became the first wide bandgap semiconductor material company listed in China. In 2023, we achieved the mass production of 8-inch SiC substrates. In 2024, we introduced the industry's first 12-inch SiC substrate. In recognition of our capabilities and investment value, our stock was included in prominent indices such as the STAR Market 50 Index and the MSCI China A Shares Onshore Index.

Our Results

During the Track Record Period, we achieved rapid growth in revenue and successfully transitioned from a net loss to a net profit position. Our revenue increased by 199.9% from RMB417.0 million in 2022 to RMB1,250.7 million in 2023, and increased by 41.4% from RMB1,250.7 million in 2023 to RMB1,768.1 million in 2024. Our revenue decreased by 4.2% from RMB426.1 million in the three months ended March 31, 2024 to RMB408.0 million in the three months ended March 31, 2025. In tandem with our rapid growth in revenue and benefiting from our technological capabilities and efficient management, our gross margin also demonstrated consistent improvement. Our gross loss margin was 7.9% in 2022 while we have achieved a turnaround with gross margin of 14.6% in 2023 and 24.6% in 2024. Our gross profit margin was 21.5% in the three months ended March 31, 2024 and 22.7% in the three months ended March 31, 2025. In 2022 and 2023, we recorded net losses of RMB175.7 million and RMB45.7 million, respectively, but have successfully achieved a turnaround in 2024 with a net profit of RMB179.0 million. In the three months ended March 31, 2024 and 2025, we recorded net profits of RMB46.1 million and RMB8.5 million, respectively.

Our Market Opportunities

SiC materials possess extensive market potential due to their exceptional properties. SiC materials offer significant advantages over traditional silicon-based materials, including high temperature and voltage resistance, high breakdown electric field strength, superior thermal conductivity and high electron saturation velocity. The downstream applications for SiC materials are diverse. Conductive SiC substrates are primarily used in power semiconductor devices with widespread applications in electric vehicles, AI data centers, photovoltaic systems, rail transportation, power grids and household appliances. Semi-insulating SiC substrates are primarily used in radio frequency semiconductor devices for telecommunications. Beyond semiconductors, SiC materials, with their superior optical properties, rapid sound propagation and high thermal conductivity, also has significant market potential in AI glasses.

Benefiting from their exceptional properties, SiC materials play a crucial role in empowering the renewable energy and AI sectors, which are leading future technological revolutions. SiC materials essentially serve as an efficiency amplifier in the field of renewable energy, and are vital for (i) electric vehicle automotive components; (ii) charging stations; (iii) photovoltaic systems; and (iv) power grids. SiC materials' high switching speed, low conduction loss, high voltage resistance and high thermal conductivity enhance energy conversion efficiency, extend equipment lifespan and enable more compact component designs. As the global renewable energy industry expands, the demand for SiC materials is experiencing exponential growth. SiC materials are also an inevitable choice for growth and innovation in the AI industry, with vast potential in data centers, power infrastructure and end-user applications. The rapid growth of computing power required for AI development is dramatically increasing energy consumption in data centers. SiC power semiconductor devices, known for their high efficiency and low energy consumption, can significantly reduce power consumption in data centers and improve energy utilization efficiency. The energy demands of large-scale data centers are also placing higher requirements on power grid capacity, where SiC power devices can effectively enhance the stability of power infrastructure. As such, SiC materials are poised to replicate their success in the electric vehicle sector and become a foundational material for the development of data centers. Additionally, SiC materials can be used in various AI end-user applications, such as optical waveguide lenses for AI glasses.

Due to the broad applications of SiC materials and their immense market potential, the SiC material market is transitioning to an explosive growth phase. A crucial factor in increasing downstream demand for SiC materials is the ongoing enhancement of their performance and the optimization of their cost. SiC materials are poised to replace silicon in the power semiconductor field. The following sets forth some of the representative applications of SiC materials:

- *Electric Vehicles*. SiC substrates are utilized in motor drives, OBCs, DC/DC converters, air conditioning compressors, high-voltage PTC heaters, pre-charge relays and charging station power modules. The market potential of our SiC substrates is substantial due to the projected growth in global electric vehicle sales, upgrade of electric vehicles to high-voltage systems. According to Frost & Sullivan, the SiC power device market for electric vehicles is expected to reach USD14.7 billion by 2030, with a CAGR of 36.1% from 2024 to 2030.

- *AI Data Centers*. SiC materials are primarily utilized in data center power supply units (PSUs). Due to their high efficiency and low energy consumption, SiC power semiconductor devices can effectively reduce power consumption in AI data centers and improve energy utilization efficiency. According to Frost & Sullivan, the capacity of global AI data centers is projected to grow to 299GW by 2030, representing a net increase of 244GW as compared to 2023 and a CAGR of 27.4% between 2023 and 2030, which is expected to directly drive the power consumption of data centers as a percentage of global electricity consumption from 1.4% in 2023 to 10.0% in 2030. The corresponding market size for PSUs that adopt SiC power semiconductor devices in the AI data center sector is projected to exceed RMB80.0 billion by 2030.

- *Photovoltaic Systems*. SiC substrates are utilized in inverters, boost converters and energy storage converters within photovoltaic systems. They enhance energy conversion efficiency, reduce switching losses and minimize system size and weight. According to Frost & Sullivan, the penetration rate of SiC power semiconductor devices in this sector is projected to increase from 9.7% in 2024 to 20.4% in 2030.

- *AI Glasses*. SiC materials can be utilized in the optical waveguide lenses for AI glasses. The refractive index of SiC materials is significantly higher than high-refractive glass and lithium niobate, which allows for a wider field of view and simpler full-color display structures that could reduce the size, weight, manufacturing cost and complexity of AI glasses, thereby greatly enhancing the user experience of AI glasses. Leveraging the exceptional optical properties of SiC materials, the AI glasses sector is expected to have a tremendous growth with global shipment volume exceeding 60 million pairs by 2030.

- *Power Grids*. SiC power semiconductor devices' exceptional thermal performance and electrical characteristics can improve the efficiency and stability of power grids, and are crucial for driving solid-state transformers and flexible AC/DC transmission in power grids. SiC power semiconductor devices also have lower conduction resistance and switching losses, which can significantly improve energy conversion efficiency in power conversion systems. According to Frost & Sullivan, the penetration rate of SiC power semiconductor devices in power grids is projected to grow from 4.2% in 2024 to 14.6% in 2030.

The importance of substrate materials in the SiC semiconductor industry is more pronounced compared to the silicon-based semiconductor industry. Due to the complexity and high demands for stable mass production of SiC substrates, manufacturers capable of consistently producing high-quality SiC substrates are critical for the advancement of the semiconductor industry. According to Frost & Sullivan, the size of global SiC substrate market in terms of revenue from SiC substrate sales grew from RMB3.0 billion in 2020 to RMB8.8 billion in 2024, with a CAGR of 29.9% from 2020 to 2024, and is projected to reach RMB58.5 billion in 2030 with a CAGR of 37.1% from 2024 to 2030.

Similar to the development of silicon-based semiconductor wafers, scaling SiC substrate diameter is trending in the SiC industry. For instance, an 8-inch SiC substrate yields nearly 90% more dies compared to a 6-inch substrate for a $32mm^2$ die area, with edge die percentage reducing from 14% to 7%, significantly increasing the cost-effectives of SiC materials. This trend will accelerate the adoption of SiC power semiconductors in electric vehicles, AI data centers, photovoltaic systems, power grids and household appliances. Continuous enlargement of SiC substrates will also enable large-scale applications of SiC materials in consumer electronics like AI glasses and smartphones. Companies with advantages in producing large-diameter SiC substrates are poised to capture market opportunities and lead industry development.

Another critical trend in the SiC industry is the further consolidation of market participants, where SiC substrate companies with globally leading customers enjoy significant strategic advantages. Typically, SiC substrate companies supply SiC substrates to semiconductor manufacturers, who then supply power and radio frequency semiconductor devices that adopt SiC substrates to end product manufacturers. According to Frost & Sullivan, the top ten global power semiconductor device manufacturers in terms of revenue already captured over 50% of the market shares in 2024. These globally leading power semiconductor manufacturers impose extremely stringent qualification requirements on their suppliers. On one hand, SiC substrates, as a key material for semiconductor devices, must go through complex validation processes involving epitaxy, chip manufacturing and packaging/testing before they can be applied to end products; given the lengthy verification cycles, power semiconductor manufacturers are typically reluctant to change their qualified SiC substrate suppliers, creating a high entry barrier for newcomers. On the

other hand, end product manufacturers generally prefer to procure semiconductor devices from globally leading power semiconductor manufacturers. SiC substrate companies that supply to such power semiconductor manufacturers can proactively address end-users' feedback and undertake continuous product upgrades, allowing them to steadily accumulate advanced manufacturing know-how and proprietary technologies. Furthermore, leading customers have clearer roadmaps for larger SiC substrates and possess ample capital to drive sustained innovation. This collaboration helps leading SiC substrate companies keep up with industry technology advancement, elevating their capabilities to maintain a competitive edge in the global market.

OUR STRENGTHS

A Leader Driving the Commercialization of SiC Materials

We are a leader in the global SiC industry with strong technical capabilities across the entire production chain. According to Frost & Sullivan, we ranked among the top three global SiC substrate manufacturers in terms of revenue from the SiC substrate sales in 2024 with a market share of 16.7%. Since our inception, we have strategically developed and commercialized both conductive and semi-insulating SiC substrates. Utilizing the technical expertise gained from our product development, we have swiftly brought to market a diverse array of SiC substrates featuring various types and diameters. We have achieved the mass production of 8-inch SiC substrates and are the first in the world to introduce 12-inch SiC substrates.

We drive the advancement of the global SiC industry. Proactively addressing the surging demands from the renewable energy and AI sectors, we have continuously launched new products and promote the widespread adoption of SiC materials by downstream end products. The large-diameter SiC substrates that we introduced are accelerating the penetration of SiC materials across downstream applications, such as electric vehicles, AI data centers, photovoltaic systems and power grids. According to Frost & Sullivan, we were one of the few global market participants capable of mass producing 8-inch SiC substrates, and the first in the world to introduce 12-inch SiC substrates. Most recently, we have become the first to deliver low-resistivity P-type SiC substrates, produced using the liquid phase method. Additionally, we are collaborating with leading global consumer electronics brands to explore the application of SiC materials in AI glasses and smartphones, aiming to penetrate broader downstream markets.

Leveraging our established technological advantages and robust industrial presence in the SiC industry, we are consistently increasing our market share and earning the trust of more globally leading customers. As of March 31, 2025, we had established business relationships with over half of the global top ten power semiconductor device manufacturers in terms of revenue in 2024.

Technical Barriers and Innovation Supported by Our Forward-thinking R&D Strategies and Capabilities

Through strategic R&D planning and consistent investment, we have established advanced R&D capabilities along with a comprehensive understanding of SiC properties. Recognizing the potential within the renewable energy sector, we remained dedicated to the development of conductive SiC substrates and have become a key supplier for major power semiconductor manufacturers. We recognize that the rising demand for SiC materials is closely linked to SiC substrate companies' ability to continuously optimize cost-effectiveness. As a result, we have invested substantially in technology to produce larger SiC substrate diameters, becoming the first globally to introduce the industry's first 12-inch SiC substrate. Our technical superiority in SiC substrates positions us at the forefront of applying SiC materials to broader application scenarios, accelerating the application of SiC materials in data centers, power grids and emerging technologies and applications, such as AI glasses.

We have developed core technologies covering all production stages to maintain a leading position in the industry: (i) in the powder preparation stage, we developed in-house a high vacuum powder reaction chamber and designed specialized reaction processes to control the concentration of major electrically active impurities and nitrogen; (ii) in the crystal growth stage, through the crystal growth equipment that we developed in-house, we achieved a uniform thermal field structure that improves crystal quality and production efficiency by designing crucibles and insulation; leveraging our systematic defect characterization and control technologies, we effectively reduce defect densities, including micropipes, polytype inclusions and dislocations; and (iii) in the substrate processing stage, based on extensive substrate processing data accumulated over time, we developed multi-block splicing multi-wire slicing technology to overcome the challenge of balancing stick length with slicing quality, optimized the rheological properties of slicing fluid and the morphology, size and distribution of abrasives to significantly reduce surface damage of sliced wafers, and developed a full suite of grinding and polishing processes to achieve smooth and highly flat polished SiC surfaces. Our technological capabilities allow us to precisely control the performance of our SiC substrates, achieve near-zero micropipes in the SiC substrates that we produce, increase production efficiency and reduce processing costs while ensuring consistent substrate quality.

We place significant emphasis on protecting our R&D outcomes by transforming the aforementioned core technologies into intellectual properties, thereby establishing our technical barriers. As of the Latest Practicable Date, we had been granted 503 patents, including 198 invention patents, 14 of which were granted for inventions in regions outside mainland China. We also secured the first ISO 56005-based Level 3 certificate for "Innovation and IP Management Capability" among wide bandgap semiconductor material manufacturers in China, highlighting our achievements in R&D and intellectual property management.

Beyond patent transformation, our core technologies have crystallized into a proprietary know-how system. For instance, relying on the stress quantification technology that we developed in-house, we achieve quantitative stress characterization of SiC substrates, enabling proper control and continuous improvement of the production process. This allows for profound control over substrate quality to prevent issues such as wafer warping, defect proliferation, device failure, and optical mirror lattice deformation.

Our R&D accomplishments are primarily attributed to (i) our efficient sales-R&D-production synergy mechanism, under which we integrate downstream customers' needs into our forward-thinking R&D efforts to ensure that the results of our R&D are communicated promptly and effectively to our production department; and (ii) our vibrant and stable R&D center that consisted of 154 members as of March 31, 2025, over 40% of whom hold a doctoral or master's degree. To ensure high stability of the R&D center and further incentivize innovation, we offer equity incentives to our R&D center members as of March 31, 2025.

Robust Mass Production Capabilities for High-Quality, Efficient and Stable Delivery

Through years of industry immersion and accumulation of process experience, we have achieved breakthroughs that allow us to rapidly increase our production capacity. As of March 31, 2025, we had established two production plants in Shandong and Shanghai with an aggregate annual design production capacity of over 400,000 pieces of SiC substrates for 2024.

Our production capacity is complemented by our extensive production management expertise that ensures the quality of our SiC substrates. We actively implement lean production principles, develop standardized production processes and introduce advanced automation and smart equipment to minimize human intervention, enhancing the stability and reliability of production processes. We consistently monitor, analyze and improve our production processes, and our robust production management capabilities enable us to lead the industry in large-scale delivery.

Our production capacity is evident in our ability to mass produce large-diameter SiC substrates and ensure quality consistency while improving crystal growth thickness, ensuring low defect and integrating smart manufacturing to meet downstream market demands.

Ability to Mass Produce Large-diameter SiC Substrates and Ensure Quality Consistency. Benefiting from our production management team with strong execution capabilities and forward-looking strategic planning, we are leading in the mass production of 8-inch SiC substrates. Our production management team has cumulated comprehensive experience from facility construction to the stable mass production of large-diameter SiC substrates. Taking our Shanghai production plant as an example, it began equipment installation in January 2023, achieved product delivery in May and reached an annual production capacity of 300,000 pieces of SiC substrates in the first half of 2024, a target initially set for 2026. In terms of strategic layout, we preemptively conducted differentiated design of crystal growth equipment to accommodate the production of both 8-inch and 6-inch SiC substrates. With the rise of demands for 8-inch SiC substrates in recent years, our factory could swiftly switch from producing 6-inch to 8-inch SiC substrates. Our flexible production capabilities position us advantageously under the trend of scaling SiC substrate diameter.

We excel in not only the production quality but also the quality of large-diameter SiC substrates, and we ensure quality consistency during the production of large-diameter SiC substrates. This guarantees the quality of mass-delivered SiC substrates and assures stable delivery for our global customers. In addition, based on the feedback that we received from our customers, we can continuously iterate and improve our production process of 8-inch SiC substrates, thereby solidifying our competitive advantage.

Improvement in Crystal Growth Thickness. Increasing the effective thickness of SiC ingots can save the usage of costly SiC seed crystal and significantly reduce production costs by increasing substrate yield per ingot in the production process. Nevertheless, the improvement of effective thickness presents numerous challenges, such as maintaining thermal field stability in growth chambers amid increased thickness and source powder consumption. We have overcome these challenges and assured consistency across diverse crystal growth equipment through efficient production management. As of the Latest Practicable Date, our SiC substrates had achieved an industry-leading effective thickness of over 60mm as compared to the industry average of approximately 20mm.

High Yield and Low Defect. Our SiC substrates have achieved near-zero micropipes as manifested by no stacking faults, low basal plane dislocation (BPD) density of lower than 100 cm^{-2} as compared to the industry average of lower than 800 cm^{-2}, low threading screw dislocation (TSD) density of 0 cm^{-2} as compared to the industry average of lower than 300 cm^{-2}, and low threading edge dislocation (TED) density of lower than 500 cm^{-2} as compared to the industry average of lower than 2,000 cm^{-2}. We have further developed and implemented a Zero-Defect Plan, aiming for high-quality products and defect-free delivery.

Smart Production. We prioritize smart and automated production. On one hand, smart factory can mitigate risks arising from human intervention, which is crucial for the preparation of high-quality SiC substrates. On the other hand, a high level of automation can effectively optimize labor costs in production. Taking our Shanghai production plant as an example, it was designed as a smart factory. Therefore, it is equipped with high-performance smart equipment and its production process is continuously optimized through AI and digital technologies. In our Shanghai production plant, we utilize information systems to achieve real-time analysis, monitoring and early warning of production quality, and we have digitalized key production stages, such as process control, data collection and operation. By deploying robotic system and smart equipment units, we have automated furnace ignition and loading, process selection as well as operation control and management, achieving unmanned operation in our crystal growth facilities.

Continuously Expanding and High-Performance Product Portfolio to Support Downstream Applications

We have a continuously expanding and high-performance product portfolio that allows us to explore and advance the downstream applications of SiC substrates across various industries.

We actively engage in product innovation in response to the evolving downstream applications, positioning us to seize emerging market opportunities. For instance, we strategically positioned ourselves in the electric vehicle sector and obtained the IATF16949 certification for automotive standards in 2022. Our SiC substrates have undergone rigorous validation by leading power semiconductor manufacturers, enabling us to become one of their major suppliers. Leveraging our forward-looking and comprehensive technological framework alongside our strong and agile innovation capabilities, our SiC substrates have successfully deepened penetration in certain promising sectors, including renewable energy and AI, which not only drives the growth in our revenue but also helps us expand downstream application scenarios, thereby solidifying our industry-leading position and positioning us to capture new development opportunities.

We are committed to delivering high-performance SiC substrates to our customers. We have addressed challenges relating to nucleation uniformity and the emergence of defects, such as micropipes and polytype inclusions, under large-diameter thermal fields through technological innovation and optimized crystal growth processes. This has resulted in high-quality automotive-grade SiC substrates that feature excellent surface morphology, high flatness and low roughness, which were widely recognized by our customers. In 2023, we were honored with the "Supplier Appreciation Award" by a world-leading automotive equipment manufacturer.

Collaborative Ecosystem with Customers and Suppliers that Propels the Advancement of the SiC Industry

We are deeply integrated into the value chain of the SiC industry and have built a collaborative ecosystem with both upstream and downstream market participants. Anchored by our technology capabilities, we swiftly respond to and fulfill customers' needs with our supply chain resources worldwide. This effort accelerates the adoption of large-diameter SiC substrates products across various sectors and fosters mutual benefits for the entire industry, thus enhancing our global influence. Furthermore, we are dedicated to creating a thriving ecosystem within the SiC industry through innovation and collaboration, particularly in key sectors of renewable energy and AI, further broadening downstream applications and propelling the advancement of the SiC industry.

With respect to our customers, we have (i) implemented the Brand Touch-Points Plan to ensure that our customers form lasting memories and impressions of our brand with every interaction they have with us; (ii) established a global sales and service network that covers China, Europe and Japan to provide timely responses to various business demands from our global customers; and (iii) built a closely connected ecosystem with our customers from their design-in stage. Once our customers achieve a design-win, our partnership is set to become even more robust and entrenched. Leveraging our technological advantages, exceptional product quality and strong delivery and customer service capabilities, we have maintained robust and long-term cooperation with leading customers. As of March 31, 2025, we had established business relationships with over half of the global top ten power semiconductor device manufacturers in terms of revenue in 2024. According to Frost & Sullivan, SiC substrates, essential for semiconductor devices, must undergo complex validation processes including epitaxy, chip manufacturing and packaging/testing, before being applied to end products. Due to the lengthy verification cycles, power semiconductor manufacturers are generally hesitant to change their approved SiC substrate suppliers. In addition, our SiC substrates have been adopted by companies in the renewable energy and AI sectors. This enables us to collect feedback and optimize our SiC substrates and services to meet end customers' requirements, thereby further enhancing customer loyalty. A steady growth in revenue contribution from prominent international customers and our strategic emphasis on catering to downstream industries that demand products of superior quality have allowed us to maintain financial resilience while scaling our operations significantly. We actively promote the wider application of SiC materials in downstream markets to explore emerging business opportunities. This is exemplified by our recent investment in a filter material company.

We have developed strong relationships with renowned suppliers and have entered into long-term strategic procurement agreements to ensure the stable supply of key raw materials. During the Track Record Period, we procured raw materials from diversified supply sources, which not only ensures the stable supply of our raw materials but also enhances our overall profitability. The long-term procurement framework agreements that we entered into with our major suppliers outline the procurement prices and supply volumes for a certain period, which effectively reserves a portion of their production capacity, ensuring that they can provide us with competitively priced raw materials that support our mass production. Additionally, we collaborate with our supply chain partners to share industry insights, exchange technical ideas and conduct cooperative development, which lead to an upgrade in key raw materials and upstream equipment in the SiC industry.

Visionary and Experienced Management Team with a Competitive Mindset

Our founding and executive team is comprised of industry leaders who are both visionary and experienced, possessing exceptional strategic foresight and extensive industry management expertise. Mr. Zong Yanmin, our founder, chairman and general manager, has years of research and industrialization experience in the SiC industry. His profound understanding of the industry and visionary approach to technological innovation have provided critical guidance for our strategic development. Dr. Gao Chao, our Chief Technology Officer, had been granted over 30 patents as the lead inventor as of the Latest Practicable Date. A founding member of our Company, Dr. Gao has led the R&D center to achieve numerous critical technological breakthroughs. Our core management team possesses deep insights into global industry development trends and customer needs, enabling them to steer our business towards financial success, as demonstrated by our historical performance.

Benefiting from the extensive experience brought by our management team, we have established a solid track record in successful product development and mass production. Their ability to adapt to a constantly changing operational environment and execute strategic initiatives is crucial to driving our growth. Additionally, we adhere to the philosophy of "Cultivating Talent and Excellence," fostering a diverse and vibrant R&D center through the establishment of comprehensive talent development, incentive and promotion mechanisms. As of March 31, 2025, our R&D center consists of 154 from various disciplines, including material science, electronic engineering, physics, chemistry and mechanical engineering, with approximately 40% holding a doctoral or master's degree. This creative team supports our technological innovation and product iteration.

OUR STRATEGIES

Maintaining Innovation Leadership to Accelerate the Adoption of SiC Materials

As a leader in the SiC industry, we are dedicated to accelerating the adoption of SiC materials in downstream applications and establishing a stable SiC ecosystem worldwide by leveraging our technological strengths and in-depth integration into the global semiconductor market. Our advanced technology, production capabilities, and efficient manufacturing processes enable us to continue reducing the overall cost of SiC substrates. This will drive the commercialization of high-performance SiC substrates across various application scenarios and increase their penetration in the power semiconductor market.

Our commitment lies in pioneering the integration of SiC materials across both the renewable energy and AI sectors, recognizing their pivotal role in shaping future technological advancement. Specifically, we plan to continue promoting the adoption of SiC materials in established sectors, such as electric vehicles, power grids, rail transportation and household appliances, while simultaneously working on achieving technological breakthroughs in emerging fields such as AI data centers, AI glasses and advanced heat dissipation components.

Enhancing R&D Capabilities, Optimizing Technical Layout and Enriching Product Portfolio

We will continue to enhance our R&D capabilities and enrich our patent portfolio to solidify our position as a technology leader in the SiC industry. Specifically, we plan to (i) focus on the study of material properties, crystal growth thermodynamics, crystal growth methods as well as the mechanisms of crystal defect formation and evolution; (ii) conduct intensive experiments in core technical areas relating to material performance, crystal growth and defect control to break through technical bottlenecks and refine manufacturing processes of SiC materials; (iii) strengthen our R&D capabilities across SiC substrates of various types and specifications, and reinforce our technological advantages in areas such as large-diameter production technology, zero-defect technology, P-type substrate technology and liquid phase technology to improve material performance and facilitate product upgrades; and (iv) develop next-generation transformative technologies to facilitate the adoption of SiC substrates in various emerging sectors.

We will remain committed to in-house R&D by continuously recruiting top-tier talent and providing our R&D personnel with ample resources. Leveraging our robust technological platform and accumulated expertise, we will ensure that our R&D center keeps up with cutting-edge technologies, thereby reinforcing our position as industry leaders. We will also continuously refine our incentive mechanisms and R&D management systems to stimulate innovation. We have implemented a comprehensive reward structure for R&D personnel who make significant contributions in technology development, parameter improvements and patent applications. This

initiative aims to foster enthusiasm within our R&D center. We will strengthen our collaboration with leading universities to provide a solid foundation for technological breakthroughs and product innovations.

Maintaining and Continuously Enhancing Our Production Capacity to Improve Production Efficiency and Delivery Quality

In order to efficiently address the evolving needs of our downstream customers, we will persistently strengthen our effective production capacity, with a particular focus on large-diameter SiC substrates. This will be achieved through strategic investments and the development of state-of-the-art smart factories. This approach will solidify our industry-leading position.

We remain committed to continuously investing in our established production plants and upgrading our technological capabilities. This will enable us to optimize our overall production capacities and efficiencies. Specifically, we aim to (i) improve the stability of our supply chain; (ii) develop equipment with technological leadership; (iii) refine production processes to enhance equipment utilization and material efficiency while minimizing production waste; (iv) strengthen our digital operational systems to increase the level of automation in our smart factories; and (v) continue optimizing engineering parameters and apply core technologies, such as rapid crystal growth and thickness enhancement, to increase production efficiency and reduce costs, achieving scalable lean production.

At the same time, we will continue implementing our Zero-Defect Plan and enhance both delivery quality and efficiency. On one hand, we will make concerted efforts to provide SiC substrates that seamlessly meet the evolving requirements of our customers through dedicated and extensive communications. On the other hand, we will establish stringent quality control standards at each stage of the manufacturing process to ensure the high quality and consistency of our SiC substrates while maintaining our advantage in timely and efficient delivery.

Strengthening Global Collaborative Ecosystem, Expanding Customer Base and Deepening Customer Relationships

We are committed to establishing a mutually beneficial SiC ecosystem through collaboration with upstream suppliers and downstream customers in the industry. We aim to expand the market size, advance the adoption of SiC materials and lead the development of the SiC industry on both the technological and application fronts.

We are committed to bolstering our long-term strategic partnerships with both upstream suppliers and downstream customers. At the same time, we will expand our customer base in both the domestic and international markets. This approach is designed to increase our business scale

and enhance our global market share. By deepening collaborations with globally leading companies, we aim to shape industry trends and strengthen our market position. These collaborations will enable us to jointly define product processes and supply chain standards, accelerate commercialization of new technologies and enhance the performance and cost optimization of our existing offerings, ultimately increasing our market penetration. Concurrently, we will seek new customer acquisitions and expand into new applications, which is crucial for our sustainable growth and market expansion. In addition, we are dedicated to refining our global sales and service system, which will allow us to more effectively identify and meet the needs of both domestic and international customers, improve our response times and customer satisfaction levels, and optimize our delivery costs. By adopting this comprehensive approach, we aim to solidify our position as a customer-centric, globally competitive SiC substrate company.

We are also committed to strengthening our partnerships with globally leading raw material and equipment suppliers. This strategic approach is designed to ensure stable supply chains and maintain our cost advantages. We aim to continuously enhance material and equipment performance while optimizing production costs through collaboration with our suppliers. Furthermore, we will actively develop a diversified, multi-tiered supplier pool, which will allow us to deepen our multifaceted global raw material procurement network, enhancing our supply chain resilience and flexibility.

Continuously Attracting Top Talent and Enhancing Management Capabilities

We place great importance on cultivating our talent pool. We plan to build a specialized team with innovation capabilities, strong teamwork skills and the agility to adapt to changing market dynamics to enhance our technological innovation capacities, strengthen our overall competitiveness and support our sustainable long-term growth.

We will continue to increase investment in our talent acquisition strategies. On one hand, aligned with our strategic priorities spanning R&D, production, sales and management, we will implement comprehensive talent acquisition, training and development programs to strengthen our talent pipeline. On the other hand, we will actively broaden our talent acquisition channels by collaborating with renowned universities. We will enhance our strategic talent development mechanisms by establishing a differentiated training system tailored to role requirements to empower the cultivation of key personnel across domains. We will also maintain a positive working environment, implement comprehensive performance evaluation and provide competitive incentives to encourage continuous value creation and foster business innovation, thereby further enhancing our technological strength and innovative vitality.

We will consistently improve and optimize our organizational management system to develop a structure aligned with our corporate development strategy and suited to our rapidly expanding business scale. This will enhance our management capabilities essential for serving global customers and provide robust assurance for scientific and efficient operational management. We will also continue to improve our operational efficiency in procurement management, inventory management, sales management and digital operations.

Pursuing Strategic Investments, Partnerships or Acquisitions

To enhance our technological capabilities and expand our business footprint, we plan to engage in strategic investments, partnerships or acquisitions in the future. We will primarily target technologies, teams, assets or companies in the semiconductor industry that are complementary or synergistic to us. Through strategic investments, partnerships or acquisitions, we plan to improve our technologies, refine our production processes, enhance our product quality, expand our sales network and broaden our accessible markets, thereby driving our future growth. As of the Latest Practicable Date, we had not identified any investment, partnership or acquisition target.

OUR PRODUCTS

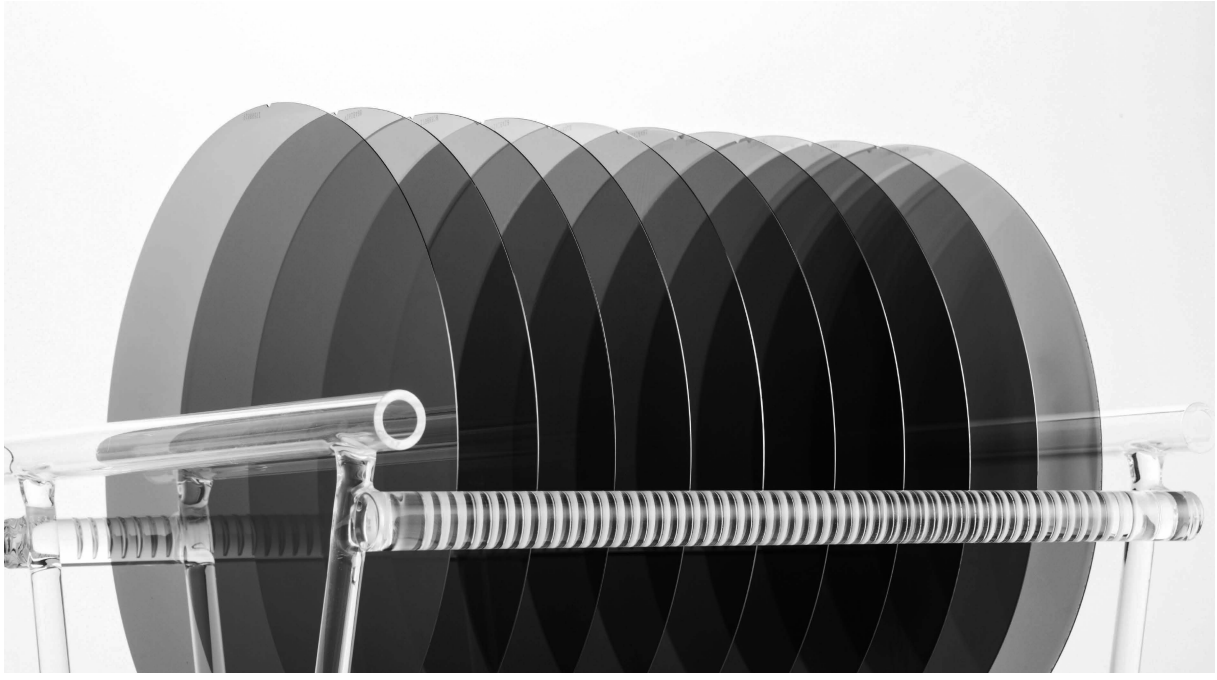
Overview

We are a leader in the production of wide bandgap semiconductor materials, focusing on the research, development and industrialization of SiC substrates since our inception in 2010.

The renewable energy and AI technology revolutions have significantly transformed global industries, driving an increased demand for more powerful and efficient power semiconductor devices. Traditional silicon semiconductors are hard to meet the demands arising from industry upgrades due to their inherent limitations, prompting the semiconductor industry to seek materials that offer greater efficiency, durability and performance. Among these innovations, SiC materials have emerged as a game-changer, revolutionizing various industries with its exceptional properties. SiC, a compound wide bandgap semiconductor material, offers several advantages over traditional silicon: it has (i) a wider bandgap, enabling operation at higher voltages, frequencies and temperatures; (ii) superior thermal conductivity, ideal for applications with substantial thermal loads; (iii) higher breakdown electric field strength, allowing for thinner devices with lower on-resistance; and (iv) higher electron saturation velocity, supporting faster switching speeds. These properties enhance the performance of end products using SiC substrates, allowing them to operate at higher temperatures, voltages and frequencies while maintaining excellent efficiency. This results in improved power density, reduced energy losses and enhanced reliability in

electronic components and systems. Consequently, riding the waves of the surging demands from the renewable energy and AI sectors, innovative wide bandgap semiconductor materials represented by SiC have a significant impact on the semiconductor industry.

We focus on the research, development and production of SiC substrates. According to Frost & Sullivan, we were one of the few global market participants capable of mass producing 8-inch SiC substrates. Leveraging our in-house R&D capabilities, we mastered the core technologies covering all stages of SiC substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing and quality inspection. This enabled our mass production of 8-inch SiC substrates in 2023, overcoming the challenges of high-quality growth interface control and defect control in the production of SiC substrates. In November 2024, we introduced the industry's first 12-inch SiC substrate, which marks a significant step into the era of large SiC substrates. The following picture illustrates our sample SiC substrates:



Dedicated to SiC substrates for over 14 years, we are committed to providing our customers with high-quality SiC substrates. Through technological innovation, we continuously enhance the performance of our customers' products across diverse industries. During the Track Record Period, we primarily offered 4-inch, 6-inch and 8-inch SiC substrates, and we were one of the few companies worldwide that could offer both conductive and semi-insulating SiC substrates in various diameters.

During the Track Record Period, we mainly derived our revenue from sales of conductive SiC semiconductor material and semi-insulating SiC semiconductor material. The following table sets forth our revenue breakdown by product type in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sales of SiC semiconductor material										
Conductive SiC semiconductor material	168,328	40.4	977,624	78.2	1,340,727	75.8	304,375	71.4	259,064	63.5
Semi-insulating SiC semiconductor material	157,691	37.8	108,178	8.6	132,961	7.5	28,950	6.8	70,204	17.2
Sub-total	326,019	78.2	1,085,802	86.8	1,473,688	83.3	333,325	78.2	329,268	80.7
Others[(1)]	91,016	21.8	164,894	13.2	294,453	16.7	92,743	21.8	78,693	19.3
Total	**417,035**	**100.0**	**1,250,696**	**100.0**	**1,768,141**	**100.0**	**426,068**	**100.0**	**407,961**	**100.0**

Note:

(1) Others primarily include (i) other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and customer goods application, and (ii) rental income.

The following table sets forth a breakdown of our sales volume by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Piece	*%*	*Piece*	*%*	*Piece*	*%*	*Piece*	*%*	*Piece*	*%*
Conductive SiC semiconductor material	35,355	55.4	197,046	87.1	324,238	89.8	77,384	90.9	77,501	79.3
Semi-insulating SiC semiconductor material	28,440	44.6	29,256	12.9	36,953	10.2	7,776	9.1	20,222	20.7
Total	**63,795**	**100.0**	**226,302**	**100.0**	**361,191**	**100.0**	**85,160**	**100.0**	**97,723**	**100.0**

Our sales volume of semi-insulating SiC semiconductor material increased significantly from 7,776 in the three months ended March 31, 2024 to 20,222 pieces in the three months ended March 31, 2025, primarily attributable to the increased purchase volumes from Customer 3 and Customer 11 as a result of their rising demand for radio frequency electronic components.

The following table sets forth a breakdown of our average sales price by product type for the period indicated:

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB per piece)		
Conductive SiC semiconductor material	4,761	4,961	4,135[(1)]	3,933	3,343[(1)]
Semi-insulating SiC semiconductor material .	5,545	3,698[(2)]	3,598	3,723	3,472

Notes:

(1) According to Frost & Sullivan, the decreases from RMB4,961 per piece in 2023 to RMB4,135 per piece in 2024 and from RMB3,933 per piece in the three months ended March 31, 2024 to RMB3,343 per piece in the same period of 2025 were in line with the industry trend. The industry average sales price of conductive SiC semiconductor material decreased from RMB3.3 thousand to RMB5.3 thousand per piece in 2023 to RMB2.7 thousand to RMB4.7 thousand per piece in 2024, from RMB2.5 thousand to RMB4.5 thousand per piece in the three months ended March 31, 2024 to RMB2.2 thousand to RMB4.2 thousand per piece in the same period of 2025, primarily due to improvements in production efficiency, intensified market competition, and robust supply availability.

(2) According to Frost & Sullivan, the decrease from RMB5,545 per piece in 2022 to RMB3,698 per piece in 2023 was in line with the industry trend. The industry average sales price of semi-insulating SiC semiconductor material decreased from RMB4.0 thousand to RMB6.2 thousand per piece in 2022 to RMB3.5 thousand to RMB4.9 thousand per piece in 2023, primarily due to improvements in production efficiency, intensified competition and slowing demand growth in downstream markets.

As of March 31, 2025, we had established business relationships with over half of the global top ten power semiconductor device manufacturers in terms of revenue in 2024. According to Frost & Sullivan, in terms of revenue from SiC substrate sales in 2024, we ranked among the top three global SiC manufacturers with a market share of 16.7%.

During the Track Record Period, we also sold other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and consumer goods applications, to our customers.

Applications

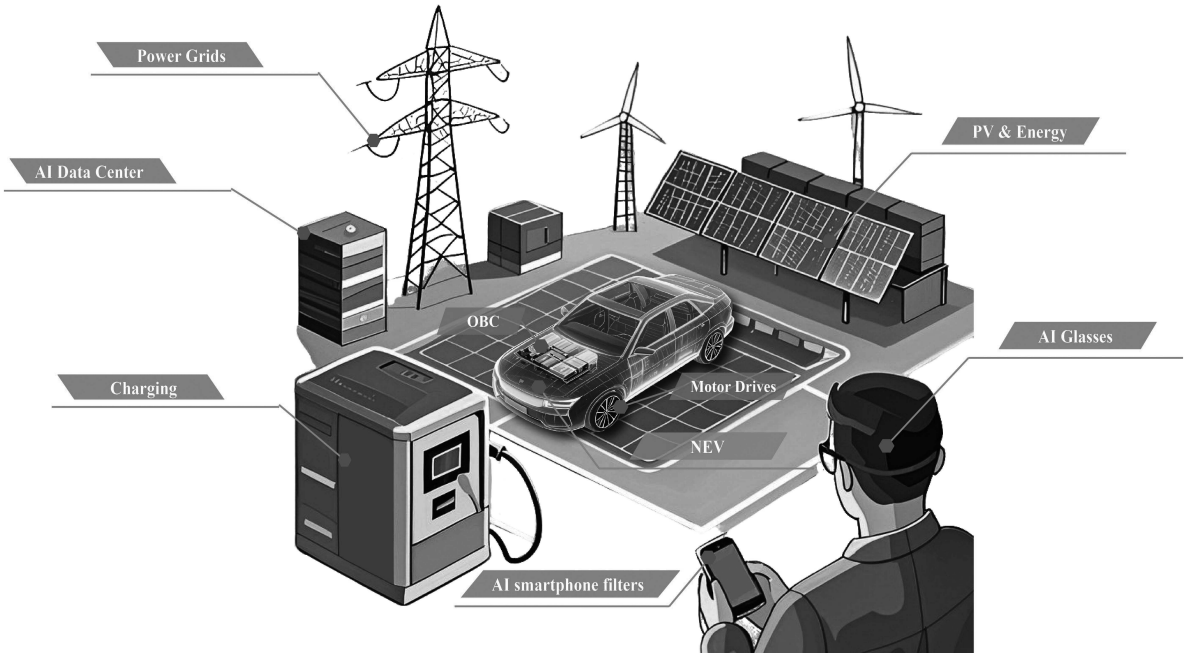
SiC substrates exhibit exceptional electrical and physical properties, which make them particularly suitable for a wide spectrum of applications.

Conductive SiC substrates' high-temperature resistance, high-voltage endurance and high switching speed enable power semiconductor manufacturers to create smaller, more efficient, more resilient, more versatile electronic devices with higher functional integration than traditional silicon-based ones. During the Track Record Period, our conductive SiC substrates were primarily used to manufacturer power semiconductor devices that are adopted in electric vehicles, AI data centers, photovoltaic systems, rail transportation, power grids and household appliances.

Semi-insulating SiC substrates' high resistivity, low leakage current, high thermal conductivity and high resistance to radiation make them particularly valuable in high-frequency and high-power electronic applications where signal integrity and efficiency are paramount. Semi-insulating SiC substrates can be processed into radio frequency devices, which play the role of signal conversion in telecommunication and are fundamental components of telecommunication equipment. During the Track Record Period, our semi-insulating SiC substrates were primarily adopted by end products in the telecommunication industry, such as advanced telecommunication base stations.

In addition, the exceptional optical and acoustic properties of our SiC materials make them ideal for consumer electronics, such as optical waveguide lenses in AI glasses.

The illustration below summarizes our SiC substrates' applicable industries and the end products that adopt them.



Electric Vehicles

Electric vehicle manufacturers can benefit from the adoption of our SiC substrates due to their superior electrical properties, which enable greater efficiency and performance in power devices. Our SiC substrates are mainly used in electric vehicles' motor drives, on-board chargers (OBCs) and DC/DC converters. According to Frost & Sullivan, power modules that adopt our SiC substrates can (i) improve the energy conversion efficiency of motor drives and significantly reduce energy losses by 70% to 90%, thereby increasing the range of electric vehicles, and maintain stable high-power output in high-temperature environments, thereby supporting higher rated voltages; (ii) enhance OBCs' charging efficiency and enable high-voltage fast charging, thereby shortening the charging time of electric vehicles and ultimately improving the user experience for electric vehicle owners; and (iii) increase the energy conversion efficiency of DC/DC converters and reduce energy losses by 80% to 90%, thereby improving overall electrical energy utilization efficiency and minimizing the impact of on-board electronic device power consumption on electric vehicle range. By adopting our SiC substrates, electric vehicle manufacturers can produce more efficient, reliable and cost-effective vehicles. According to Frost & Sullivan, the SiC power device market for electric vehicles is expected to reach USD14.7 billion by 2030, with a CAGR of 36.1% from 2024 to 2030, and the penetration rate of SiC power semiconductor devices in electric vehicles is projected to increase from 19.2% in 2024 to 53.6% in 2030.

AI Data Centers

The adoption of our SiC substrates presents exciting opportunities for AI data centers. The rapid growth of computing power required for AI development is dramatically increasing energy consumption in AI data centers. According to Frost & Sullivan, data centers are projected to account for approximately 10% of global electricity consumption by 2030. Our SiC substrates can be adopted in the AC-DC stage in power supply units for AI data centers to reduce energy consumption, improve cooling solutions and enhance power density for servers, ultimately supporting the growing demand for high-performance AI computation with significant power demands. SiC power devices can be utilized to construct the power factor correction (PFC) circuits within power supply units (PSUs) as an alternative to their silicon-based counterparts. Compared to silicon power devices, SiC power devices offer higher switching frequencies and lower reverse recovery losses, which can effectively reduce the component count, increase power density and enhance the energy conversion efficiency of AC-DC power stages. The use of SiC power devices in PSUs can drive power densities to more than double that of silicon-based power device PSUs, while improving the energy conversion efficiency by up to approximately 1% at the AC-DC stage. In addition, SiC-based PSUs are more compact in size as compared to silicon-based PSUs, enabling AI data centers to deliver higher power output within existing rack space. According to Frost & Sullivan, the penetration rate of SiC power semiconductor devices in AI data centers is projected to increase from 7.5% in 2024 to 18.3% in 2030.

Photovoltaic Systems

Photovoltaic components have traditionally utilized silicon devices, but after over 40 years of development, their conversion efficiency and power density are nearing theoretical limits. Our SiC substrates can not only improve energy conversion efficiency and reduce switching losses for photovoltaic components, such as inverters, boost converters and energy storage converters, but also reduce the size and consumption of passive components, such as inductors and capacitors, minimizing overall system cost, weight and volume to ease transportation and installation. By adopting our SiC substrates, photovoltaic companies can benefit from lower energy loss, higher switching frequencies and reduced heat dissipation needs. Our SiC substrates' ability to operate at elevated frequencies and temperatures enhances power conversion efficiency, resulting in more effective solar energy systems that convert sunlight into usable electricity with improved thermal management. Additionally, the durability and smaller size of SiC-based power devices lead to lower operational costs and extended system lifespans. This ultimately enhances the efficiency, reliability, and cost-effectiveness of photovoltaic solutions, making solar energy more competitive in the renewable energy market. According to Frost & Sullivan, the penetration rate of SiC power semiconductor devices in photovoltaic systems is projected to increase from 9.7% in 2024 to 20.4% in 2030.

AI Glasses

Driven by the advancements in microdisplay technology, optical technology, AI algorithms and the maturation of AR software and content ecosystems, the global AI glasses market is expected to experience rapid growth by 2027. Due to SiC materials' significantly higher refractive index compared to high-refractive glass and lithium niobate, the adoption of our SiC materials in the making of optical waveguide lenses can result in a wider field of view and simpler full-color display structures. This can lead to a reduction in the size, weight and complexity of AI glasses, significantly enhancing the performance and user experience of AI glasses. According to Frost & Sullivan, the application of SiC materials is expected to significantly drive the large-scale commercialization of AI glasses in the global market, and the shipment volume of AI glasses is projected to exceed 65.9 million pairs by 2030.

Rail Transportation

Our SiC substrates are capable of handling higher voltages and temperatures with lower energy losses, allowing for more effective and compact power conversion systems, such as traction converters, used in trains. This results in improved power density and reduced overall weight, contributing to lower energy consumption and enhanced speed and reliability of trains. By incorporating our SiC substrates, rail transportation systems can achieve higher efficiency and increased operational performance, facilitating more economical and sustainable rail operations. According to Frost & Sullivan, the penetration rate of SiC power semiconductor devices in rail transportation is projected to increase from 16.7% in 2024 to 36.6% in 2030.

Power Grids

Our SiC substrates can significantly enhance power grids by improving the efficiency and capacity of power transmission and distribution. Capable of operating at higher temperatures, voltages, and frequencies, our SiC substrates enable more compact and efficient devices such as converters, switchgear, and transformers, reducing energy losses and improving power quality. For instance, at the same voltage and conversion frequency, MOSFET inverters adopting our SiC substrates have substantially lower energy losses as compared to silicon-based IGBT inverters. Our SiC substrates' high thermal conductivity also decreases heat dissipation and maintenance needs, lowering operational costs and boosting reliability. Integrating our SiC substrates results in higher efficiency, increased grid stability, and better support for renewable energy, fostering a more resilient and sustainable energy infrastructure. According to Frost & Sullivan, the penetration rate of SiC power semiconductor devices in power grids is projected to increase from 4.2% in 2024 to 14.6% in 2030.

Household Appliances

Our SiC substrates are suitable for a wide variety of household appliances, particularly high-power ones, such as air conditioners, refrigerators, washing machines and electric ovens. Utilization of our SiC substrates in the PFC circuits, boost circuits, motor drives and high-voltage power supplies, can enhance the energy conversion efficiency of household appliances, thereby improving their energy performance and efficiency and reducing household electricity consumption. In addition, our SiC substrates enable power semiconductor devices to increase the power density of power supplies and reduce the size of heat sinks, thereby decreasing the volume and cost of magnetic components and thermal management parts of household appliances, promoting the miniaturization of household appliances. Taking air conditioners, one of the largest segments in the household appliance industry, as an example, the shipment volume of SiC-based high-end household air conditioners is expected to surpass 80 million by 2030, accounting for approximately 30% of the global household air conditioner shipment volume.

Advanced telecommunication base stations

Advanced telecommunication base stations benefit from adopting our SiC substrates. The low radio frequency loss due to the high resistivity of our SiC substrates improves the performance of radio frequency components and enables radio frequency devices to operate at higher frequencies, making SiC-based GaN an ideal choice for the advanced demands of telecommunication technology. Additionally, SiC-based GaN that uses our SiC substrates boasts superior efficiency with reduced energy losses, lowering operational costs and enhancing network performance. The high breakdown voltage allows telecommunication devices to operate safely at higher voltages, vital for the high-power radio frequency applications in telecommunication systems. Furthermore, the high power density and frequency capability of SiC-based GaN enable more compact and efficient power amplifiers needed for advanced telecommunication base stations. According to Frost & Sullivan, the penetration rate of SiC radio frequency semiconductor devices in advanced telecommunication base stations is projected to increase from approximately 46% in 2023 to approximately 66% in 2030.

R&D

We are committed to R&D and innovation. We have invested significant resources into the R&D of SiC substrates and production technologies, which is crucial for a semiconductor material company. Our focus spans fundamental research, product development and engineering R&D, ensuring that we not only keeps up with technological advancements but also continually enhance our product offerings. This dedication to R&D drives innovation and positions us to meet the evolving demands of the industry, fortifying our role as a leader in bandgap semiconductor materials.

In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, we had R&D expenses of RMB127.6 million, RMB137.2 million, RMB141.8 million, RMB22.3 million and RMB44.9 million, respectively, accounting for 30.6%, 11.0%, 8.0%, 5.2% and 11.0% of our revenue in the same years, respectively. Our outstanding R&D accomplishments are a testament to our robust R&D center. As of March 31, 2025, our R&D center comprised of 154 dedicated employees with experience and expertise in materials science, physics, chemistry and mechanical engineering. Over 40% of them hold a doctoral or master's degree. By function, our R&D center can be divided into fundamental research, product development and engineering teams.

Our endeavors in R&D have resulted in significant accomplishments as evidenced by our intellectual property profile. As of the Latest Practicable Date, we had been granted 503 patents, including 198 invention patents, 14 of which were from regions outside mainland China.

R&D Focuses and Process

Our R&D primarily focus on three areas: fundamental research, product development, and engineering R&D.

- *Fundamental research*. Our fundamental research primarily concentrates on developing novel crystalline materials, exploring different theories and methodologies for crystal growth and preparation, developing innovative applications based on physicochemical properties of materials, uncovering the physical correlation mechanisms between crystal material performance and their structural and manufacturing processes, and investigating crystal growth mechanisms and their associated thermodynamics. We also focus on researching defect control in semiconductor crystals as well as the advanced characterization techniques and theories for crystal defects and performance. Through this comprehensive approach, we aim to enhance the quality and performance of our materials, driving innovation in semiconductor technology.

- *Product development*. Our product development primarily focuses on the creation of semiconductor crystals and the corresponding substrates with various conductivity types, dimensions, performance and applications. By diversifying our product portfolio in terms of physical properties and diameters, we aim to meet the specific needs of different applications and industries, such as electric vehicles, AI data center, photovoltaic systems and AI glasses. This targeted approach not only enhances our product portfolio but also strengthens our position in the competitive semiconductor market, ensuring that we can provide tailored solutions to our customers.

- *Engineering R&D*. Our engineering R&D primarily focus on the continuous iteration and refinement of our production technology. We have a dedicated engineering team that is primarily responsible for (i) building three-dimensional equipment models, conducting fluid dynamics and thermodynamics design and simulation, and developing and optimizing crystal growth equipment and thermal fields; (ii) software and hardware development and the study of crystal growth processes; and (iii) technical rectification of quality issues in crystal preparation processes, aiming to continuously enhance crystal material quality and preparation efficiency with feedback to and collaboration with fundamental research and product development. The advancement in our production technology drives the improvement in critical performance metrics of our products, including defect metrics, electrical performance parameters and product yield. Our commitment to technological evolution ensures effective cost management, elevated product reliability and promotes application diversification.

We typically conduct targeted R&D to focus on the pain points and needs of our downstream customers, and we optimize and improve our products based on their feedback. This approach enables our products to better support their end products while deepening the collaboration between us and our customers. Our R&D is led by the R&D center, operating under a hierarchical management project system with the following processes: (i) our employees combine information gathered from our daily operation, collaboration with industry participants, market research, and analysis of customer feedback, and submit demand applications to the R&D center; (ii) once the demand application is approved, the R&D center puts together a designated project team by selecting a project manager and team members, and the project manager is responsible for writing a project approval report that includes the project name, background, feasibility analysis, project objectives and financial budget; (iii) the project team formulates the R&D design plan based on the project requirements, details the experimental plan and schedule, and completes the experimental verification according to the design plan; (iv) the project manager, based on the project plan and delivery status, determines if all project goals have been completed, initiates the project acceptance application, and prepares the Project Acceptance Report for the R&D center to review; and (v) after project acceptance, the R&D center evaluates the R&D results and takes various measures to safeguard our intellectual property rights.

Our Technologies

As of the Latest Practicable Date, we had mastered core technologies covering all stages of SiC substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing and innovative material quality characterization. Anchoring our success in our proprietary technologies, we are committed to independent R&D, and we have formed a comprehensive system to protect our IP rights. See "— Intellectual Property."

Defect Control Technology in the SiC Crystal Growth Process

Defects in SiC materials primarily include micropipes, polytype inclusions and dislocations. Micropipes are through-type defects ranging from a few microns to tens of microns in size and are killer defects for devices. SiC materials contain more than 200 types of crystal structures. To ensure a desired crystal structure and to avoid common defects like polytype inclusions, the precise control of various parameters, such as temperature, pressure and airflow, is essential. The thermal stress caused by the temperature gradient in the SiC crystal growth thermal field and the fluctuations in temperature and composition during the growth process can also introduce defects such as dislocations and point defects, affecting the quality and performance of subsequent epitaxy and devices.

We have (i) controlled the uniform and orderly nucleation at the seed crystal interface through our design of crystal nucleation process, achieving the growth of single 4H crystals with near-zero micropipe density; (ii) realized a highly uniform thermal field for crystal growth through our design of thermal field structure and crystal growth chamber, effectively reducing the internal stress and dislocation defects induced during the crystal growth process and significantly improving the crystalline quality of the grown crystals; (iii) commercialized high-quality SiC substrates with screw dislocation densities below 100 cm^{-2} and optimal quality control achieving levels below 1 cm^{-2} through our research on the generation and transformation mechanisms of threading dislocations and innovation in dislocation elimination processes; and (iv) we have achieved precise regulation of the C/Si composition at the growth interface through our C/Si composition regulation technology, ensuring the control of type and concentration of point defects within the crystals. These technologies have enabled us to realize stable and controllable quality in the continuous growth of high-quality SiC crystals.

SiC Crystal Growth Equipment and Thermal Field Design and Manufacturing Technology

Our SiC crystal growth equipment adopts a high vacuum system structure, which can achieve an extremely high vacuum degree while keeping an extremely low high-temperature vacuum leakage rate, ensuring the purity of SiC powder and the SiC crystal growth chamber. In addition, we have continuously improved the automation level of our SiC crystal growth equipment, combined with the crystal growth control software system, to realize the automatic loading, furnace sealing, and automatic control before crystal growth, as well as real-time monitoring of all parameters such as furnace temperature, vacuum degree, and gas flow during the crystal growth process, ensuring the stability and controllability of the crystal growth process.

The SiC crystal growth thermal field is the core of SiC crystal growth, determining the key reaction conditions, such as the axial and radial temperature gradients and the gas phase flow field, in the crystal growth. The core of thermal field configuration is to set an appropriate axial

temperature gradient and radial temperature gradient to ensure that the crystals grown in the thermal field have relatively small inherent internal stress and a reasonable and controllable growth rate. Our thermal field simulation and modeling team uses professional SiC thermal field simulation software for thermal field design, which can perform accurate thermal field simulation, modeling, and design for different types and diameters of SiC crystal to meet the technical needs of growing crystals.

High-purity SiC Powder Preparation Technology

SiC powder is the raw material for SiC crystal growth. Due to the influence of the synthesis environment and the inherent and irremovable impurities in raw and auxiliary materials, the synthesized SiC powder inevitably introduces a large number of impurities, directly affecting the purity and electrical performance of the crystals. We have developed a high-vacuum powder reaction chamber using high-purity graphite thermal insulation materials, and designed a special reaction process to obtain SiC powder particles with extremely high purity by controlling the concentration of the main electrically active impurities in the powder to below 0.05 ppm. In addition, after crushing, screening, and self-developed cleaning processes, we can obtain powder of different particle sizes, ensuring the preparation of high-quality SiC crystals.

Precise Impurity Control Technology and Electrical Performance Control Technology

The electrical performance of semiconductors depends on the type and concentration of impurities in the semiconductor material. To harness the high-resistance electrical characteristics of semi-insulating SiC substrates, the impurity concentration in the crystals needs to be controlled at an extremely low level; to harness the low-resistance electrical characteristics of conductive SiC substrates, a high concentration of nitrogen elements needs to be introduced into the crystals. Therefore, precise control of the impurities that enter the crystals during the growth process is vital.

Based on the high-vacuum single crystal growth chamber and high-purity SiC powder that we developed in-house, we have further developed our in-situ purification technology during the crystal growth process and C/Si component control technology at the crystal growth interface. These technologies effectively reduce the impurity concentration in the crystals and realizing the control of defect types and concentrations. In addition, we developed innovative electrical performance control technology and achieved the uniform and stable low-resistance electrical characteristics of conductive SiC substrates, keeping their in-plane resistivity uniformity within 2%.

Ultra-precision Processing Technology for SiC Substrates

Our ultra-precision processing technology consists of:

Multi-wire Slicing Technology for SiC ingots with High Surface Quality. SiC crystal has a Mohs hardness of 9.2, second only to diamond, and is a hard and brittle material. We have developed a segmented multi-wire slicing process for large-diameter crystals. Based on specific crystal type, we have designed the most optimal feed curves to optimize the crystal surface profiles from entry to exit, thereby reducing surface damage on the sliced wafers. We have also formulated a unique SiC crystal slicing fluid composition that significantly improving slicing efficiency.

Global Grinding and Polishing Technology with High Flatness and Low Roughness. Due to the highly stable physical and chemical properties of SiC crystal, the efficiency of using traditional semiconductor polishing methods is extremely low, and it is difficult to ensure the surface quality. Through years of research, we have developed SiC grinding and polishing processes, which can ultimately produce a smooth, flat and highly polished SiC surface.

SiC Substrate Surface Cleaning Technology. After chemical mechanical polishing, the SiC substrates require final cleaning to remove sub-micron-scale particles, contaminants, and metal ions from their surfaces. We have independently developed a chemical cleaning solution and a multi-step cleaning process, which can effectively remove microscopic particles and metal ion contamination from substrate surface, allowing customers to use them straight out of the box.

Liquid Phase Method

Our liquid phase method, unlike conventional techniques, involves growing SiC crystals from a molten silicon-carbon solution. This technique provides better control over the growth parameters, allows for a more homogeneous distribution of dopants within the crystal, and facilitates the growth of SiC crystal that are particularly well-suited for high-power and high-voltage electronics. By carefully managing the temperature and composition of the liquid melt, we can produce SiC ingots with reduced defects, lower resistance and larger diameters. Our liquid phase method enables us to produce 8-inch SiC substrates free from macroscopic defects.

PRODUCTION

The production of SiC substrates encompasses the crystal growth and substrate fabrication processes. The physical vapor transport (PVT) method is the most widely adopted technique in the industry today for SiC crystal growth. In the PVT process, high-purity SiC powder is directly vaporized by extremely high temperatures under precisely controlled low-pressure conditions. By

carefully regulating the molecular motion within the growth chamber, the gaseous SiC powder is condensed and crystallized on a seed crystal, forming a large single-crystal ingot. This ingot is then sliced, ground, polished and cleaned to create the final SiC substrates.

During the Track Record Period, we produced our SiC substrates at our own production plants in Shandong and Shanghai. We enable optimization and improvements across all technical facets by integrating our core technologies throughout every stage of crystal growth and substrate processing. Additionally, we are dedicated to meeting IATF16949 standards for automotive-grade quality and safety management. Consequently, our technology-driven production model backed by robust management system enables our supply of high-quality SiC substrates.

Production Plants

We had established the Shandong production plant and the Shanghai production plant. The table below sets forth details of our production plants as of March 31, 2025.

Production Plants	Location	Gross Floor Area	Primary Products
		(sq.m.)	
Shandong production plant	Jinan & Jining	69,732	SiC substrates
Shanghai production plant	Shanghai	93,897	SiC substrates

In 2022, 2023 and 2024, our total production capacity was approximately 75,000 pieces, 270,000 pieces and 420,000 pieces of SiC substrates, respectively; our actual production was approximately 71,000 pieces, 262,000 pieces and 410,200 pieces of SiC substrates, respectively; our production utilization rate was 94.7%, 97.0% and 97.6%, respectively. In the three months ended March 31, 2024 and 2025, our total production capacity was approximately 96,800 pieces and approximately 105,600 pieces of SiC substrates, respectively; our actual production was approximately 83,700 pieces and 84,300 pieces of SiC substrates, respectively; our utilization rate was 86.5% and 79.8%, respectively. The decrease in our utilization rate between March 31, 2024 and 2025 was primarily due to the substantial increase in production capacity driven by improving yield rates in the same period.

Our total production capacity increased from 75,000 pieces in 2022 to 270,000 pieces in 2023, and further increased to 420,000 pieces in 2024, primarily due to (i) rising market demand, necessitating an expansion of our production capacity to meet customer requirements; and (ii) our technological advancements, such as the continuous improvement of our SiC ingots' effective thickness and enhanced defect control, which simultaneously enhanced our production capacity. Our total production capacity increased from 96,800 pieces in the three months ended March 31, 2024 to 105,600 pieces in the three months ended March 31, 2025, primarily due to the improving yield rate of SiC substrates.

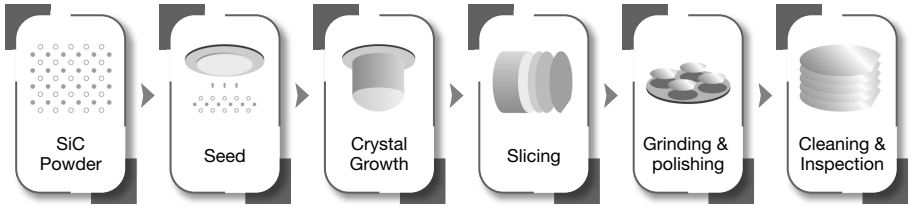
Smart Production

Our production model is beneficial for meeting the diverse needs of our customers, improving on-time delivery, ensuring consistent product quality, and enhancing customer satisfaction. It also helps us control our inventory level and improve our capital utilization efficiency.

We have developed and implemented an information system to facilitate the processing of customer orders and the production process control. We have also integrated artificial intelligence digital simulation and big data technology to automate our production process of our SiC substrates. On one hand, smart production can mitigate risks arising from human intervention, which is crucial for the preparation of SiC substrates. On the other hand, a high level of automation can effectively optimize labor costs in production. As of March 31, 2025, our 6-inch SiC substrate production line had achieved a high level of automation and our 8-inch SiC substrate production line had achieved full automation, laying a solid foundation for our technological upgrades and product iteration. Taking our automated slicing inspection equipment as an example, we can inspect over 1,000 pieces of SiC substrates per equipment daily, which significantly surpassed the manual inspection efficiency.

Production Process

We are committed to the continual development of production process techniques to enhance manufacturing and production management capabilities. The diagram below illustrates key steps of the production process of our SiC substrates.



Set forth below are details and explanations of key steps of our SiC substrate production process:

- *Raw Material Synthesis*. SiC materials are typically synthesized from high-purity silicon and carbon powder. The reaction usually occurs in a furnace at high temperatures.

- *Crystal Growth*. High-purity SiC powder is used to grow single-crystal ingots using methods like PVT, liquid phase method or other sublimation techniques. The process occurs in a graphite crucible under specific thermal conditions, allowing SiC powder to sublimate and redeposit on a seed crystal.

- *Orientation and slicing*. Once the SiC crystal ingot is grown, it is oriented and sliced into wafers. This involves orienting the crystal to ensure proper alignment of the crystalline planes and slicing it into thin wafers using diamond-coated wire saws or laser.

- *Surface Grinding and Polishing*. The sliced wafers undergo grinding and polishing to achieve a flat, smooth, and defect-free surface suitable for subsequent electronic device fabrication.

- *Final Substrate Cleaning*. This step further enhances the wafer's surface finish by removing any remaining surface particles.

- *Inspection and Quality Control*. The finished SiC wafers are subjected to thorough inspection and quality control to ensure they meet the specifications in terms of crystal quality, surface defects, and dimensional tolerances.

Production Equipment and Machinery

Our advanced manufacturing facilities are essential for enhancing product quality and cost competitiveness. Most of our machines and equipment are highly automated, which allows us to enhance manufacturing efficiency and reduce labor costs. We design, customize and integrate a variety of advanced equipment into our production processes. Our critical production equipment primarily includes crystal growth furnaces, powder synthesis equipment, wafer slicing equipment and polishing and cleaning equipment. We have established collaborative partnerships with equipment manufacturers, where we are responsible for the design of the core components of our critical production equipment, such as our crystal growth furnaces, while our equipment manufacturer partners focus on the manufacturing processes.

Production Expansion Plan

We plan to continue to expand the production capacity of our SiC substrates. We develop production expansion plans primarily based on (i) the anticipated supply and demand for our SiC substrates; (ii) the current and anticipated prices of our SiC substrates; (iii) the utilization of the existing production facilities and the feasibility of their expansion; (iv) the estimated cost of development; and (v) our capital resources.

As SiC substrates continue to penetrate existing application scenarios, such as electric vehicles, AI data centers, photovoltaic systems, power grids, household appliances and telecommunication, and simultaneously expand into emerging fields, such as low-altitude aviation, we are strategically planning to enhance our production capacity for 8-inch and larger-diameter SiC substrates. This expansion will be achieved through the establishment of new overseas production facilities and the expansion of our existing production plants, which is expected to significantly boost our delivery capabilities and efficiency. See "Future Plans and Use of Proceeds."

Maintenance

We conduct careful and timely maintenance of our production facilities and equipment. Each piece of our major production equipment or power machinery undergoes regular servicing and maintenance, adhering to predefined schedules. We have established and continually update internal procedures tailored to the unique characteristics and requirements of each piece of production equipment or power machinery. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material or prolonged suspensions of operations due to equipment, machinery or other mechanical failures.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Raw Materials and Procurement

The production of SiC substrates relies on high-quality raw materials, the intrinsic quality of which directly affects the efficiency, reliability, and effectiveness of the SiC substrates, making them critical for producing semiconductor devices. Consequently, top suppliers of these high-quality materials often choose to partner with leading market players, such as us, who demonstrate a commitment to excellence and innovation. By establishing long-term cooperation with these top suppliers, we ensure stable access to essential resources, enabling us to maintain consistent quality and performance standards in our SiC substrates, thereby strengthening our competitive position in the market.

We procure a variety of materials and equipment necessary for the manufacturing of our SiC substrates, including carbon powder, silicon powder, graphite thermal insulation materials, and equipment for crystal growth, slicing, grinding and polishing. To mitigate potential impact from increases in raw material costs, we primarily entered into long-term cooperation agreements with suppliers of key production materials, such as graphite thermal insulation materials, maintain close communication and implement strategic procurement. We have also implemented periodic reviews and internal mechanisms to monitor our raw material costs by taking into consideration our inventory levels, sales prospects and market trends.

We maintain a list of qualified suppliers to facilitate our selection of the most suitable raw materials suppliers for the projects according to the procurement plans. Our procurement plans are formulated based on production schedules, inventory levels, supplier lead time and product lifetime. After the procurement plans are approved, our procurement department will conduct a price inquiry, evaluating potential suppliers on their basic information and criteria including price, quality, credentials and delivery timelines. We typically negotiate prices with our suppliers on an annual basis, and we set out the terms in framework agreements. In response to the potential price increases from major suppliers, we primarily conduct secondary source evaluations to mitigate the impact on our raw material costs.

Suppliers

During the Track Record Period, we primarily engaged suppliers of raw materials and equipment necessary for our preparation and production of SiC substrates as well as construction and utilities service providers.

Supplier Management

We typically partner with experienced and reputable suppliers to guarantee the quality of our products. Our selection criteria focus on technological expertise, infrastructure and equipment, product quality, credentials, reputation, and pricing.

We have established strict supplier management procedures. Our procurement process begins by calculating the amount or quantities of raw materials needed based on the production schedule and bill of materials, which allows us to create a comprehensive material demand list. We then analyze the total material requirements, delivery cycles, inventory levels, and pending order quantities to develop a procurement plan. Once the production department reviews and approves the plan, it is forwarded to the procurement department for execution. For critical and scarce materials, we implement strategic stocking to ensure availability. We utilize a combination of

annual and ad-hoc orders, allowing us to flexibly allocate resources to meet production needs effectively. We establish formal partnership with a supplier only after their sample products meet our rigorous inspection criteria and pass our assessment.

In addition to evaluating new suppliers, we perform annual reviews of our existing suppliers, requiring them to promptly address any issues identified during these assessments. Suppliers who do not meet our standards must implement corrective actions and adjust their business strategies. Continued non-compliance may lead to the termination of our relationship with the supplier.

We ensure that our operations are not reliant on a single supplier. To ensure stable supply of raw materials, during the Track Record Period, we maintained multiple suppliers to prevent overdependence and believe that suitable alternatives for our suppliers can be readily found.

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

- *Duration*. The duration of our supply agreements is typically one year.

- *Product specifications.* We specify the product name, specification, price, quantity, delivery time and delivery location in each purchase order we send to our suppliers.

- *Payment and delivery.* The suppliers are typically responsible for the delivery of products to our designated location specified in each purchase order. In terms of payment, we either prepay for our purchase order, or are generally granted by our suppliers a credit term of 30 days to 90 days following our issuance of a letter of acceptance.

- *Transfer of risk.* The risk transfers to us after we complete inspection and confirm receipt of the products.

- *Quality Guarantee*. Unless otherwise stipulated in the purchase order, typically the suppliers' standard quality warranty period lasts for three years following our issuance of a letter of acceptance. During the quality warranty period, the suppliers guarantee that all products are free from defects in design, materials, workmanship and reliability, and have been appropriately packaged.

- *Confidentiality*. The supplier shall not disclose or make public the contents of the purchase orders without our prior written consent.

- *Product return.* We have the right to reject, replace or return products for a variety of reasons, including non-conformity with product quality, product specifications or quantity with the order placed.

- *Termination.* We are entitled to terminate the purchase order when the supplier fails to perform and does not make timely corrections after receipt of our written notice.

Major Suppliers

We primarily procure our raw materials and equipment in China. During the Track Record Period, our major suppliers primarily included raw materials and equipment suppliers. Purchases from our largest supplier in 2022, 2023, 2024 and the three months ended March 31, 2025, amounted to RMB203.9 million, RMB317.0 million, RMB346.4 million and RMB89.0 million, respectively, accounting for 14.4%, 10.5%, 21.1% and 23.9% of our total purchase amount, respectively, during the same periods. Purchases from our five largest suppliers (excluding construction service providers) during each year in 2022, 2023, 2024 and the three months ended March 31, 2025, amounted to RMB553.0 million, RMB1,086.4 million, RMB750.2 million and RMB186.0 million, respectively, accounting for 39.1%, 35.9%, 45.6% and 49.9% of our total purchases, respectively, during the same periods. During the Track Record Period, we paid our suppliers primarily by bank transfer and bank acceptance.

The following tables set forth details of our top five suppliers during the Track Record Period.

For the year ended December 31, 2022

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship
				(RMB in thousands)		
1	Supplier 1 . . .	Listed on the Shenzhen Stock Exchange, Supplier 1 was founded in 2001 and registered in Beijing. It primarily engages in semiconductor equipment manufacturing.	Equipment	203,941	14.4%	2019
2	Supplier 2 . . .	Supplier 2 was founded in 2003 and registered in Shanghai. It primarily engages in the production of graphite materials.	Raw materials	178,206	12.6%	2020

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship
				(RMB in thousands)		
3	Supplier 4 . . .	It was founded in 1953 and registered in Beijing. It primarily engages in the supply of specialized equipment as well as engineering and construction services.	Equipment	62,096	4.4%	2021
4	Supplier 7 . . .	It was founded in 2004 and registered in Jiangsu. It primarily engages in the production of graphite materials.	Raw materials	55,006	3.9%	2020
5	Supplier 10. . .	It was founded in 1991 and registered in Shandong. It primarily engages in the distribution and supply of electricity.	Utilities	53,713	3.8%	2020
			Total	**552,962**	**39.1%**	

For the year ended December 31, 2023

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship
				(RMB in thousands)		
1	Supplier 1 . . .	Listed on the Shenzhen Stock Exchange, Supplier 1 was founded in 2001 and registered in Beijing. It primarily engages in semiconductor equipment manufacturing.	Equipment	317,047	10.5%	2019
2	Supplier 2 . . .	Supplier 2 was founded in 2003 and registered in Shanghai. It primarily engages in the production of graphite materials.	Raw materials	279,216	9.2%	2020
3	Supplier 4 . . .	Supplier 4 was founded in 1953 and registered in Beijing. It primarily engages in the supply of specialized equipment as well as engineering and construction services.	Equipment	245,529	8.1%	2021
4	Supplier 6 . . .	Supplier 6 was founded in 2013 and registered in Hong Kong. It primarily engages in semiconductor packaging and manufacturing.	Equipment	131,099	4.3%	2022

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship
				(RMB in thousands)		
5	Supplier 7 . . .	Supplier 7 was founded in 2004 and registered in Jiangsu. It primarily engages in the production of graphite materials.	Raw materials	113,489	3.8%	2020
			Total	**1,086,380**	**35.9%**	

For the year ended December 31, 2024

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship
				(RMB in thousands)		
1	Supplier 2 . . .	Supplier 2 was founded in 2003 and registered in Shanghai. It primarily engages in the production of graphite materials.	Raw materials	346,394	21.1%	2020
2	Supplier 7 . . .	Supplier 7 was founded in 2004 and registered in Jiangsu. It primarily engages in the production of graphite materials.	Raw materials	147,108	8.9%	2020
3	Supplier 8 . . .	Supplier 8 was founded in 2007 and registered in Zhejiang. It primarily engages in the production of graphite materials.	Raw materials	108,411	6.6%	2022
4	Supplier 9 . . .	Supplier 9 was founded in 1989 and registered in Shanghai. It primarily engages in the distribution and supply of electricity.	Utilities	87,909	5.3%	2021
5	Supplier 10. . .	Supplier 10 was founded in 1991 and registered in Shandong. It primarily engages in the distribution and supply of electricity.	Utilities	60,371	3.7%	2020
			Total	**750,192**	**45.6%**	

For the period ended March 31, 2025

No.	Suppliers	Background	Products/services provided to us	Purchase amount	% of total purchase amount	Year of commencement of business relationship
				(RMB in thousands)		
1	Supplier 2 . . .	Supplier 2 was founded in 2003 and registered in Shanghai. It primarily engages in the production of graphite materials.	Raw materials	89,001	23.9%	2020
2	Supplier 7 . . .	Supplier 7 was founded in 2004 and registered in Jiangsu. It primarily engages in the production of graphite materials.	Raw materials	34,913	9.4%	2020
3	Supplier 8 . . .	Supplier 8 was founded in 2007 and registered in Zhejiang. It primarily engages in the production of graphite materials.	Raw materials	25,263	6.8%	2022
4	Supplier 9 . . .	Supplier 9 was founded in 1989 and registered in Shanghai. It primarily engages in the distribution and supply of electricity.	Utilities	22,251	5.9%	2021
5	Supplier 10. . .	Supplier 10 was founded in 1991 and registered in Shandong. It primarily engages in the distribution and supply of electricity.	Utilities	14,534	3.9%	2020
			Total	**185,962**	**49.9%**	

As of the Latest Practicable Date, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of the Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest suppliers (excluding construction service providers).

QUALITY CONTROL

We strive to deliver products to our customers that are free of any defects. To that end, we have developed and implemented a Zero-Defect Plan, aiming for defect-free delivery. We have also established robust policies and detailed procedures to uphold product quality, anchored by a comprehensive quality management system that adheres to IATF16949 standards for automotive-grade quality. To maintain our competitive edge in quality management, we subject our practices to regular internal and external audits and reviews. The integrity of our quality control system is meticulously assessed through annual internal audits.

Our quality control measures encompass a wide range of activities, covering R&D management, supplier quality management, production processes, outbound inspection and customer services:

- *R&D Management*. We have established a comprehensive R&D management process consisting of thorough project tracking, phase management and rigorous quality control measures. Our efforts are focused on aligning projects with our strategic objectives during the R&D stage while ensuring high-quality fulfillment of customer requirements.

- *Raw Material Supplier Quality Management*. We have implemented a robust supplier onboarding management system, clearly defining supplier qualification principles. We have established precise material standards for all raw materials used and rigorously enforce incoming material inspection and quality control protocols. In accordance with our supplier evaluation management methodology, we conduct regular performance assessments of suppliers, driving continuous improvement in our supply chain.

- *Production Process Management.* We have established comprehensive control plans for each stage of production to ensure thorough manufacturing and product quality control. In the event of production or quality anomalies, we will initiate our Out of Control Action Plan (OCAP) process. When product quality non-conformances occur, we will activate our non-conforming product control procedure consisting of non-conformance review, root cause analysis and the implementation of corrective and preventive measures. Our production process management measures help prevent the release of non-conforming products and mitigate recurrence of quality issues.

- *Shipment Inspections.* Before delivery, we conduct thorough inspections of product appearance to ensure compliance with customer quality expectations. Insights gained from these inspections inform ongoing improvements in our production processes.

- *Customer Service Quality Management.* We have instituted a standardized process for resolving customer complaints efficiently. By employing a tiered approach based on the severity of each issue, we maintain the high standards of product and service quality that our customers rely upon.

Through these integrated quality management strategies, we are dedicated to ensuring the excellence and reliability of our products.

After-Sales Services

In the event that our products have any defect or quality issue, we will provide replenishment or replacement within the specified timeframe upon receiving notification from our customers. We believe that delivering excellent after-sales service is crucial to our success, as it enhances the product value chain and increases satisfaction among customers and end-users. To ensure effective communication with our customers, we conduct regular after-sales satisfaction surveys.

Customer feedback is collected through telephone, email, and our product department and marketing team. When a complaint arises, our dedicated team will proactively liaise with our customers by phone or email to thoroughly assess and analyze the situation and identify the cause of the issue. If a quality problem is linked to our products, we aim to promptly address such problem according to our customer's requirements, or provide replenishment or replacement within the time period specified by our customers.

When a customer reports a quality issue, our technical team will quickly conduct quality issue analysis. After an internal investigation confirms a product defect, our quality control department will notify our product department to initiate the replenishment or replacement process. We did not encounter any significant product replenishment or replacement during the Track Record Period.

SALES AND MARKETING

During the Track Record Period, our products were sold globally. In 2022, 2023 and 2024, our revenue from sales outside Mainland China continued to increase and amounted to RMB52.4 million, RMB414.4 million and RMB845.5 million, respectively, accounting for 12.6%, 33.1% and 47.8% of our total revenue, respectively, during the same years. In the three months ended March 31, 2024 and 2025, our revenue from sales outside Mainland China increased from RMB144.0 million to RMB195.1 million, respectively, accounting for 33.8% and 47.8% of our total revenue, respectively, during the same periods.

Our Global Sales Network

During the Track Record Period, we adopted a direct sales model and have an experienced and highly trained sales and marketing team, consisting of 38 personnel as of March 31, 2025, who proactively identify market opportunities and design sales strategies.

Our globalization strategy primarily focuses on building stable business relationships with international leading power semiconductor device companies, improving overseas customer service through our overseas subsidiaries and expanding our production capacity in Southeast Asia to meet

the growing international demand for our SiC substrates. As of March 31, 2025, we had established a strategic global presence with (i) sales operation in Japan; (ii) a subsidiary in Germany (SICC Europe GmbH) as a service center to provide quality services and customer support to European customers; and (iii) an investment hub in Singapore (Visionary Horizon Pte. Ltd) to invest in upstream semiconductor materials and equipment, as well as downstream power device manufacturers and emerging applications of SiC. We are also planning to further extend our global footprint by setting up additional sales and service centers as well as production facilities in overseas markets.

Our sales and marketing team is primarily responsible for connecting with customers and providing them with after-sales services. During the Track Record Period, most of our customers were power semiconductor companies. Adopting a direct sales model enables us to (i) receive from customers immediate and unfiltered feedback about our products; (ii) precisely understand customer preferences and identify areas for improvement; (iii) respond to customer requirements, allowing us to offer tailored products that meet our customers' specific needs; (iv) quickly adapt to changing market demands or consumer preferences with firsthand customer insights, allowing for agile business strategies; and (v) improve customer experience, leading to higher satisfaction and loyalty by addressing customer concerns directly. We gain customers primarily by capitalizing on the robust brand reputation and substantial industry influence established through sustained, comprehensive and in-depth collaboration with top-tier companies across diverse application areas, together with other targeted marketing and promotional activities.

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

- *Duration.* The sales agreements with our customers typically do not have a specified duration.

- *Pricing policy.* We sell our products to our customers at prevailing market price.

- *Payment.* Our sales customers are typically required to prepay a predetermined percentage of either the total contract value or the batch invoice amount prior to shipment, and settle the remaining balance within the agreed-upon timeframe following receipt of our products.

- *Volume rebate.* We provide volume rebates to customers when the quantity of products they purchase in a given period exceeds the threshold specified in the sales agreement, which, according to Frost & Sullivan, is a common practice in the industry. Volume rebates are offset against amounts payable by our customers.

- *Logistics.* We are responsible for delivering our products to locations designated by our customers.

- *Transfer of risks*. The risks transfer to our customers after they confirm receipt of our products.

- *Return arrangements.* We typically do not accept product return unless otherwise agreed.

- *Confidentiality*. Both our customers and we are contractually obligated to maintain strict confidentiality regarding product information, pricing and related materials. Neither party is permitted to disclose such information to a third party.

- *Termination.* Our sales agreements may be terminated upon the mutual consent between our customers and us.

Marketing

Through our Brand Touch-Points Plan, we aim to ensure that our customers form lasting memories and impressions of our brand with every interaction they have with us. We aim to create a unified and positive brand perception through our product manuals, business cards and our standardized employee uniforms. This consistent engagement is designed to gradually build a comprehensive and favorable brand recognition, ultimately influencing our customers' decision-making processes.

Additionally, we implement a comprehensive customer strategy that covers the entire lifecycle of sales and marketing, from customer acquisition to product delivery, further bolstering our industry reputation and influence. We maintain close communication with our customers to gain a deep understanding of their needs. By utilizing our understanding of market dynamics and customer needs, we can strategically position our products, collaborate on developing new solutions, quickly address technical challenges in production, implement forward-thinking technology frameworks and deliver outstanding after-sales support.

Our customer-centric marketing approach helps us cultivate and expand business relationships. We actively gather feedback from customers and business partners to gain valuable insights that propel our business and operations forward. We formulate and carry out targeted marketing strategies, such as exhibitions, forums and technical seminars. As we expand both domestically and internationally, we will enhance our sales and marketing network to ensure strong geographic coverage in both existing and new markets.

Customers

During the Track Record Period, our SiC substrates were primarily sold to domestic and international power semiconductor manufacturers. We intend to further strengthen existing customer relationships and pursue new relationships to expand our customer base.

Revenue generated from our largest customer in 2022, 2023, 2024 and the three months ended March 31, 2025, amounted to RMB108.3 million, RMB213.4 million, RMB336.1 million and RMB62.5 million, respectively, accounting for 26.0%, 17.1%, 19.0% and 15.3% of our total revenue, respectively, in the same periods. Revenue generated from our five largest customers in 2022, 2023, 2024 and the three months ended March 31 2025, amounted to RMB270.8 million, RMB639.9 million, RMB1,011.8 million and RMB215.6 million, respectively, accounting for 65.0%, 51.3%, 57.2% and 52.9% of our total revenue, respectively. Our five largest customers in each year and period during the Track Record Period contributed to over half of our revenue, primarily because the SiC power semiconductor device market is relatively concentrated with few prominent market players holding a combined market share of over 95%, according to Frost & Sullivan. See "Risk Factors — Risks Relating to Our Industry and Business — We are exposed to concentration risk of reliance on our major customers and suppliers." Nonetheless, our Directors are of the view that we do not have a material reliance on our major customers, considering that (i) our business relationships with our major customers are mutually beneficial and complementary, given that our long-term cooperation with our major customers have led to our familiarity with their standards and requirements, which enable us to reduce communication costs and build mutual trust; (ii) a majority of our major customers are globally leading power semiconductor manufacturers that impose extremely stringent qualification requirements on their suppliers, and are typically reluctant to change their qualified SiC substrate suppliers that pass complex validation processes; and (iii) we had entered into long-term strategic agreements with renowned customers and suppliers. During the Track Record Period, we accept payment from our customers primarily through bank transfer.

The following tables set forth details of our five largest customers during the Track Record Period.

For the year ended December 31, 2022

No.	Customer	Background	Products sold	Revenue	% of total revenue	Year of commencement of business relationship
				(RMB in thousands)		
1	Customer 1. . .	Customer 1 was founded in 1988 and registered in Guangdong. It is a leading global company in the technology industry, specializing in innovative infrastructure and intelligent devices.	SiC materials	108,344	26.0%	2019
2	Customer 2[(1)] .	Customer 2 was founded in 2011 and registered in Fujian. It primarily engages in the research, development, production and sales of SiC epitaxial wafers.	SiC materials	58,349	14.0%	2021
3	Customer 3. . .	Customer 3 was founded in 2002 and registered in Beijing. It primarily engages in the design and manufacturing of power semiconductors and radio frequency semiconductors.	SiC materials	50,753	12.2%	2020
4	Customer 4. . .	Customer 4 was founded in 2017 and registered in Guangdong. It primarily engages in gemstone (including synthetic gemstone) manufacturing.	Other SiC products[(2)]	35,704	8.6%	2020
5	Customer 5. . .	Customer 5 was founded in 2007 and registered in Guangdong. It primarily engages in the design and manufacturing of power semiconductors, IGBT modules and electric vehicle electronics.	SiC materials	17,628	4.2%	2020
			Total	**270,778**	**65.0%**	

For the year ended December 31, 2023

No.	Customer	Background	Products sold	Revenue	% of total revenue	Year of commencement of business relationship
				(RMB in thousands)		
1	Customer 2[(1)] .	Customer 2 was founded in 2011 and registered in Fujian. It primarily engages in the research, development, production and sales of SiC epitaxial wafers.	SiC materials	213,437	17.1%	2021
2	Customer 6. . .	Listed on the Frankfurt Stock Exchange, Customer 6 was founded in 1999 and registered in Germany. It primarily engages in the design and manufacturing of power semiconductors, automotive electronics and sensors.	SiC materials and other SiC products[(2)]	182,530	14.6%	2022
3	Customer 3. . .	Customer 3 was founded in 2002 and registered in Beijing. It primarily engages in the design and manufacturing of power semiconductors and radio frequency semiconductors.	SiC materials	102,115	8.2%	2020
4	Customer 7. . .	Customer 7 was founded in 1886 and registered in Germany. It primarily engages in the design and manufacturing of automotive semiconductors and power semiconductors.	SiC materials and other SiC products[(2)]	77,118	6.2%	2021
5	Customer 8. . .	Listed on the NASDAQ Stock Exchange, Customer 8 was founded in 1999 and registered in the United States. It primarily engages in the design and manufacturing of automative semiconductors, power semiconductors and integrated circuits.	SiC materials	64,658	5.2%	2023
			Total	**639,858**	**51.3%**	

For the year ended December 31, 2024

No.	Customer	Background	Products sold	Revenue	% of total revenue	Year of commencement of business relationship
				(RMB in thousands)		
1	Customer 7. . .	Customer 7 was founded in 1886 and registered in Germany. It primarily engages in the design and manufacturing of automotive semiconductors and power semiconductors.	SiC materials and other SiC products[(2)]	336,051	19.0%	2021
2	Customer 6. . .	Listed on the Frankfurt Stock Exchange, Customer 6 was founded in 1999 and registered in Germany. It engages in the design and manufacturing of power semiconductors, automotive electronics and sensors.	SiC materials and other SiC products[(2)]	308,906	17.4%	2022
3	Customer 10 . .	Customer 10 was founded in 2022 and registered in Guangxi. It primarily engages in gemstone (including synthetic gemstone) manufacturing.	Other SiC products[(2)]	139,743	7.9%	2023
4	Customer 2[(1)] .	Customer 2 was founded in 2011 and registered in Fujian. It primarily engages in the research, development, production and sales of SiC epitaxial wafers.	SiC materials	125,138	7.1%	2021
5	Customer 9[(1)] .	Customer 9 was founded in 2009 and registered in Guangdong. It primarily engages in the manufacturing of SiC epitaxial wafers.	SiC materials	101,995	5.8%	2021
			Total	**1,011,833**	**57.2%**	

For the period ended March 31, 2025

No.	Customer	Background	Products sold	Revenue	% of total revenue	Year of commencement of business relationship
				(RMB in thousands)		
1	Customer 7. . .	Customer 7 was founded in 1886 and registered in Germany. It primarily engages in the design and manufacturing of automotive semiconductors and power semiconductors.	SiC materials and other SiC products[(2)]	62,490	15.3%	2021
2	Customer 10 . .	Customer 10 was founded in 2022 and registered in Guangxi. It primarily engages in gemstone (including synthetic gemstone) manufacturing.	Other SiC products[(2)]	56,954	14.0%	2023
3	Customer 6. . .	Listed on the Frankfurt Stock Exchange, Customer 6 was founded in 1999 and registered in Germany. It engages in the design and manufacturing of power semiconductors, automotive electronics and sensors.	SiC materials and other SiC products[(2)]	51,009	12.5%	2022
4	Customer 11 . .	Customer 11 was founded in 1978 and registered in Hong Kong. It primarily engages in the sale of electronic wires, electric wires, and information communications equipment.	SiC materials	26,484	6.5%	2021
5	Customer 3. . .	Customer 3 was founded in 2002 and registered in Beijing. It primarily engages in the design and manufacturing of power semiconductors and radio frequency semiconductors.	SiC materials	18,659	4.6%	2020
			Total	**215,596**	**52.9%**	

Notes:

(1) To the best of our knowledge, one of our shareholders who owned more than 5% of our issued share capital had less than 10% equity interests in each of Customers 2 and 9.

(2) Include products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and consumer goods applications.

To the best of our knowledge, as of the Latest Practicable Date, except as disclosed above, none of our Directors, their respective close associates or any of our shareholders (who owned or to the knowledge of Directors had owned more than 5% of our issued share capital) had any interest in any of our five largest customers.

Pricing

We price our products by considering a variety of factors, including (i) market supply and demand, (ii) our costs of production, (iii) product specifications and diameters, (iv) the technological sophistication of our products, (v) the target customer segments within our product markets, and (vi) prevailing market price. We maintain a pricing approach that aligns closely with our competitors in the industry, and there are no significant discrepancies in pricing strategies or price levels. By considering these factors, we strive to offer competitive pricing while ensuring the sustainability and profitability of our operations.

LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We are dedicated to developing an efficient logistics supply chain to ensure customer satisfaction and enhance our inventory efficiency. We are consistently refining and standardizing our logistics systems to effectively managing logistics providers. During the Track Record Period, we utilized qualified third-party logistics providers to handle the transportation of our finished goods from our production plants to locations designated by customers. We establish stringent transportation standards that these logistics providers must adhere to, and we regularly assess their compliance and performance to ensure efficient and reliable delivery of our products.

Inventory Management

We place significant emphasis on inventory management, designating specialized personnel to deliver regular reports on inventory status to the management team. Our inventory management is designed to create synergy and optimal resource allocation among order placement, procurement, product manufacturing, shipping, and other processes. Inventory levels are a key factor in our procurement planning process, and we ensure that we maintain sufficient inventory levels to support our production.

Our inventories mainly include raw materials, work-in-progress and finished goods. We have various policies in place to ensure effective inventory management, such as our Warehouse Inventory Management Policy and Tangible Asset Inventory Management Procedures.

DATA SECURITY AND PRIVACY

In the course of our business operations, we mainly collect, store and process data relating to transactions with corporate customers, such as their names, addresses, contact information and order details. As our transactions are exclusively with enterprises, our activities generally do not involve the collection or processing of personal information from customers or any important data identified by the competent government authorities. In addition, we did not have any cross-border data transactions during the Track Record Period, and we are not an operator of a network platform or an operator of a critical information infrastructure under the Cybersecurity Review Measures. As advised by our PRC Legal Advisor, during the Track Record Period and up to the Latest Practicable Date, we had complied with the laws and regulations related to data security in all material aspects.

However, in recent years, data privacy and cybersecurity have become critical governance priorities for companies globally. This is relevant as the PRC legislature and government authorities may introduce new cybersecurity, data security and privacy laws and regulations. Consequently, our practices regarding the collection, use, storage, disclosure and transfer of various types of data may be subject to increased administrative scrutiny. See "Risk Factors — Risks Relating to Our Industry and Business — Security breaches and other disruptions could compromise our confidential and proprietary information, which could cause our business and reputation to suffer."

INFORMATION TECHNOLOGY SYSTEMS

Information technology (IT) is a critical component of our competitive advantage and operational efficiency. We continuously adapt and enhance our IT systems to align with our business growth and diverse operational requirements. These systems support essential functions including sales, R&D, supply chain management, production, and after-sales services. Our key IT systems include:

- *SAP system*. Our system, applications and products (SAP) system integrates all aspects of our business, including finance, procurement, production, logistics, sales, and quality control. This integration fosters effective communication and collaboration between departments, leading to increased efficiency and productivity.

- *SCM system*. We utilize the supply chain management (SCM) system to handle demand forecasting, procurement, sales, inventory, logistics, supplier and customer relations and data analysis. This optimizes our supply chain processes and enhances efficiency.

- *SRM system*. We manage our supplier information through our supplier relationship management (SRM) system. Our SRM system helps us reinforce supplier relationships, improve procurement efficiency, reduce operational costs and enhance the transparency and stability of our supply chain.

- *MES system*. The manufacturing execution system (MES) is designed to manage production processes, personnel, equipment, materials, quality and technology. Our MES system ensures efficient execution of production plans through real-time monitoring of production progress and optimizes production processes with real-time data collection and analysis, ensuring continuity and stability in our production.

- *EAP system*. We use the equipment automation platform (EAP) system to manage the automation control and data collection of our production equipment. It provides real-time monitoring of equipment status, collects production data, automates equipment operation and offers fault warning and diagnostics, reducing human error and improving production efficiency.

- *OA system*. We use the office automation (OA) system to manage our daily office operations, including approval processes, task assignments, meeting scheduling and communication collaboration. Our OA system supports our digitalized operation and enhances our office efficiency and collaboration capabilities.

- *HR system*. We use the human resources (HR) system to manage our human resources, covering employee information, recruitment, attendance, compensation, organizational structure and report analysis. This aids in efficiently managing our employees and improving the effectiveness and scientific management of human resource.

Throughout the Track Record Period and up to the Latest Practicable Date, we had not encountered any significant IT system failures or downtime that adversely impacted our business operations.

COMPETITION

During the Track Record Period, we primarily offered SiC substrates with different types and diameters. The global SiC substrate market in which we operate is highly competitive and characterized by rapid technological evolvement, fast changes in customer demands and preferences, frequent introduction of new products and constant emergence of new industry standards and practices. In addition, it is highly concentrated, with the top five market participants in terms of revenue from SiC substrate sales in 2024 holding a combined market share of 68.0%, according to Frost & Sullivan. SiC materials, with their superior properties and performance as

compared to traditional silicon materials, have undergone a rapid development in recent years and significantly expanded their application scenarios, particularly in power semiconductor devices. According to Frost & Sullivan, the global market size of SiC substrates in terms of revenue is expected to reach RMB58.5 billion in 2030, representing a CAGR of 37.1% between 2024 and 2030.

We compete with other SiC substrate companies around the world. According to Frost & Sullivan, we ranked among the top three global SiC substrate manufacturers in terms of revenue from SiC substrate sales in 2024 with a market share of 16.7%. See "Industry Overview." We believe we are well prepared to excel in industry competition. However, we operate in a highly competitive industry. Failure to compete effectively could adversely affect our market share, growth and profitability. See "Risk Factors — Risks Relating to Our Industry and Business — The semiconductor material industry is highly competitive. If we are not able to compete successfully, our business, results of operations and future prospects will be harmed."

EMPLOYEE

As of March 31, 2025, we had a total of 1,313 and the majority of our employees were based in mainland China. The following table sets forth the number of our full-time employees by function as of March 31, 2025:

	As of March 31, 2025,	
Employee Function	**Number of employees**	**Percentage of total employees (%)**
Production	927	70.6
Management	154	11.7
R&D	194	14.8
Sales	38	2.9
Total	**1,313**	**100.0**

To streamline human resource management, we established a comprehensive set of internal management measures, outlining the procedures and criteria for recruitment, training, internal referrals, among others.

We use 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, we generally provide performance-based bonuses for our full-time employees. We have established a comprehensive system for employee training and development, including general

training covering corporate culture, employee rights and responsibilities, workplace safety, data security, and other logistics aspects, as well as specific training that improve employee knowledge and expertise in certain important areas related to our business. We are committed to making continual efforts to provide an engaging working environment to our employees.

We enter into standard labor contracts and confidentiality agreements with our full-time employees. And we enter into non-competition agreements with our key management and professionals.

We have established a labor union to facilitate communications among employees and to protect their rights. We believe we maintain a good working relationship with our employees and we have not experienced any material labor dispute or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

During the Track Record Period, we provided mandatory social insurance for our employees as required by PRC social insurance regulations, such as pension insurance, unemployment insurance, work injury insurance and medical insurance.

We have also purchased commercial insurance. As of the Latest Practicable Date, we believe that our insurance coverage is in line with the industry practice and adequate to cover our key assets, facilities and liabilities. Our Directors consider our insurance policy as a whole is in line with the general market practice and complies with the relevant rules and regulation in the jurisdictions where we operate. See "Risk Factors — Risks Relating to Our Industry and Business — We may not have sufficient insurance coverage to cover our potential liability or losses and, as a result, our business, financial condition, results of operations and prospects may be materially and adversely affected should any such liability or losses arise."

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We place significant emphasis on environmental, social and governance (ESG). We have adopted ESG policies, analyzed and disclosed important ESG issues in accordance with the provisions contained in the Listing Rules. We are committed to integrating ESG principles into development strategies, major decisions, and production and operation.

ESG Governance

We acknowledge the importance of environmental protection and social responsibility. Our Board is primarily responsible for: (1) formulating ESG vision, objectives, strategies and management guidelines; (2) guiding the improvement of ESG governance structure; and (3) reviewing and monitoring ESG governance structure, policies as well as operation and management. Our senior management is mainly responsible for: (1) daily management of ESG work; (2) arranging relevant departments to collect and report ESG information, and implement ESG work; (3) regularly reviewing key ESG data; and (4) leading the annual compilation of ESG information and report.

ESG Risk Management

We believe that the identification and management of ESG-related risks are crucial for our sustainable development.

To ensure the achievement of strategic objectives and sustainable growth of corporate values, we are committed to optimizing the risk management framework and integrating risk management with business development. We actively explore the coordinated operation of internal control, compliance, and risk prevention and control in compliance with laws and regulations to enhance management efficiency. We have gradually established a comprehensive risk management mechanism that encompasses risk identification, assessment, response, supervision and inspection, thereby strengthening our risk management capabilities and our ability to respond to risks effectively. We conducted an assessment of the actual and potential environmental, climate-related and social impacts on our business and identified the following risks and opportunities:

- *Physical risks.* Extreme weather events such as typhoons, heavy rains, and floods caused by global climate change may lead to the damage of our fixed assets, loss of labor, or interruption in production. Additionally, sea level rising, climate warming, and other greenhouse effects may increase our energy consumption, potentially destabilizing our facilities.

- *Transition risks.* The transition risks we face arise from the increasing emphasis on our ESG performance by regulators, investors and customers. With the continuous introduction of ESG-related regulations, governments are imposing stricter controls on carbon emissions, increasing our compliance pressures. Furthermore, as customers' environmental awareness grows, companies that fail to take effective climate-related actions may suffer damage to their brand image and reputation.

- *Potential opportunities.* As a wide bandgap semiconductor material, SiC substrates have significant advantages in improving energy conversion efficiency and reducing power loss, making them become one of the key factors in achieving green energy objectives. Against the backdrop of promoting the digital economy and the goals of carbon peak

and carbon neutrality, there has been a surge in demand for electronic devices with high efficiency and low energy consumption, thereby driving the growth in demand for SiC substrates.

During the Track Record Period and up to the Latest Practicable Date, we have not incurred any fines or other penalties for violations of ESG regulations.

Environment

As a leader in the production of wide bandgap semiconductor materials, we are committed to environmental management and sustainable development. We actively improve our energy optimization and management plans, and have successfully obtained certifications for energy and environmental management systems. Further, we conduct green and intelligent transformation and build smart factories to further reduce emissions, increase efficiency and promote green and low-carbon development. In September 2024, we joined the Science Based Targets initiative (SBTi), which is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis, demonstrating our commitment to achieving sustainable development.

We strictly adhere to the Environmental Protection Law of the PRC, the Law of the PRC on the Prevention and Control of Air Pollution, the Law of the PRC on the Prevention and Control of Water Pollution, the Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste, and the Law of the PRC on Promoting Clean Production, and other laws and regulations. We have formulated the internal policies such as the Solid Waste Management System, the Household Waste Management System, the Hazardous Waste Management System, the Environmental Governance Management System, the Environmental Protection Monitoring Management System, the Environmental Protection Assessment System, and the Environmental Protection Management System. Meanwhile, we continuously invest in energy conservation, environmental protection, and safety, enhancing our capabilities in the treatment of waste gas, wastewater and solid waste, energy recovery and utilization, and renewable energy applications.

We adhere to national environmental protection laws and regulations. During the Track Record Period, there were no violations of environmental protection laws or regulations, and we have not received any penalties related to environmental protection. We continuously optimize environmental management specifications and improve energy management levels, and have established a comprehensive environmental and energy management system covering the design, development, production and sales. As of the Latest Practicable Date, we have successively obtained ISO 14001:2015 Environmental Management System certification and ISO 50001:2018 Energy Management System certification.

Emissions and Wastes

We strictly comply with environmental protection laws and regulations as well as relevant ecological guidelines. We implement the pollutant discharge permit system and strictly monitor emissions through the purchase or construction of environmental protection facilities, strengthening energy consumption management, and optimizing production processes, among others, to ensure the treatments and emissions of pollutants compliance with relevant standards in the production process. As a leader in the production of wide bandgap semiconductor materials, we always adhere to the concept of circular economy. By optimizing production processes, adjusting raw material formulas, and classifying and recycling waste materials, we ensure that solid waste disposal fully complies with legal requirements. Furthermore, we actively explore optimizations in production processes and raw materials. Through technological upgrades, we have successfully reduced the generation of hazardous waste.

The measures we have taken include:

- On the basis of the Standardized Management Requirements for Waste Gas Treatment Facilities, we formulate the monitoring plans in accordance with the regulations for pollutant discharge registration. We collaborate with third-party institutions to regularly conduct monitoring of waste gases, to ensure the emissions meet the required standards, and issue monitoring reports;

- We have formulated the Wastewater Operation Management System, setting up standard operating procedures (SOPs) and the Wastewater Equipment Management Regulations for wastewater monitoring, collection, treatment and discharge, to ensure the normal operation of wastewater treatment facilities;

- We have established a wastewater operation team, led by the head of the plant affairs department, with engineers and operators as members, responsible for coordinating wastewater treatment and reutilization, and managing wastewater and water conservation;

- We have formulated the Hazardous Waste Management System and the Solid Waste Management System Compilation, resolutely implementing the treatment principles of "reduction, harmlessness and resource utilization" for solid waste;

- For general industrial solid waste, household waste and hazardous waste, we have clarified the management system requirements for different categories of solid waste during generation, discharge, recycling, disposal and utilization, ensuring legal, compliant and efficient disposal and utilization of solid waste; and

- We organize and encourage employees to participate in training courses, covering topics such as identification, classification, transfer, storage, and relevant laws and regulations.

The waste generated in our daily operations includes waste, wastewater, and exhaust gas. We appoint qualified specialized institutions to recycle and treat general solid waste and hazardous waste, with the entire process being traceable. The Shanghai production base commenced operations in May 2023, and our production capacity further expanded in 2024, resulting in the increases in the generation of hazardous waste, non-hazardous waste, wastewater discharge and exhaust gas emissions in 2023 and 2024. The following table sets forth the breakdown of our waste generated during the Track Record Period:

		Year ended December 31,			Three months ended March 31,
Metric	**Unit**	**2022**	**2023**	**2024**	**2025**
Total hazardous waste generated	tonnes (t)	97.6	198.8	585.8	128.3
Hazardous waste density	tonnes (t)/revenue in millions (RMB)	0.23	0.16	0.33	0.31
Total non-hazardous waste generated	tonnes (t)	0.0[(1)]	342.5	643.9	232.2
Non-hazardous waste intensity	tonnes (t)/revenue in millions (RMB)	0.0[(1)]	0.27	0.36	0.57
Wastewater discharge	'000 tonnes (t)	307.0	759.9	1,096.3	281.0
Wastewater discharge intensity	'000 tonnes (t)/revenue in millions (RMB)	0.74	0.61	0.62	0.69
Exhaust gas emissions	tonnes (t)	0.1	3.9	5.7	1.4
Exhaust gas emission density[(2)]	tonnes (t)/revenue in millions (RMB)	0.00	0.00	0.00	0.00

Notes:

(1) The generation of non-hazardous waste is exclusively associated with Shanghai production base. As Shanghai production base was not in operation in 2022, the generation of non-hazardous waste in 2022 amounted to null, which also results in the non-hazardous waste intensity of null.

(2) Due to the minimal volume of exhaust gas emissions during the Track Record Period, the calculation results of exhaust gas emission density could not be displayed to two decimal places.

Energy and Resource Management

In accordance with the standards of ISO 50001 Energy Management System, we have established an energy policy centered on the "Green Intelligent Manufacturing, Energy Conservation and Efficiency Improvement, and Full Participation", and established a comprehensive energy management framework with clear energy objectives and indicators. In daily operations, we strictly implement the responsibility system for energy objectives and indicators, and conduct detailed statistics and analysis on the achievement of various energy indicators. By combining energy conservation methods through management and technological transformation, we have significantly improved energy utilization efficiency and reduced energy costs.

Our energy management approaches primarily encompass routine energy conservation management, technological transformation, and energy audits. Routine energy conservation management adheres to scientific usage of electricity and water, ensuring that every operation follows the principles of energy conservation and emission reduction. Energy-saving transformation further enhances energy utilization efficiency, including the recovery and reuse of condensate water to reduce water waste, and the full utilization of waste heat resources to lower overall energy consumption. Energy audit helps us in assessing the energy efficiency levels of existing equipment and technologies, providing a basis for subsequent technological upgrades. We have also purchased green electricity to optimize our energy structure since August 2024.

In terms of water resource management, the water used in our production and operations is sourced from the local water supply network. We strictly adhere to the General Rules for Equipping and Managing of the Water Measuring Instrument in Water-use Organization (GB/T 24789-2022) by equipping and regularly calibrating water measuring instruments, and assigning dedicated personnel to conduct daily inspections and maintenance, and promptly repairing any leaks detected to effectively reduce pipeline losses. We also continuously optimize water resource management measures to reduce water consumption in key areas.

In our daily operations, the resources we consume primarily include electricity, water, and natural gas. We actively promote energy conservation and consumption reduction to reduce resource usage. The Shanghai production base commenced operations in May 2023, and our production capacity further expanded in 2024, resulting in the increases in the electricity consumption, water consumption, natural gas consumption and packing material used in 2023 and 2024. The following table sets forth our resource consumption data during the Track Record Period:

		Year ended December 31,			Three months ended March 31,
Metric	**Unit**	**2022**	**2023**	**2024**	**2025**
Total electricity consumption	million kWh	97.0	210.2	261.7	67.4
Electricity consumption intensity	million kWh/ revenue in million (RMB)	0.23	0.17	0.15	0.17
Total water consumption	'000 tonnes (t)	399.3	1,246.8	1,528.3	369.5
Water consumption intensity	'000 tonnes (t)/revenue in million (RMB)	0.96	1.00	0.86	0.91
Total natural gas consumption	'000 cubic metre (m^3)	0.0(1)	92.8	230.8	26.8
Natural gas consumption intensity	'000 cubic metre (m^3)/revenue in million (RMB)	0.00(1)	0.07	0.13	0.07
Packing material used	tonnes (t)	5.8	22.5	32.5	9.3
Intensity of packing material use	tonnes (t)/revenue in million (RMB)	0.01	0.02	0.02	0.02

Note:

(1) The natural gas consumption is exclusively associated with Shanghai production base. As Shanghai production base was not in operation in 2022, the total natural gas consumption in 2022 amounted to null, which also results in the natural gas consumption intensity of null.

Responding to Climate Change

We have adhered to the philosophy of "independent innovation and green manufacturing" since our inception, and are dedicated to continuously utilizing the intelligent technological transformation and the construction of smart factories, to achieve energy conservation and emission reduction, providing a reference for energy-saving and green manufacturing development models in the wide bandgap semiconductor material industry.

- *Green product philosophy:* In the product design phase, we strictly adhere to the General Principle and Requirements of Eco-design for Products (GB/T 24256-2009), comprehensively assessing the environmental impact throughout the entire product lifecycle, including raw material procurement, production, transportation, storage, and end-of-life recycling. We are committed to achieving harmless product lifecycles, efficient energy utilization, and circular material usage, ensuring that product quality meets standards, while effectively reducing energy and resource consumption and mitigating environmental impact.

- *Green production model:* By introducing the digital twin technologies in smart factories and transforming the production processes with the concept of circular economy, we have achieved the digital simulated production of the crystal growth.

- *Establishment of green factories:* We have established the organization structure of the green factory in accordance with the General Principles for Assessment of Green Factory (GB/T 36132-2018), and formulated the objectives and responsibilities of each department. We regularly conduct internal audits in accordance with the Self-Evaluation Criteria for Green Factory, and continuously implement the requirements of green factories in combination with the management of environment, energy, health and other systems to promote green development. In August 2024, we were awarded the "Green Factory in Shandong Province" by Department of Industry and Information Technology of Shandong Province.

- *Promotion of green office:* We advocate for paperless, information-based and intelligent office methods, and actively implement practical actions for green office based on the principles of conservation and moderation in work attitude.

The metrics we have identified include greenhouse gas ("**GHG**") emission scope 1 and GHG emission scope 2. In comparison, we analyzed 7 companies in the semiconductor materials and related industry and found that their average total GHG emissions (Scope 1 and 2) density ranged from 59 tons of CO_2 equivalent per RMB1 million to 343 tons of CO_2 equivalent per RMB1 million, demonstrating alignment with our performance level. Among the 7 companies in the semiconductor materials and related industry that we analyzed, 4 companies did not disclose their Scope 3 GHG emissions. The scope 3 GHG emissions density for the other 3 companies ranged from 140 tons of CO_2 equivalent per RMB1 million to 370 tons of CO_2 equivalent per RMB1 million. We plan to reduce GHG emissions density by over 30% compared to the level in 2024 by 2030. We assumed that we could achieve this goal by actions including but not limited to: (i) procuring green electricity and establishing renewable energy generation facilities; (ii) reducing the use of liquefied petroleum gas and diesel; (iii) introducing high-efficiency and energy-saving equipment, and optimizing production processes to reduce energy waste; (iv) improving the lighting, air conditioning and ventilation systems within the facilities; and (v) carrying out afforestation activities within and around the facility premises. The Shanghai production plant commenced operations in May 2023, and our production capacity further expanded in 2024, resulting in increases in the GHG emissions in 2023 and 2024. The following table sets forth our GHG emissions during the Track Record Period:

		Year ended December 31,			Three months ended March 31,
Metric	**Unit**	**2022**	**2023**	**2024**	**2025**
Total GHG emissions (Scope 1 and 2)	tCO_2e	59,304	128,441	160,182	41,392
Direct GHG emissions (Scope 1)	tCO_2e	150	203	549	273
Indirect GHG emissions (Scope 2)	tCO_2e	59,154	128,238	159,633	41,119
GHG emission density	tCO_2e/revenue in millions (RMB)	142	103	91	101

Social Responsibility

Product Liability

We are a leader in the production of wide bandgap semiconductor materials, focusing on the research, development and industrialization of SiC substrates. Leveraging the advantages of SiC materials including high frequency, low loss, high voltage resistance and high temperature resistance, SiC semiconductor devices can improve the conversion efficiency of electricity in production and consumption, achieve smaller system volume and higher power density, and reduce the demand for cooling systems, thereby promoting the low-carbon transformation of the energy system. Against the backdrop of the strategies of carbon peak and carbon neutrality, the efficient use of energy and electrification are inevitable trends, and SiC semiconductors are a crucial foundation for achieving the objectives of carbon peak and carbon neutrality, and supporting the development of new energy. We will continue to increase our R&D investment to contribute to the development of China's semiconductor industry and the achievement of the dual-carbon objectives.

We adhere to the quality policy of "scientific management, technological innovation, continuous improvement and pursuit of excellence", and comprehensively implement lean quality management methods, committed to providing high-quality products to our customers.

Product Quality Management

We have attached great importance to quality development, considering it the cornerstone of our business growth since our inception. In accordance with the Product Quality Law of the PRC and other relevant laws and regulations, we have formulated internal quality management systems and standards to manage and supervise the entire production process, and ensure our products compliance with quality standards. We have developed and implemented a Zero-Defect Plan, aiming for high-quality products and defect-free delivery. Led by the management team, we promptly review major quality incident handling opinions and regularly review quality management reports, aiming to continuously improve the quality management system. To achieve these objectives, we have formulated a series of quality management systems, including the Quality Manual, the Early Quality Planning and Control Procedures, the Failure Mode and Effect Analysis (FMEA) Management Measures, the Control Procedures for Corrective and Preventive Actions and Continuous Improvement, the Control Procedures for Non-Conforming Products, and the Control Procedures for Product Audits.

We offer product return and exchange services tailored to meet the needs and concerns of our customers. Our standard product return procedure is outlined in our customer return merchandise authorization (RMA) policy. When a customer reports a quality issue, our technical team will

quickly conduct quality issue analysis. After an internal investigation confirms a product defect, our quality control department will notify our product department to initiate the return process. We did not encounter any significant product returns or exchanges during the Track Record Period.

We have obtained two important certifications, including IATF 16949:2016 and ISO 9001:2015. IATF 16949:2016 certification, issued by the International Automotive Task Force (IATF) and recognized by the International Organization for Standardization (ISO), is the primary standard for quality management systems in automotive parts and related services. The acquisition of this certification demonstrates that our design and production of SiC materials fully comply with the requirements of IATF 16949:2016 quality management system, marking our entry into the supply chain of global automotive industry and providing favorable supporting for the further expansion of our SiC products in the global automotive industry.

Intellectual Property Protection

We attach high importance to intellectual property management, continuously improving our capabilities in the creation, transformation, application, protection and management of intellectual property to enhance our core competitiveness. We strictly follow the Patent Law of the PRC and have formulated and further improved internal systems such as the Intellectual Property Management Measures, the Management Measures for Scientific and Technological Achievement Release, the Patent Application Management Measures, and the Patent Reward Management Measures, to implement intellectual property management standards and effectively protect intellectual properties. Furthermore, we have established an intellectual property information monitoring mechanism and strengthened the promotion and training of intellectual property protection, thereby enhancing the awareness of intellectual property protection among all employees, and forming an intellectual property management system covering all aspects of production and operation.

Employment

We are committed to providing employees with better development opportunities and benefits, following a people-oriented talent philosophy. We are also committed to creating a healthy, happy, harmonious and developmental working environment, aiming for a win-win situation where the company's growth is aligned with employee development.

Labor Standards

We strictly comply with the Labor Law of the PRC, the Labor Contract Law of the PRC, the Law of the PRC on the Protection of Minors, and the Provisions on the Prohibition of Using Child Labor, and other pertinent laws and regulations. We have formulated internal systems such as the

Employee Handbook and the Child Labor and Minor Management Regulations and Remedial Measures, to legally sign labor contracts with employees, and effectively protect their legitimate rights and interests. We firmly prohibit the use of child labor and strictly verify identity information during the recruitment process to ensure all new employees meet the requirements of legal working age.

Diversity and Equal Opportunities

We are committed to creating a diverse workplace environment, and always advocate and adhere to the principles of gender equality and employment diversity, and oppose any form of discrimination based on religious beliefs, family, ethnicity, region, gender, education, disability, or other factors. As of March 31, 2025, we have a total of 1,313 employees, of which 183 are female employees. Among our employees, 46.5% are aged below 30, 52.6% are aged 30 to 49, and 0.9% are aged 50 or above.

Occupational Health and Safety

We have always focused on creating a healthy and safe working environment for employees, strictly following international safety standards, and have obtained ISO 45001:2018 Occupational Health and Safety Management System certification. We have formulated a comprehensive internal safety management system, including the Safety Production Regulations, the Occupational Health Management System, and the Confined Space Operation System. We effectively prevent production safety accidents through a robust emergency rescue system, safety investment system, risk grading control system, and hidden danger investigation and governance system. Additionally, we regularly conduct safety training, safety inspections, and emergency drills to effectively enhance employees' safety skills and awareness. During the Track Record Period, we have not experienced any material workplace injuries.

In the ordinary course of our business, we use certain radiation devices, such as X-ray single crystal orientation instrument and X-ray diffractometer, for product quality control. To protect employees from radiation exposure, we have implemented comprehensive measures, including (i) establishing a designated group that closely monitors the use of radiation devices; (ii) providing training, health monitoring and managing personal dosimeters for the operators of radiation devices; (iii) equipping our radiation devices with emergency buttons, work-in-progress indicators and other features that comply with national environmental protection, occupational health and safety standards; (iv) developing detailed management policies, such as the Radiation Health Management Measures and the Radiation Safety Incident Emergency Response Plan, to standardize the regulation of radiation safety; and (v) posting warning signs and demarcated restricted zones as well as deploying appropriate monitoring instruments in the work areas.

Development and Training

We focus on the career development of our employees, establish career promotion channels based on competency identification and personal development aspirations, and provide comprehensive career development resources. We prioritize the improvement of employees' overall capabilities and business skills, and implement a three-level training system at the team, department and company levels. We focus on the professional capabilities required for employee positions, and have established a customized training system to effectively meet the diverse training needs of employees, which is conducive to their growth and improvement.

Supply Chain Management

To continuously optimize and improve supplier management, we have established a supplier lifecycle management system, mobilizing internal resources to support suppliers, which aims to enhance supply chain efficiency and ensure the smooth production activities.

We are committed to establishing a responsible supply chain, adhering to the principles of "scientific management, orderly regulation, continuous improvement, and pursuit of excellence". We have formulated the internal policies including the Control Procedures for Supplier Management and the Supplier Access Management Measures, which clearly stipulate the requirements for supplier access, investigation, selection, evaluation and optimization. Additionally, we have established an evaluation system including ESG criteria for supplier self-inspection and supervision, to strengthen supplier management, promote suppliers to follow business ethics and conduct business in a responsible manner, ensure that the partners in the supply chain align with our philosophy in terms of ethics, safety, health, labor standards, environmental protection, among others, and promote the safety and stability of the supply chain.

We focus on the ESG performance of our suppliers and consider it as a key evaluation criterion. The main measures we have adopted for supplier ESG management include but are not limited to:

- Requiring suppliers to sign the CSR (Corporate Social Responsibility) Agreement and the Guarantee of Non-Use of Environmentally Harmful Substances, which include requirements for environmental protection, labor, and human rights;

- Requiring suppliers to minimize packaging materials in the production process while ensuring compliance;

- Ensuring that the use of hazardous substances complies with national and international requirements and is continuously validated through regular updates of relevant certificates;

- Prioritizing cooperation with suppliers that have environmental management system certifications in supplier evaluations, reaching a consensus on efficient energy and resource utilization;

- Assessing suppliers' energy consumption levels, supporting them in improving energy management systems, and jointly achieving objectives of energy conservation and carbon reduction with upstream suppliers; and

- Providing energy conservation management training and other supporting services to key suppliers to enhance their awareness of energy conservation and emission reduction and their energy management capabilities.

Anti-Corruption

We attach great importance to business ethics management and strictly adhere to the Anti-Unfair Competition Law of the PRC, the Interim Provisions of the State Administration for Industry and Commerce on Prohibiting Commercial Bribery, and other relevant laws and regulations. We advocate fair competition, and firmly oppose commercial bribery and industry monopolies, aiming to establish a fair, just and transparent market competition environment. We strengthen the supervision of work quality and power of management personnel in various departments, establish a complaint handling mechanism, arrange for the supervision and audit departments to verify all complaints, and fulfill the obligations of informing complainants of the results and protecting complainants.

We continuously strengthen legal and regulatory education on anti-commercial bribery, and have formulated internal systems such as the Integrity Management System and the Gift and Cash Management Measures, to prevent the occurrence of illegal and disciplinary violations and commercial bribery. As of the Latest Practicable Date, we have not had any litigation cases in this regard.

Community Involvement

As the Company grows, we actively contribute to the development of local communities, engage in social welfare activities, and fulfill our corporate social responsibility. For example, in September 2022, we call on all employees to participate in the 99 Public Welfare Day activities, and raised a total of over RMB40,000 in donations. In December 2023, we donated RMB20,000 to

the Education Development Foundation of Qilu University of Technology in Shandong Province. In December 2023, we donated rescue supplies including medicines, space heaters, tents and folding beds to the earthquake-stricken areas in Gansu Province.

PROPERTIES

Properties We Owned

We own and occupy certain land parcels and buildings in the PRC for our business operations. These properties are used for non-property activities as defined under Rule 5.01(2) of the Listing Rules. As of the Latest Practicable Date, save for the land parcels occupied by our residential properties, we owned four land parcels with a total site area of approximately 245,000 sq.m. and 22 properties with a total gross floor area of approximately 214,212 sq.m. in the PRC. These properties are primarily used as our production facilities, warehouses, offices and employee dormitories to support our business operations. See "— Legal Proceedings and Compliance — Historical Non-compliance Incidents — Properties We Owned and Leased."

Properties We Leased

As of the Latest Practicable Date, we leased three properties from external third parties with an aggregate gross floor area of 16,276.8 sq.m. in the PRC for use as our production facilities and offices. See "— Legal Proceedings and Compliance — Historical Non-compliance Incidents — Properties We Owned and Leased."

LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, as advised by our PRC Legal Advisor, we had obtained all material licenses and permits required for our business operations in the PRC, such as the radiation safety license required for users of radiation devices under the PRC Radioactive Pollution Prevention and Control Law as we use X-ray single crystal orientation instrument and X-ray diffractometer in the course of product quality control, and the customs registration for import and export consignees and consignors, and such licenses and permits had remained in full effect. We believe that there is no material impediment to renew our licenses and permits.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

In the course of our general business operations, we may be involved in contract disputes, litigation or other legal procedures. During the Track Record Period and as of the Latest Practicable Date, none of our Company, any of our subsidiaries or any directors had been involved in any material litigation, arbitration or claim that may have a material adverse effect on our financial condition or operating results.

Historical Non-compliance Incidents

During the Track Record Period and up to the Latest Practicable Date, we had not experienced any non-compliance incident which, individually or taken as a whole, in the opinion of our Directors, is likely to have a material and adverse effect on our business, financial condition or results of operations.

The summary below sets out incidents of historical non-compliance with applicable regulations during the Track Record Period. Our Directors believe that below non-compliance incidents did not and will not have any material adverse impact on our business operations or financial performance.

Social Insurance and Housing Provident Funds

During the Track Record Period, we did not make full contributions to social insurance and housing provident funds for certain of our employees as required by relevant PRC laws and regulations. Considering that such shortfall in social insurance and housing provident fund contributions accounted for less than 0.5% of our total revenue throughout the Track Record Period, we had not made relevant provisions. As advised by our PRC Legal Advisor, according to the Social Insurance Law of the PRC, we may be ordered to pay for the shortfalls within a prescribed time period along with the late payment fees and be imposed of a fine if such payment is not made within the required time period, the maximum penalty amount being three times of the cumulative shortfall in our social insurance contribution. In addition, according to the Regulations on the Administration of Housing Provident Fund, we may be ordered to pay for the shortfalls within a prescribed time period, if the payment is not made within such time period, an application may be made to the courts in the Chinese mainland for compulsory enforcement.

In addition, as of December 31, 2022, 2023, 2024 and March 31, 2025, we engaged third-party agencies to make social insurance and housing provident fund contributions for three, six, five and five employees, respectively, which was not in strict compliance with applicable PRC

laws and regulations. As advised by our PRC Legal Advisor, if the validity of such arrangements is challenged by relevant competent authorities, we might be subject to additional contributions, late payment fees and/or penalties required by relevant PRC laws and regulations for failing to discharge our obligations in relation to payment of social insurance and housing provident funds as an employer or be ordered to rectify such practice.

See "Risk Factors — Risks Relating to Our Industry and Business — Any failure to make adequate contributions to various employee benefit plans as required by PRC regulations may subject us to penalties."

To ensure compliance with the social insurance and housing provident fund contribution requirements under relevant laws and regulations to the extent practicable in the future, we plan to (i) enhance our internal control policies pursuant to which our legal and human resource departments will regularly monitor the compliance status of our social insurance and housing provident fund contributions; (ii) strengthen the training of our personnel, including training on various compliance-related topics for our employees; and (iii) periodically check the latest development in PRC laws and regulations relating to social insurance and housing provident funds. We have also been in the process of adjusting the contribution base of housing provident funds for our employees in an effort to comply with relevant PRC law and regulations. As the adjustment of the housing provident fund contribution base is typically made in a designated time each year and such time varies by region, we expect partial adjustment to commence in July 2025.

Properties We Owned and Leased

Properties We Owned

As of the Latest Practicable Date, we had not obtained the relevant title certificates of five properties that we owned, primarily due to (i) the lack of pre-construction filing and incomplete construction quality and safety supervision procedures, or (ii) our failure to complete the filing with relevant competent authorities within 15 days after passing the completion acceptance inspection. As advised by our PRC Legal Advisor, these properties that lack pre-construction filing and complete construction quality and safety supervision procedures are compliant with the relevant safety requirements in all material respects, considering that (i) according to the appraisal report issued by an independent construction engineering quality inspection and testing institution, these properties meet the safety requirements of the latest national standards and specifications, do not affect the overall safety and can be used safely in accordance with their current functionality; (ii) during the Track Record Period, we were not subject to any administrative penalties or severe instances of breach of trust in relation to housing and rural-urban construction; and (iii) the competent governmental authority has confirmed in writing that it will assist us in enhancing our

construction procedures to ensure full compliance with applicable laws and regulations. We expect to rectify our lack of pre-construction filing and complete the post-completion acceptance inspection filing by December 2025.

Properties We Leased

As of the Latest Practicable Date, we had not completed the registration of lease agreements for all three leased properties with the relevant competent authorities in accordance with applicable laws and regulations in China. As advised by our PRC Legal Advisors, the lack of registration of lease filing does not affect validity of lease agreements, or result in us being required to vacate from these leased properties, but we may be ordered by relevant competent authorities to complete the registration within a prescribed time period, and may be subject to fines from RMB1,000 to RMB10,000 for each lease agreement that we fail to register within the time period. Nevertheless, as advised by our PRC Legal Advisors, if the filing of these lease filings can be completed within the prescribed time period ordered by the relevant competent authorities, the risk that a material penalty being imposed on us with respect to our leased properties would be remote.

As of the Latest Practicable Date, the landlords of two of our leased properties had not provided us with the complete and valid property ownership certificates. In addition, the current usage of one of the leased properties is different from the planned usage stated on its title certificate, primarily because, although such leased property is designated for residential use, its landlord unilaterally modified it into an office space and stipulated in the lease agreement that it is to be used for office purposes. This may result in the landlord being ordered to rectify within a certain time period. Nevertheless, considering that these leased properties (i) have relatively small gross floor area; and (ii) are primarily used as office space rather than production facilities with abundant available alternatives in the market, our Directors are of the view that if our lease agreements are deemed invalid, or if we need to vacate these leased properties, we could timely relocate to alternative premises at relatively low relocation costs and enter into lease agreements on comparable commercial terms, which would not have any material adverse impact on our business operations.

TARIFF, TRADE RESTRICTION AND EXPORT CONTROL IMPLICATIONS

U.S. Tariff Implications

On December 23, 2024, the Office of the U.S. Trade Representative (the "**USTR**") announced a new investigation (the "**Section 301 Investigation**") to examine Chinese actions allegedly related to targeting of the semiconductor industry for dominance and the impact of such actions on the U.S. under Section 301 of the Trade Act of 1974 (as amended). If the USTR finds that China's actions are unreasonable or discriminatory, it may impose tariffs (the "**Section 301 Tariffs**") on a

vast range of products. The Section 301 Tariffs could cover China-origin semiconductors and any product that contains China-origin semiconductors. The hearing of the Section 301 Investigation was convened on March 11, 2025, and the USTR has not yet made any further decisions as of the Latest Practicable Date. On February 1, 2025, President Trump imposed a 10% tariff (the "**IEEPA Tariff**") on all products imported to the U.S. from China. On April 2, 2025, President Trump imposed a two-tier reciprocal tariff (the "**Reciprocal Tariff**" and together with the Section 301 Tariff and the IEEPA Tariff, the "**Tariffs**") on approximately 60 countries, including China, which consists of a baseline tariff of 10% and additional individualized tariffs based on each country's trade deficits with the U.S. After several rounds of adjustments, the 10.0% Reciprocal Tariff on goods imported from China remained but the additional 24.0% tariff had been temporarily suspended on May 14, 2025 for 90 days. On May 28, 2025, the United States Court of International Trade held that the IEEPA does not authorize any of the worldwide, retaliatory or trafficking tariff orders, vacating those that were challenged. Following the Trump administration's immediate appeal, the U.S. Court of Appeals for the Federal Circuit (the "**CAFC**") granted the Trump administration's request for an administrative stay on June 10, 2025 and will hold an oral argument on July 31, 2025. As such, the IEEPA Tariffs remained in effect as of the date of this prospectus.

As advised by our U.S. Export Control and Sanctions Counsel, considering that (i) during the Track Record Period, we had only exported six and a hundred pieces of SiC substrates to the U.S. in 2022 and 2024, respectively; (ii) our products were not included on the lists of products that are subject to the Section 301 Tariffs as maintained by the USTR as of the Latest Practicable Date; (iii) the revenue that we derived from our SiC substrates that were directly exported to the U.S. only accounted for less than 0.1% of our total revenue during the Track Record Period; and (iv) since the imposition of the Tariffs, none of our customers had canceled their orders with us as of the Latest Practicable Date, our Directors do not expect the Section 301 Investigation or the Tariffs to have any direct material adverse impact on our business operations, financial performance and plans to construct overseas production plants.

Nonetheless, we cannot rule out the potential indirect impact of the Tariffs on us, given that some of our customers and their downstream clients (the "**Customers**") may have sales to the U.S. and may be responsible to pay the Tariffs, which may affect their demand for our products. The magnitude of such indirect impact depends on several factors, such as the Customers' reliance on the U.S. market and their business adjustments in response to Tariffs. We and the Joint Sponsors have actively engaged in conversations with our U.S. Export Control and Sanctions Counsel and Frost & Sullivan to stay informed about the latest U.S. tariff policies as well as their indirect or knock-on impact on the business operation and financial performance of the Customers and us. In addition, we have actively engaged in communication with our customers and closely monitored their order statuses to identify any unusual reductions in order volume and instances of order cancellations or termination of purchase agreements by our customers.

To the best of our knowledge, as of the Latest Practicable Date, (i) we had not experienced any material adverse changes in our order volume, product price, customer payment or logistics arrangements; (ii) we had not received any requests from our customers to cancel orders or suspend delivery of our SiC substrates because of the Tariffs; and (iii) none of our major customers, who were all globally leading power semiconductor manufacturers, sold their products exclusively to the U.S. Also, only a small portion of our products were indirectly exported to the U.S. According to our estimation, approximately 3.2%, 9.0% and 10.5% of our SiC substrates in terms of revenue were indirectly exported to the U.S. as part of end products in 2022, 2023 and 2024, respectively. These percentages are calculated by multiplying (i) our five largest customers' sales in the U.S. as a percentage of their total sales in a given year, based on their public filings and according to Frost & Sullivan; by (ii) the revenue that we derived from our five largest customers as a percentage of our total revenue in the same year.

However, given that we do not possess knowledge of (i) the direct impact of the Tariffs on the Customers; (ii) the Customers' market share, revenue and profitability in the U.S; and (iii) the business adjustments made by the Customers, our assessment above of the Tariffs' indirect or knock-on impact on our business operations and financial condition remains subject to uncertainty and change in the future. See "Risk Factors — Risks Relating to Our Industry and Business — Our business, financial condition and results of operations may be materially and adversely affected by international policies, international export controls and economic sanctions."

U.S. Trade Restriction Implications

The Bureau of Industry and Security (the "**BIS**") publishes various trade restriction lists, which include certain foreign persons, entities or governments subject to specific license requirements for the export or transfer of specified items. The main trade restrictions list is the Specially Designated Nationals and Blocked Persons (the "**SDN List**"), which is maintained by the Office of Foreign Assets Control. The SDN List publicly identifies persons determined by the U.S. government to be involved in activities that threaten or undermine U.S. foreign policy or national security objectives. Persons on the SDN List could be those who are owned or controlled by, or acting for, or on behalf of, targeted countries; or those who, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Assets of SDN-designated persons are blocked and U.S. persons are generally prohibited from dealing with them.

One of our customers (the "**SDN Customer**") was listed on the SDN List in December 2023. Nonetheless, considering that (i) our transaction with the SDN Customer commenced in January 2020 and concluded in September 2022, before the designation of such customer on the SDN List; (ii) we had not entered into any new transaction with the SDN Customer after September 2022; and (iii) the SDN Customer was not sanctioned between January 2020 and September 2022, our U.S. Export Control and Sanctions Counsel is of the view that our transaction with the SDN

Customer did not constitute a sanctioned activity. As such, our Directors are of the view that the designation of the SDN Customer on the SDN List in 2023 does not have any material adverse impact on our business operations, financial position or future prospects.

In 2022, we also sold SiC materials to another customer of ours (the "**NS-CMIC Customer**") that was listed on the Non-SDN Chinese Military-Industrial Complex Companies List (the "**NS-CMIC List**"). Nonetheless, considering that the NS-CMIC List primarily prohibits U.S. persons from purchasing or selling publicly traded securities of entities thereon, and our transactions with the NS-CMIC Customer were solely sales of SiC substrates, which fell outside the scope of the NS-CMIC List, our U.S. Export Control and Sanctions Counsel is of the view that our transactions with the NS-CMIC Customer did not constitute a sanctioned activity. As such, our Directors are of the view that such transactions does not have any material adverse impact on our business operations, financial position or future prospects.

U.S. Export Control Implications

In addition to the trade restrictions above, the BIS also maintains lists of individuals and entities subject to enhanced export control restrictions. Among them is the Entity List that includes foreign persons on whom specific trade restrictions are imposed, such as businesses, research institutions, government and private organizations, individuals and other legal entities. Foreign persons on the Entity List have limited access to certain U.S.-origin goods, software and technologies, items that contain certain portions of U.S.-origin goods, software or technologies, as well as foreign direct products of certain U.S.-origin software, technologies and equipment.

One of our customers (the "**Entity List Customer**") was listed on the Entity List. Nonetheless, considering that (i) the SiC substrates that we sold were manufactured in the PRC without incorporating with controlled U.S.-origin commodities or bundling with controlled U.S.-origin software; and (ii) none of the equipment that we used is subject to the Foreign Direct Product Rule and no U.S. origin and/or U.S.-branded equipment has been used for product detection involving foreign persons on the Entity List, our U.S. Export Control and Sanctions Counsel is of the view that our transaction with the Entity List Customer would not be subject to the EAR. As such, our Directors are of the view that such transactions does not have any material adverse impact on our business operations, financial position or future prospects.

Internal Control Measures

To monitor the latest legal and regulatory developments and to mitigate our risk exposure to tariffs, export controls and economic sanctions, we plan to implement the measures below:

- *Export Compliance Committee*. We plan to establish a dedicated export compliance committee led by our senior executives from our investment and compliance departments. The committee will primarily be responsible of (i) conducting meetings to review and update compliance strategies in response to the latest development in tariffs, export controls and economic sanctions; (ii) implementing training programs with periodic updates for our employees; (iii) setting key performance indicators to measure the effectiveness of our internal control measures; and (iv) providing detailed monthly reports to senior management and the Board;

- *Regulatory Monitoring*. We plan to engage export control and sanction consultants to provide diverse perspectives on regulatory changes and regularly review both international and regional updates from them;

- *Mandatory Compliance*. We plan to implement a robust code of conduct that explicitly addresses export control compliance, requiring all employees and management to sign annual compliance certifications;

- *Supply Chain Due Diligence*. We plan to (i) improve our supplier vetting process to include periodic audits and site visits; (ii) utilize smart screening tools to continuously monitor suppliers against sanction lists; and (iii) conduct thorough due diligence on the materials, equipment and technology provided by our suppliers;

- *Internal Audits and Risk Assessment*. We plan to (i) conduct bi-annual internal audits of export control compliance measures; (ii) perform regular risk assessments to identify potential vulnerabilities in the compliance program; (iii) engage external auditors for annual third-party reviews of the compliance program; and (iv) develop and maintain a comprehensive risk register with mitigation strategies;

- *Incident Response and Corrective Actions*. We plan to develop a detailed incident response plan for potential export control violations, enabling rapid response to compliance issues and timely implementation of corrective actions; and

- *Continuous Improvement*. We plan to benchmark our internal control measures against industry best practices and our peers, seeking regular feedback from employees, suppliers and our stakeholders on the effectiveness of our existing internal control measures.

RISK MANAGEMENT AND INTERNAL CONTROL

We are committed to maintaining a strong risk management and internal control system to safeguard our operations. Our internal controls are continuously refined to ensure compliance and effectiveness, supported by periodic reviews of our risk management policies. We prioritize legal compliance, asset protection, and the integrity of our financial reporting, all while enhancing operational efficiency to achieve our strategic objectives. An internal audit department is in place to independently oversee these areas in accordance with legal and regulatory requirements, following principles of objectivity and impartiality. Our Board is responsible for establishing risk management mechanisms and overseeing overall risk management practices. Our Directors believe that our current internal controls are both adequate and effective.

We manage operational risks, which primarily encompasses potential financial losses from flawed internal processes, human errors, IT failures, or external events, through a comprehensive approach that delegates responsibilities and establishes clear incentives. By identifying, measuring, monitoring, and mitigating operational risks, we strive to minimize potential losses.

Compliance risk involves the threat of legal sanctions and potential financial and reputational damage from failing to adhere to laws and regulations. Our procedures ensure effective identification and management of compliance risks while proactively preventing incidents. Our legal department reviews all contracts thoroughly to ensure compliance, and we continuously monitor relevant changes in laws and regulations.

As a technology-focused company, we may face claims related to intellectual property rights. To manage intellectual property risk, we have established internal policies governing the acquisition, maintenance, and licensing of intellectual property. Our legal department conducts extensive analyses of R&D outcomes to identify potential infringements and ensure compliance.

Anti-corruption risk involves the potential for unethical behavior, such as bribery, which could harm our interests. We have implemented thorough anti-corruption policies and a whistleblower mechanism for reporting misconduct anonymously. Violations of these policies result in appropriate disciplinary action, and we provide internal training to all employees while keeping stakeholders informed of our practices.

To ensure the effectiveness of our risk management policies, we have established an Audit Committee to oversee our financial reporting and internal control systems. In collaboration with our internal control and audit departments, the committee reviews the effectiveness of our systems and addresses identified weaknesses, reporting significant issues to the Board in a timely manner.

INTELLECTUAL PROPERTY

Our success and competitive advantages depend in part on our ability to develop and protect our core technologies and intellectual property. We own a large portfolio of intellectual property, including patents, registered trademarks, confidential technical information and expertise in the development of SiC substrates.

We rely on a combination of patents, copyrights, trademark law, trade secret protection and confidentiality agreements with customers, suppliers and employees to protect our intellectual property rights. We have also adopted a comprehensive set of internal rules for intellectual property management. These guidelines set out the obligations of our employees and create a reporting mechanism in connection with the protection of our intellectual property. As of the Latest Practicable Date, our R&D efforts had accumulated 503 patents and 176 patent applications (including 44 Patent Cooperation Treaty (PCT) patent applications). Our patents and patent applications consist of 360 invention patents and 319 utility patents. In addition, as of the Latest Practicable Date, we had 50 registered trademarks, 63 registered computer software copyrights and two registered domain name.

There can be no assurance that our intellectual property protection efforts will be successful. Even if our efforts are successful, we may incur significant costs in defending our rights. From time to time, third parties may initiate litigation against us alleging infringement of their proprietary rights or declaring their non-infringement of our intellectual property rights. See "— Legal Proceedings and Compliance — Legal Proceedings", and "Risks Relating to Our Industry and Business — Our business depends on our ability to protect our intellectual property rights, and we may be subject to intellectual property infringement and other claims by third parties in the PRC or other jurisdictions, which, if successful, could cause us to pay significant damages and incur other costs."

As advised by our PRC Legal Advisor, we had not been involved in any material dispute or legal proceeding in relation to intellectual property rights during the Track Record Period and up to the Latest Practicable Date.

THE COVID-19 PANDEMIC

During the COVID-19 pandemic, we implemented various preventive measures, such as enhanced personnel access control and disinfection of public areas. We also adopted a closed-off production method, where our employees lived in our factory premises and we dynamically adjusted our inventory of critical raw materials based on supply and logistics conditions. As a result, we did not experience any production halt during the COVID-19 pandemic. As such, our Directors are of the view that the COVID-19 pandemic does not have any material adverse effect on our business operations, financial position or future prospects.

In 2022, our total expenditure relating to the COVID-19 pandemic amounted to approximately RMB9.8 million, which primarily consisted of (i) a pandemic subsidy of RMB8.0 million for the construction of our Shanghai production base; (ii) a pandemic subsidy of approximately RMB1.3 million for our employees; and (iii) expenses of approximately RMB0.5 million for the purchase of face masks, disinfectant and other sanitizing equipment.

BOARD OF DIRECTORS

Our Board of Directors comprises of nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Our Directors serve a term of three years and may be re-elected for successive reappointments. The major powers and functions of the Board include, but are not limited to, convening the general meetings, presenting reports to the general meetings, implementing the resolutions passed at the general meetings, determining the Company's operational plans and investment plans, determining the Company's annual financial budgets and final accounts, formulating profit distribution plans and loss recovery plans, determining the Company's internal management systems and exercising such other powers and functions as conferred by the Articles of Association and as authorized by the general meetings.

The following table sets out information in respect of our Directors:

Name	Age	Position/Title	Date of First Appointment as a Director	Time of Joining our Group	Roles and Responsibilities	Relationship with Directors, Supervisors and Senior management
Executive Directors						
Mr. Zong Yanmin (宗艷民)	61	Chairman of the Board, executive Director and general manager	November 2, 2010	November 2, 2010	Responsible for formulating the overall development strategies, business development and management of our Group	None
Mr. Gao Chao (高超)	38	Executive Director and chief technology officer	August 15, 2019	July 1, 2014	Responsible for overseeing the R&D strategy management, project development and management of our Group	None
Mr. Wang Junguo (王俊國)	46	Executive Director and joint company secretary	July 2, 2025	August 6, 2016	Responsible for corporate governance and information disclosure of our Group	None

Name	Age	Position/Title	Date of First Appointment as a Director	Time of Joining our Group	Roles and Responsibilities	Relationship with Directors, Supervisors and Senior management
Non-executive Directors						
Mr. Qiu Yufeng (邱宇峰)	65	Non-executive Director	November 7, 2020	November 7, 2020	Fulfilment of director's duties in accordance with legal requirements and relevant bylaws	None
Ms. Li Wanyue (李婉越)	54	Non-executive Director	February 19, 2025	February 19, 2025	Fulfilment of director's duties in accordance with legal requirements and relevant bylaws	None
Mr. Fang Wei (方偉)	50	Non-executive Director	February 29, 2024	February 29, 2024	Fulfilment of director's duties in accordance with legal requirements and relevant bylaws	None
Independent Non-executive Directors						
Mr. Li Honghui (李洪輝)	61	Independent non-executive Director	February 29, 2024	February 29, 2024	Supervising and providing independent opinion and judgment to the Board	None
Ms. Liu Hua (劉華)	56	Independent non-executive Director	February 29, 2024	February 29, 2024	Supervising and providing independent opinion and judgment to the Board	None
Mr. Lai Kwok Hung Alex (黎國鴻)	61	Independent non-executive Director	February 19, 2025	February 19, 2025	Supervising and providing independent opinion and judgment to the Board	None

Executive Directors

Mr. Zong Yanmin (宗艷民), aged 61, is the chairman of the Board, executive Director and general manager of the Company. He was appointed as a Director on November 2, 2010 and was re-designated as an executive Director on February 19, 2025, which will come into effect upon the Listing.

Mr. Zong has more than 35 years' experience in technology research and development and industrialization of semiconductor materials, engineering and corporate management. Prior to establishment of our Group, Mr. Zong founded Jinan Tianye Engineering Machinery Co., Ltd. (濟南天業工程機械有限公司) in October 2002 and served as the chairman of the board of directors and general manager from October 2002 to October 2020, and the chairman of the board of directors since October 2020. In November 2010, Mr. Zong founded SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, and successively served as the chairman of the Board, executive Director and general manager from November 2010 to November 2020. Since November 2020, Mr. Zong has served as the chairman of the Board, Director and general manager of the Company. Mr. Zong is the general and executive partner of Shanghai Maiming and Shanghai Zhuao, our employee shareholding platforms, and also currently serves as executive director and/or general manager in several subsidiaries of our Company. Mr. Zong has also served as the vice president of Confucius Foundation (至聖孔子基金會) since October 2023.

Mr. Zong received his bachelor's degree in silicate engineering from Shandong Institute of light Industry (山東輕工業學院) (currently known as Qilu University of Technology (齊魯工業大學)) in the PRC in July 1987. Mr. Zong has been qualified as a Senior Engineer (正高級工程師) by Shandong Province Engineering and Technology Position Qualification Senior Appraisal Committee (山東省工程技術職務資格高級評審委員會) in March 2020.

Mr. Gao Chao (高超), aged 38, is an executive Director and chief technology officer of the Company. He was appointed as a Director on August 15, 2019 and was redesignated as an executive Director on February 19, 2025, which will come into effect upon the Listing.

Mr. Gao has over ten years' experience in technology research and development and industrialization of semiconductor materials. He successively worked as a R&D engineer, head of R&D center, director and head of R&D center of SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, from July 2014 to November 2020. Mr. Gao has served as a Director and chief technology officer of the Company since November 2020.

Mr. Gao received a bachelor's degree in inorganic non-metallic materials from Shandong University of Science and Technology (山東科技大學) in the PRC in June 2009 and a doctoral degree in materials physics and chemistry from Zhejiang University (浙江大學) in the PRC June 2014. Mr. Gao has been qualified as a Senior Engineer by Shandong Engineering and Technology Position Qualification Senior Appraisal Committee (山東省工程技術職務高級評審委員會) in May 2018.

Mr. Wang Junguo (王俊國), aged 46, is an executive Director and joint company secretary of the Company. He was appointed as an Director on July 2, 2025 and was redesignated as an executive Director on the even date, which will come into effect upon the Listing.

Mr. Wang has extensive experience in financial management. He served as the financial director of SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, from August 2016 to November 2020 and has served as the financial director of our Company since November 2020, our securities affairs representative since August 2024 and also our joint company secretary since June 2025. Mr. Wang commenced his career in August 1996 and had consecutively worked at Jinan Hengshun Clothing Co., Ltd. (濟南恒舜製衣有限公司), Jinan Yike Metal Products Co., Ltd. (濟南伊科金屬製品有限公司) and Shandong Jiutiangong Ass-hide Gelatin Products Co., Ltd. (山東九天貢阿膠製品有限公司), before joining our Group.

Mr. Wang graduated from Shandong Institute of Economics (山東經濟學院) (currently known as Shandong University of Finance and Economics (山東財經大學)) in Shandong Province, the PRC, with a major in accounting, in December 2001, via long distance learning, and graduated from China University of Petroleum (East China) (中國石油大學(華東)) in Shandong Province, the PRC, with a major in accounting in January 2019, via online learning. Mr. Wang has been qualified as an Intermediate Accountant (中級會計師) by the Ministry of Finance of the PRC (中華人民共和國財政部) in September 2003.

Non-executive Directors

Mr. Qiu Yufeng (邱宇峰), aged 65, was appointed as a Director on February 29, 2024 and was re-designated as a non-executive Director on February 19, 2025, which will come into effect upon the Listing. Mr. Qiu served as an independent Director of our Company from November 2020 to January 2021.

Mr. Qiu has more than 30 years' experience in electricity and semiconductor technology research and development. He consecutively served as the head of relay protection office and deputy director at the Power System Research Institute of China Electric Power Research Institute (中國電力科學研究院電力系統研究所) from June 1994 to November 1999, a managing deputy director at the National Engineering Research Center for Power Transmission and Distribution and Power Saving Technology of China Electric Power Research Institute (中國電力科學研究院輸配電及節電技術國家工程研究中心) from November 1999 to December 2006, a vice president at China Electric Power Research Institute (中國電力科學研究院) from December 2006 to February 2012. Mr. Qiu successively served as various positions, including a vice president, president, consultant and other positions at Global Energy Internet Research Institute Co., Ltd. (全球能源互聯網研究院有限公司, formerly known as Guowang Intelligence Power Grid Research Institute (國網智能電網研究院)) from February 2012 to February 2020. Mr. Qiu currently serves as a chair professor at Xiamen University (廈門大學), and has served as the chairman of the board and general manager of Boce Ruichuang Semiconductor Technology (Suzhou) Co., Ltd. (博測鋭創半導體科技(蘇州)有限公司) since April 2022, an executive director and the general manager of Beijing Boce Semiconductor Technology Co., Ltd. (北京博測半導體科技有限公司) since May 2022, an

independent director of Sieyuan Electric Co., Ltd. (思源電氣股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002028), since June 2023 and the executive partner of Beijing Shundesheng Enterprise Management Partnership (Limited Partnership) (北京順德盛企業管理合夥企業(有限合夥)) since September 2023. Mr. Qiu was not involved in the daily management and operation of our Company and the abovementioned companies. As such, the directorships held by Mr. Qiu would not give rise to any material competition issue under Rule 8.10(2) of the Hong Kong Listing Rules.

Mr. Qiu is a fellow of the Chinese Society of Electrical Engineering (中國電機工程學會). He obtained the China Electric Power Science and Technology Outstanding Contribution Award (中國電力科學技術傑出貢獻獎) by Chinese Society of Electrical Engineering (中國電機工程學會) in October 2018 and was accredited as a Capital Science and Technology Ceremony Personality (首都科技盛典人物) by Beijing Science and Technology Collaboration Center (北京科技協作中心) in December 2018.

Mr. Qiu received a bachelor's degree in power system relay protection and automation from North China Electric Power Institute (華北電力學院) (currently known as North China Electric Power University (華北電力大學)) in the PRC in August 1982 and a master's degree of business administration from China Europe International Business School (CEIBS) (中歐國際工商學院) in the PRC in October 2003. Mr. Qiu has been qualified as a Researcher-level Senior Engineer (正研級高級工程師) by Review Committee for Senior Engineer (Improvement of Treatment) of Scientific Research Units in Beijing of Ministry of Electric Power Industry (電力工業部京內科研單位高工(提高待遇)評審委員會) in November 2003.

Ms. Li Wanyue (李婉越), aged 54, was appointed as a Director on February 19, 2025 and was redesignated as a non-executive Director on the even date, which will come into effect upon the Listing.

Ms. Li has 30 years' experience in accounting and financing. She worked at Beijing New Building Materials General Factory (北京新型建築材料總廠) from July 1994 to July 1999, where her last position was an assistant accountant. During October 1999 to December 2020, Ms. Li served as various positions at Beijing New Building Materials (Group) Limited (北新建材(集團)有限公司), including an accountant of the finance department, the manager of the finance department and other positions. She has served as the chief accountant of China Building Materials Joint Investment Co., Ltd. (中建材聯合投資有限公司) since December 2022.

Ms. Li received a bachelor's degree in rural economic management from Beijing University of Agriculture (北京農學院) in the PRC in July 1994, and a master's degree in accounting from Renmin University of China (中國人民大學) in the PRC in June 2005. Ms. Li has been qualified as a Senior Accountant (高級會計師) by China Construction Materials Group Corporation (中國建築材料集團公司) (currently known as China National Building Material Co., Ltd. (中國建材集團有限公司)) in December 2005.

Mr. Fang Wei (方偉), aged 50, was appointed as a Director on February 29, 2024 and was re-designated as a non-executive Director on February 19, 2025, which will come into effect upon the Listing.

Mr. Fang has more than 25 years' experience in wireless product engineering and corporate management. Since February 1999, he has worked at a global enterprise engaged in provision of information and communications technology (ICT) infrastructure and smart devices. He has also served as a director of Suzhou Oriental Semiconductor Company Limited (蘇州東微半導體股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 688261), since December 2023.

Mr. Fang received a bachelor's degree in communications engineering in July 1996 and a master's degree in communication and information system in March 1999 from Shanghai Jiao Tong University (上海交通大學) in the PRC.

Independent Non-executive Directors

Mr. Li Honghui (李洪輝), aged 61, was appointed as an independent Director on February 29, 2024 and was re-designated as an independent non-executive Director on February 19, 2025, which will come into effect upon the Listing.

Mr. Li has extensive experience in financial management. He worked at the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) until August 2014 and his last position was deputy director of investment appraisal center. He also worked as a director of China Cinda Asset Management Co., Ltd. (中國信達資產管理股份有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1359), from August 2014 to July 2018. Mr. Li served as the deputy director of the budget appraisal center of the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in 2018. He also served as the chairman of China Overseas Technology Development Co., Ltd. (中海外科技開發有限公司) until November 2019. He served as an executive director of Beijing Zhongcai Baoxin Management Consulting Co., Ltd. (北京中財寶信管理諮詢有限公司) from June 2022 to January 2024. Mr. Li has served as an executive director, general manager and financial director of Zhongrun Huiming (Hainan) Investment Co., Ltd. (中潤輝銘(海南)投資有限公司) since June 2023, as an executive director,

general manager and financial director of Huada Zhuoyue (Beijing) Investment Management Co., Ltd. (華大卓越(北京)投資管理有限公司) (formerly known as Beijing Baijia Xincheng Investment Management Co., Ltd. (北京百家信誠投資管理有限公司)) since October 2023, as general manager of Jilin North Pharmaceutical Technology Co., Ltd. (吉林省北藥科技有限公司) since August 2024 and as a supervisor of Liaoning Beiyao Jinji Technology Development Co., Ltd. (遼寧北藥金吉科技發展有限公司) since October 2024.

Mr. Li received a doctoral degree in accounting from the Chinese Academy of Fiscal Sciences (中國財政科學研究院) of the Ministry of Finance of the PRC in August 1998. Mr. Li has been qualified as a Senior Economist (高級經濟師) by the Ministry of Finance of the People's Republic of China (中華人民共和國財政部) in January 2015.

Ms. Liu Hua (劉華), aged 56, was appointed as an independent Director on February 29, 2024 and was re-designated as an independent non-executive Director on February 19, 2025, which will come into effect upon the Listing.

Ms. Liu has extensive experience in legal, regulatory and compliance governance. She worked at Shandong Sanlian Group Co., Ltd. (山東三聯集團有限責任公司) from July 1992 to March 2002. Ms. Liu served as a lawyer of Shandong Kangqiao Law Frim (康橋律師事務所) and Beijing Tianchi Juntai Law Firm (北京天馳君泰律師事務所) from July 2002 to February 2007 and from February 2007 to July 2008, respectively. She also served as partner and lawyer at Shandong Senxin Law Firm (山東森信律師事務所) from August 2008 to October 2019. Since November 2019, Ms. Liu has served as partner and lawyer at Beijing Tianchi Juntai (Jinan) Law Firm (北京天馳君泰(濟南)律師事務所).

Ms. Liu received a bachelor's degree in biochemistry from Shandong University (山東大學) in the PRC in July 1992. Ms. Liu has been qualified as an Intermediate Economist (Labor) (中級經濟師(勞動)) by the Ministry of Personnel of the People's Republic of China (中華人民共和國人事部) in November 1997 and a Practicing Lawyer (執業律師) by Shandong Provincial Department of Justice (山東省司法廳) in November 2019.

Mr. Lai Kwok Hung Alex (黎國鴻), aged 61, was appointed as an independent Director on February 19, 2025 and was redesignated as an independent non-executive Director on the even date, which will come into effect upon the Listing.

Mr. Lai has extensive experience in corporate governance and financial advisory and management. He successively worked as staff accountant, senior accountant and manager of Deloitte Touche Tohmatsu from July 1989 to August 1996. Mr. Lai worked at Asia Commercial Holdings Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0104), from April 1997 to December 2006, with his last position as the company secretary and financial

controller. From January 2007 to April 2013, Mr. Lai successively served as the financial controller at ITC Properties Group Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0199), and as chief financial officer and company secretary at ITC Corporation Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0372). Since August 2013, Mr. Lai has served as executive director and the member of the investment committee of the board of directors of Gemini Investments (Holdings) Limited, a company listed on the Hong Kong Stock Exchange (stock code: 0174), and has been concurrently appointed as chief executive officer since December 2020. He has also served as independent non-executive director of SG Group Holdings Limited (樺欣控股有限公司), a company listed on the Hong Kong Stock Exchange (stock code: 1657), since February 2017.

Mr. Lai has been a member of Urban Land Institute, The American Chamber of Commerce in Hong Kong and The Hong Kong Institute of Directors since May 2017, October 2017 and November 2018, respectively. He also has been a fellow member of The Association of Chartered Certified Accountants and Hong Kong Society of Accountants since September 2000 and December 2002, respectively. Mr. Lai has been a member of The Hong Kong Institute of Company Secretaries since December 2001.

Mr. Lai received a bachelor of arts degree in accountancy from The City University of Hong Kong in Hong Kong in November 1993 and a diploma in law from The University of Hong Kong in Hong Kong in July 2002. He also obtained a master's degree in professional accounting from The Hong Kong Polytechnic University in Hong Kong in November 2004, which was completed partly through long-distance learning.

SUPERVISORY COMMITTEE

Our Supervisory Committee comprises of three members. Our Supervisors serve a term of three years and may be re-elected for successive reappointments. The functions and duties of the Supervisory Committee include reviewing financial reports, business reports and profit distribution plans prepared by the Board and overseeing the financial and business performance of our Group. They are also entitled to appoint certified public accountants and practicing auditors to re-examine our Company's financial information where necessary.

The following table sets out information in respect of our Supervisors:

Name	Age	Position/Title	Date of First Appointment as a Supervisor	Time of Joining our Group	Roles and Responsibilities	Relationship with Directors, Supervisors and Senior management
Ms. Zhang Hongyan (張紅岩)	38	Chairman of our Supervisory Committee	November 7, 2020	April 20, 2012	Responsible for overall work of our Supervisory Committee and supervising the performance of duties by our Directors and our senior management	None
Mr. Song Jian (宋建)	38	Supervisor	November 7, 2020	August 17, 2011	Responsible for supervising the performance of duties by our Directors and our senior management	None
Mr. Dou Wentao (竇文濤)	42	Supervisor	August 22, 2024	November 3, 2010	Responsible for supervising the performance of duties by our Directors and our senior management	None

Supervisors

Ms. Zhang Hongyan (張紅岩), aged 38, was appointed as our Supervisor and the chairman of our Supervisory Committee on November 7, 2020.

Ms. Zhang has extensive experience in technical engineering. She successively worked as a technician in the quality department, head of technology center, sales technical supporter and manager of the quality department of SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, from April 2012 to November 2020. Since November 2020, she has served as the head of the quality department and a Supervisor of the Company.

Ms. Zhang received a bachelor's degree and master's degree in materials science and engineering from University of Jinan (濟南大學) in the PRC in June 2010 and June 2012, respectively. Ms. Zhang has been qualified as a Senior Engineer (高級工程師) by Jinan Engineering and Technology Position Qualification Senior Appraisal Committee (濟南市工程技術職務高級評審委員會) in January 2021.

Mr. Song Jian (宋建), aged 38, was appointed as our Supervisor on November 7, 2020.

Mr. Song has extensive experience in SiC research and development. He successively worked as a technician and head in the SiC business unit, head of the technology center and manager of the equipment and power department of SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, from August 2011 to November 2020. Since November 2020, he has served as the head of the engineering department and a Supervisor of the Company.

Mr. Song received a bachelor's degree in process equipment and control engineering from Qingdao University of Science and Technology (青島科技大學) in the PRC in July 2010. Mr. Song has been qualified as a Senior Engineer (高級工程師) by Jinan Engineering and Technology Position Qualification Senior Appraisal Committee (濟南市工程技術職務高級評審委員會) in January 2021.

Mr. Dou Wentao (竇文濤), aged 42, was appointed as our Supervisor on August 22, 2024.

Mr. Dou has extensive experience in project management and corporate governance. Mr. Dou successively served as a project manager, manager of sales department, acting executive director and assistant to the chairman of the Board of SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司), our predecessor, from October 2010 to November 2020. Since November 2020, he has served as the assistant to the chairman of the Board at the Company.

Mr. Dou received a bachelor's degree in optical information science and technology from Huazhong University of Science and Technology (華中科技大學) in the PRC in June 2007 and master's degree in the field of engineering in electronics and communication engineering from Xi'an University of Electronic Science and Technology (西安電子科技大學) in the PRC in June 2020. Mr. Dou has been qualified as a Senior Engineer (高級工程師) by Jinan Engineering and Technology Position Qualification Senior Appraisal Committee (濟南市工程技術職務高級評審委員會) in January 2020.

SENIOR MANAGEMENT

The following table sets out information regarding the members of senior management of our Company:

Name	Age	Position/Title	Date of First Appointment as Senior Management	Date of Joining our Group	Role and Responsibility	Relationship with Directors, Supervisors and Senior management
Mr. Zong Yanmin (宗艷民)	61	Chairman of the Board, executive Director and general manager	November 2, 2010	November 2, 2010	Responsible for formulating the overall development strategies, business development and management of our Group	None
Mr. Gao Chao (高超)	38	Executive Director and chief technology officer	November 7, 2020	July 1, 2014	Responsible for overseeing the R&D strategy management, project development and management of our Group	None
Mr. Zhong Wenqing (鍾文慶)	57	Secretary to the Board	December 1, 2018	December 1, 2018	Responsible for Board related matters, information disclosure and investor relations management, and corporate governance of the Group	None
Ms. You Ying (游櫻)	50	Chief financial officer	September 29, 2024	April 1, 2024	Responsible for the overall financial strategy, accounting and treasury related management of the Group	None

Mr. Zong Yanmin (宗艷民), aged 61, is the chairman of the Board, executive Director and general manager of the Company. See "— Board of Directors — Executive Directors" for his biographical details.

Mr. Gao Chao (高超), aged 38, is an executive Director and chief technology officer of the Company. See "— Board of Directors — Executive Directors" for her biographical details.

Mr. Zhong Wenqing (鍾文慶), aged 57, has served as the secretary to the Board of the Company since August 2022. Mr. Zhong joined our Group in December 2018 and successively served as the chief financial officer of the Company from December 2018 to August 2019, Director and chief financial officer from August 2019 to April 2023, and Director from April 2023 to February 2024. Mr. Zhong also currently serves as director and/or supervisor in several subsidiaries of our Company.

Mr. Zhong has more than 25 years' experience in accounting and finance management, capital markets and corporate governance. Prior to joining our Group, he worked as the financial manager at Pillsbury Greater China Region of General Mills (China) Investment Co., Ltd. (通用磨坊(中國)投資有限公司) from January 1998 to February 1999. During his career at Xerox China Co., Ltd. (美國施樂中國有限公司), Mr. Zhong served as the financial director and marketing director. He then served as the financial analysis senior manager of Simens Industry Software (Shanghai) Co., Ltd (西門子工業軟件(上海)有限公司) from December 2003 to April 2005. Mr. Zhong joined Volvo Construction Equipment (China) Co., Ltd. in June 2005 and served as the chief financial officer of the China Region of Volvo Construction Equipment. Mr. Zhong served as the president of Rnomac International Limited from January 2011 to November 2018.

Mr. Zhong received a bachelor's degree in journalism from Fudan University (復旦大學) in the PRC in July 1991 and a master's degree from University of Houston in the United States in August 1996. Mr. Zhong obtained the Qualification of Secretary of the Board of Directors of STAR Market (科創板董事會秘書資格), granted by the Shanghai Stock Exchange in August 2022.

Ms. You Ying (游櫻), aged 50, has served as the chief financial officer of the Company since September 2024. Ms. You joined the Group in April 2024 and has served as the finance director of Shanghai Tianyue since then.

Ms. You has over 25 years' experience in accounting and finance management. Prior to joining our Group, she worked as an audit manager of Shandong Qianju Limited Liability Accounting Firm (山東乾聚有限責任會計師事務所) from July 1998 to December 2004. Ms. You served as the senior finance manager of SAIC General Motors Dongyue Co., Ltd. (上汽通用東岳汽車有限公司) from December 2004 to March 2024.

Ms. You received a bachelor's degree in accounting from Qingdao University (青島大學) in the PRC in July 1998 and a master's degree in labor economics from Ocean University of China (中國海洋大學) in the PRC in September 2005. She has been qualified as a Certified Tax Agents (註冊稅務師) by Shandong Provincial Personnel Department (山東省人事廳) (currently known as

Shandong Province Human Resources and Social Security Department (山東省人力資源與社會保障廳)) in June 2001, Certified Internal Auditor (國際註冊內部審計師) by Institute of Internal Audit (國際審計師協會) in November 2008, Certified Public Accountant (註冊會計師) by Chinese Institute of Certified Public Accountants (中國註冊會計師協會) in May 2015 and Senior Accountant (正高級會計師) by Shandong Province Accounting Professional Qualification Senior Appraisal Committee (山東省會計專業資格高級評審委員會) in October 2021.

JOINT COMPANY SECRETARIES

Mr. Wang Junguo (王俊國), aged 46, is an executive Director and our joint company secretary. See "— Board of Directors — Executive Directors" for his biographical details.

Ms. Leung Sau Fong (梁秀芳) has been appointed as our joint company secretary.

Ms. Leung have substantial experience in liaising with the Hong Kong Stock Exchange, financial adviser, lawyers and independent non-executive directors. Ms. Leung currently serves as the company secretary of several companies listed on the Main Board and GEM Board of the Hong Kong Stock Exchange, including Datronix Holdings Limited (stock code: 0889) and Unity Enterprise Holdings Limited (stock code: 2195) and Sling Group Holdings Limited (stock code: 8285).

Ms. Leung received a bachelor's degree in laws from University of London in United Kingdom through distance learning courses in August 2000. She also obtained a diploma in Chinese professional laws jointly offered by Chinese University of Political Science and Law (中國政法大學) in the PRC and Bolin Institute in Hong Kong in November 1996. Ms. Leung has been qualified as a Chartered Secretary (特許秘書) by The Hong Kong Chartered Governance Institute (香港公司治理公會) and The Chartered Governance Institute (特許公司治理公會) in March 1996.

BOARD COMMITTEES

Our Board delegates certain responsibilities to various committees. In accordance with the relevant PRC laws and regulations and the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules, our Company has formed four Board committees, namely the Strategy Committee, the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee.

Strategy Committee

We have established a Strategy Committee in order to monitor the strategy and business plans of the Company. The Strategy Committee consists of three Directors, namely Mr. Zong Yanmin, Mr. Qiu Yufeng and Mr. Li Honghui. Mr. Zong Yanmin serves as the chairperson of the Strategy Committee. The primary duties of the Strategy Committee are to review the execution of long-term business plans and performance targets of the Group, and to advise on operational strategies, major financing plans, investment proposals and other major strategic issues of the Company.

Audit Committee

We have established an Audit Committee with written terms of reference in compliance with, among others, Rule 3.21 of the Hong Kong Listing Rules and paragraph D.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The Audit Committee consists of three Directors, namely Mr. Li Honghui, Mr. Lai Kwok Hung Alex and Ms. Liu Hua. Mr. Li Honghui serves as the chairperson of the Audit Committee. Mr. Lai Kwok Hung Alex, being a member of the Audit Committee, holds the appropriate professional qualifications as required under Rules 3.10(2) and 3.21 of the Hong Kong Listing Rules. The primary duties of the Audit Committee include, but not limited to, the following:

- monitoring, reviewing and evaluating the work of external auditors;
- monitoring and making recommendations to internal audit work of our Company;
- reviewing and making recommendations to the financial reports of our Company;
- evaluating the effectiveness of internal control work;
- ensuring coordination between the management, internal audit department and relevant departments and external auditors;
- performing the corporate governance procedures of our Company; and
- performing other duties and responsibilities as assigned by our Board.

Nomination Committee

We have established a Nomination Committee with written terms of reference in compliance with, among others, paragraph B.3 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The Nomination Committee consists of three

Directors, namely Ms. Liu Hua, Mr. Zong Yanmin and Mr. Lai Kwok Hung Alex. Ms. Liu Hua serves as the chairperson of the Nomination Committee. The primary duties of the Nomination Committee include, but not limited to, the following:

- reviewing and making recommendations to the Board on the composition and number of our Board and senior management with reference to our Company's business activities, the scale of assets and shareholding structure;
- identifying individuals suitably qualified to become a member of our Board and senior management and making recommendations to our Board on the selection of individuals nominated for directorships and senior management;
- reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors;
- accessing and making recommendations to the selection of other senior management appointed by our Board;
- performing other duties and responsibilities as assigned by our Board;
- evaluating the performance of directors, general managers and other senior management;
- evaluating the independence of independent non-executive directors; and
- formulating policies related to the diversity of board members and disclose such policies or policy summaries in the corporate governance report.

Remuneration and Appraisal Committee

We have established a Remuneration and Appraisal Committee with written terms of reference in compliance with, among others, paragraph E.1 of part 2 of the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules. The Remuneration and Appraisal Committee consists of three Directors, namely Mr. Lai Kwok Hung Alex, Mr. Zong Yanmin and Ms. Liu Hua. Mr. Lai Kwok Hung Alex serves as the chairperson of the Remuneration and Appraisal Committee. The primary duties of the Remuneration and Appraisal Committee include, but not limited to, the following:

- reviewing and approving remuneration proposals of members of our senior management in accordance with our Company's policies and objectives as approved by our Board from time to time;

- making recommendations to our Board on our Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy, including but not limited to, performance evaluation standards, procedures and evaluation systems;

- conducting the evaluation of the annual performance of all Directors and senior management;

- monitoring compensation payable to all Directors and senior management;

- making recommendations to the Board on the remuneration of non-executive directors;

- ensuring that no director or any of his/her contacts is involved in determining his/her own remuneration;

- monitoring the implementation of our Company's remuneration;

- reviewing and/or approving matters relating to share schemes under Chapter 17 of the Hong Kong Listing Rules; and

- performing other duties and responsibilities as assigned by our Board.

CONFIRMATION FROM OUR DIRECTORS

Rule 8.10(2) of the Hong Kong Listing Rules

Save as certain non-executive directorships held by Mr. Qiu Yufeng, our non-executive Director, as disclosed above, none of our Directors, as of the Latest Practicable Date, interested in a business which competes or is likely to compete, either directly or indirectly, with our Company's business which would require disclosure under Rule 8.10(2) of the Hong Kong Listing Rules.

Rule 3.09D of the Hong Kong Listing Rules

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules on February 19, 2025, and (ii) understands the requirements under the Hong Kong Listing Rules that are applicable to him or her as a director of a listed issuer under the Hong Kong Listing Rules and the possible consequences of making a false declaration or giving false information to the Hong Kong Stock Exchange.

Rule 3.13 of the Hong Kong Listing Rules

Each of the independent non-executive Directors has confirmed (i) his/her independence as regards each of the factors referred to in Rules 3.13(1) to (8) of the Hong Kong Listing Rules, (ii) he/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 the Company under the Hong Kong Listing Rules as of the Latest Practicable Date, and (iii) that there are no other factors that may affect his/her independence at the time of his/her appointments.

COMPENSATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

We offer our executive Directors, Supervisors and senior management members, who are also the Company's employees, compensation in the form of salaries, retirement benefit scheme contributions, discretionary bonus, housing provident fund, social insurance and other benefits in kind. Our independent non-executive Directors receive compensation with reference to their respective positions and duties, including being a member or the chairman of Board committees.

For the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, the aggregate amount of remuneration paid or payable, including share-based compensation, to our Directors and Supervisors amounted to approximately RMB11.0 million, RMB8.9 million, RMB9.0 million and RMB1.9 million, respectively.

Under the arrangement currently in force, we estimate the total compensation before taxation, including estimated-share based compensation, to be accrued to our Directors and our Supervisors for the year ending December 31, 2025 to be approximately RMB10.0 million. The actual remuneration of Directors and Supervisors in 2025 may be different from the expected remuneration.

The five individuals whose emoluments were the highest in the Group include three, two, two and one Director(s) for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively. The total emoluments for the remaining non-director individuals among the five highest paid individuals amounted to approximately RMB4.2 million, RMB7.7 million, RMB7.8 million and RMB2.0 million for the years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, respectively. Further details on the remuneration of the five individuals whose emoluments were the highest in the Group during the Track Record Period are set out in the Accountant's Report in Appendix I to this prospectus.

During the Track Record Period, no consideration was paid by our Company to, or receivable by, our Directors for making available directors' services or as termination benefits. None of the Directors or Supervisors waived their remuneration during the relevant period.

The remuneration of our Directors, Supervisors and senior management is determined with reference to factors including but not limited to the responsibility, risk and commitment of our Directors, Supervisors and senior management, the performance evaluation structure and results and the salaries paid by comparable companies.

Save as disclosed above and in "Financial Information," "Appendix I — Accountant's Report" and "Appendix VII — Statutory and General Information", no other payments have been paid, or are payable, by our Company or any of our subsidiaries to our Directors, Supervisors or the five highest paid individuals during the Track Record Period.

CORPORATE GOVERNANCE

Our Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of our Shareholders. To accomplish this, our Company complies or intends to comply with the corporate governance requirements under the Corporate Governance Code as set forth in Appendix C1 to the Hong Kong Listing Rules after the Listing.

Our Directors recognize the importance of incorporating elements of good corporate governance in the management structures and internal control procedures of our Group to achieve effective accountability. Our Company intends to comply with all code provisions in the Corporate Governance Code as set out in Appendix C1 to the Hong Kong Listing Rules after the Listing except for Code Provision C.2.1 of Part 2 of the Corporate Governance Code, which provides that the roles of chairman of the board and chief executive officer should be separate and should not be performed by the same individual.

The roles of chairman of the Board and general manager are currently performed by Mr. Zong. In view of Mr. Zong's substantial contribution to our Group since its establishment and his extensive experience in the industry and corporate management, we consider that having Mr. Zong acting as both our chairman of the Board and general manager will provide strong and consistent leadership to our Group and facilitate the efficient execution of our business strategies. We consider it appropriate and beneficial to our business development and prospects that Mr. Zong continues to act as both our chairman of the Board and general manager after the Listing, and therefore currently do not propose to separate the functions of chairman of the Board and chief executive officer of the Company.

While this would constitute a deviation from Code Provision C.2.1 of Part 2 of the Corporate Governance Code, the Board believes that this structure will not impair the balance of power and authority between the Board and the management of our Company, given that: (i) there are sufficient checks and balances in the Board, as a decision to be made by our Board requires approval by at least a majority of our Directors, and our Board comprises three independent

non-executive Directors, which is in compliance with the requirement under the Hong Kong Listing Rules; (ii) Mr. Zong and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that they act for the benefit and in the best interests of our Company and the Shareholders and will make decisions for our Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of our Company. Moreover, the overall strategic and other key business, financial, and operational policies of our Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of our Group in order to assess whether separation of the roles of chairman of the Board and chief executive of the Company is necessary.

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy (the "**Board Diversity Policy**") effective upon the Listing, which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Board currently consists of two female Director and seven male Directors with a balanced mix of knowledge and skills, including overall management and strategic development, electronic information science and technology, engineering, finance and accounting and corporate governance in addition to industry experience relevant to our Group's operations and business. They obtained degrees in various majors including electronic science and technology, information and computational science, accounting and business administration. We have three independent non-executive Directors with different industry backgrounds, representing one-third of the members of our Board. Furthermore, our Board has a diverse age and gender representation. Taking into account our existing business model and specific needs as well as the different background of our Directors, the composition of our Board satisfies our Board Diversity Policy.

Our Nomination Committee is responsible for reviewing the structure and diversity of the Board and selecting individuals to be nominated as Directors. After the Listing, our Nomination Committee will monitor and evaluate the implementation of the Board Diversity Policy from time to time to ensure its continued effectiveness, and when necessary, make any revisions that may be required and recommend any such revisions to our Board for consideration and approval. The

Nomination Committee will also include in annual reports the biographical details of each Director and a summary of the Board Diversity Policy, including any measurable objectives set for implementing the Board Diversity Policy and the progress on achieving these objectives.

COMPLIANCE ADVISOR

We have appointed Somerley Capital Limited as our Compliance Advisor pursuant to Rules 3A.19 of the Hong Kong Listing Rules. The Compliance Advisor will provide us with guidance and advice as to compliance with the Hong Kong Listing Rules and other applicable laws, rules, codes and guidelines. Pursuant to Rule 3A.23 of the Hong Kong Listing Rules, the Compliance Advisor will advise our Company in certain circumstances including:

(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 and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate or other information in this prospectus; and

(d) where the Hong Kong Stock Exchange makes an inquiry to our Company regarding unusual movements in the price or trading volume of its listed securities or any other matters in accordance with Rule 13.10 of the Hong Kong Listing Rules.

The Compliance Advisor will, on a timely basis, inform our Company of any amendment or supplement to the Hong Kong Listing Rules that are announced by the Hong Kong Stock Exchange. The Compliance Advisor will also inform our Company of any new or amended law, regulation or code in Hong Kong applicable to us, and advise us on the continuing requirements under the Hong Kong Listing Rules and applicable laws and regulations.

The term of the appointment will commence on the Listing Date and is expected to end on the date on which our Company complies with Rule 13.46 of the Hong Kong Listing Rules in respect of our financial results for the first full financial year commencing after the Listing.

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zong was interested in approximately 38.48% of our total issued share capital, comprising (i) approximately 30.09% of our total issued share capital directly held by him, (ii) approximately 5.38% of our total issued share capital controlled by Mr. Zong in his capacity as the sole managing partner and general partner of our employee shareholding platform Shanghai Maiming, and (iii) approximately 3.00% of our total issued share capital controlled by Mr. Zong in his capacity as the sole managing partner and general partner of our employee shareholding platform Shanghai Zhuao. Accordingly, Mr. Zong, Shanghai Maiming and Shanghai Zhuao constitute a group of Controlling Shareholders before the Listing. For details of the relationship among the group of our Controlling Shareholders and their shareholding in our Company, see the sections headed "History, Development and Corporate Structure" and "Substantial Shareholders."

Immediately following the completion of the Global Offering (assuming (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), Mr. Zong will continue to control, directly and indirectly (through Shanghai Maiming and Shanghai Zhuao, our employee shareholding platforms controlled by Mr. Zong), the exercise of approximately 34.63% voting rights of the enlarged issued share capital of our Company. Therefore, Mr. Zong, Shanghai Maiming and Shanghai Zhuao will remain as a group of Controlling Shareholders of our Company.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

Our Business

We are a company with strong expertise in the wide bandgap semiconductor material industry, focusing on the research, development and industrialization of SiC substrates.

The Business of Our Controlling Shareholders

Apart from the business of our Company, Mr. Zong also controls companies which engage in, among others, investment holding, sales, service provision, remanufacturing and repairing and maintenance of construction machinery and equipment, rail transport solutions and financial lease. Shanghai Maiming and Shanghai Zhuao serve as employee shareholding platforms of our Group with no actual business operations.

In light of above, our Directors are of the view that there is a clear delineation between the businesses operated by our Controlling Shareholders and our Group. Each of our Controlling Shareholders confirms that, as of the Latest Practicable Date, they did not have any interest in a

business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business which would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

NON-COMPETE UNDERTAKINGS

In connection with the A-Shares Listing, Mr. Zong has provided a non-compete undertaking ("**Non-compete Undertaking**") to our Company on May 21, 2021 in order to avoid potential competition, pursuant to which, Mr. Zong has undertaken that, among others:

(1) as of the date of the Non-compete Undertaking, neither Mr. Zong nor his other controlled enterprises had, in any way, directly or indirectly engaged in any business that competes with the business of the Company and its controlled enterprises, nor did they hold any shares, equity or any other interests in enterprises that compete with the Company and its controlled enterprises;

(2) for any future circumstances where the product or business of Mr. Zong's wholly-owned, controlled or interested enterprises compete or is likely to compete with the Company's business, Mr. Zong has undertaken to:

   a) forgo the products or business that constitute competition, and

   b) upon request of the Company, dispose all capital contribution or equity interests in such enterprise, and give the Company a pre-emptive right to acquire such investments or equity. Mr. Zong has undertaken to use his best endeavors to ensure that the transaction prices are determined on a fair and reasonable basis and in line with normal commercial transactions with independent third parties;

(3) if in the future, any business opportunities obtained by Mr. Zong or other enterprises Mr. Zong has invested in competes or is likely to compete with the main business of the Company and its controlled enterprises at that time, Mr. Zong will promptly notify the Company and use his best endeavors to prompt that his invested enterprises to give the Company or its controlled enterprises an option to acquire such business opportunities first on open and reasonable terms, thereby safeguarding the interests of the Company and its Shareholders;

(4) Mr. Zong has agreed to, in the event that he breaches the above undertakings and causes loss to the Company, bear all corresponding losses suffered by the Company.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently from our Controlling Shareholders and their respective close associates upon Listing.

Management Independence

Our business is managed and operated by our Board and senior management. Upon the Listing, our Board will consist of nine Directors, comprising three executive Directors, three non-executive Directors and three independent non-executive Directors, and we also have three Supervisors and four senior management members (of which two are executive Directors). Each of our Directors, Supervisors and senior management possesses relevant management, financial or industry-related experience to contribute to the management of our business. For further information on the qualifications and experience of our Directors, Supervisors and senior management, see the section headed "Directors, Supervisors and Senior Management."

Despite that (i) Mr. Zong, our chairman of the Board, executive Director and general manager, holds directorships in certain of his close associates and serves as the sole executive and general partner of Shanghai Maiming and Shanghai Zhuao, and (ii) Mr. Zhong Wenqing, one of our senior management members, holds directorship in certain close associates of Mr. Zong and is one of the limited partners of each of Shanghai Maiming and Shanghai Zhuao, our Directors are of the view that our Board and senior management team are able to manage our business independently from the Controlling Shareholders and their associates for the following reasons:

(a) neither Mr. Zong nor Mr. Zhong has participated or will participate in the daily business operations and management of the close associates of Mr. Zong. They are primarily responsible for making decisions on matters regarding development and corporate operation strategy as member of the board of directors of such companies. Shanghai Maiming and Shanghai Zhuao serve as employee shareholding platforms of our Group with no actual business operations. Therefore, neither of Mr. Zong and Mr. Zhong expects that their directorships in the close associates of Mr. Zong (as the case may be) will take up a substantial amount of their time. Both Mr. Zong and Mr. Zhong will be able to devote sufficient time to the management of our Company;

(b) we have appointed three independent non-executive Directors to provide a balance of the number of potentially interested and independent Directors with a view to promote the interests of the Company and our Shareholders as a whole. The independent non-executive Directors are entitled to engage professional advisers at our cost for

advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective associates;

(c) each of our Directors is aware of his or her fiduciary duties and responsibilities under the Hong Kong Listing Rules as a director, which require that he or she acts in the best interests of our Company and our Shareholders as a whole;

(d) as an A-share listed company, our Company has established internal control systems to identify and manage potential conflicts of interest between our Group and our Controlling Shareholders. According to the Articles of Association of our Company, in the event that there is potential conflict of interest arising out of any transaction between our Company and another company or entity to which a Director holds office, such Director shall abstain from voting and shall not be counted towards the quorum for the voting. Where a Shareholders' meeting is held to consider a proposed transaction in which any of the Controlling Shareholders have a material interest, the relevant Controlling Shareholder(s) shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and

(e) our Company has appointed Somerley Capital Limited as our compliance adviser, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Hong Kong Listing Rules including various requirements relating to Directors' duties and corporate governance.

Operational Independence

Our Group holds all the relevant material licenses, qualifications and permits required for conducting our business. Our Group has sufficient capital, facilities and employees to operate our business independently from the Controlling Shareholders and its close associates. Our Group also has independent access to our customers. We have our own accounting and financial department, human resources and administration department, internal control department and technology department. In addition, we have established our internal organizational and management structure which includes shareholders' meetings, our Board and its committees and formulated the terms of reference of these bodies in accordance with the requirements of the applicable laws and regulations, the Hong Kong Listing Rules and the Articles of Association of our Company, so as to establish a regulated and effective corporate governance structure with independent departments, each with specific areas of responsibilities. Our Directors are of the view that our Group will be able to operate independently from the Controlling Shareholders and their respective close associates after the Listing.

We entered into certain continuing connected transactions with certain associates of our Controlling Shareholders in respect of our acceptance of property leasing. For more details, see "Connected Transactions." Considering that our access to independent sources and the sufficient competitive market, our Directors consider that, even if such transactions are terminated, our Company will be able to identify other suitable partners or substitutes through fair negotiation at similar terms and conditions in line with the market terms to meet our business and operational needs without causing any material undue delay.

Based on the above, our Directors are of the view that the Company operates independently from the group of our Controlling Shareholders.

Financial Independence

Our Group has an independent financial system. We make financial decisions according to our own business needs and neither our Controlling Shareholders nor their close associates intervene with our use of funds. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their close associates. We have made tax filings and paid tax independently from our Controlling Shareholders and their close associates pursuant to applicable laws and regulations. We have established an independent finance department as well as implemented sound and independent audit, accounting and financial management systems. We have adequate internal resources and credit profile to support our daily operations.

As of the Latest Practicable Date, we did not have any outstanding loans or non-trade balances granted, guaranteed or pledged by any our Controlling Shareholders to us.

Based on the above, our Company considers that our business is financially independent of our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE

Our Company and Directors recognize the importance of protecting the rights and interests of all Shareholders, including the rights and interests of our minority Shareholders.

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Hong Kong Listing Rules, which sets out principles of good corporate governance. We have adopted and will continue to adopt the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

(a) where a Board meeting or Shareholders' meeting is to be held for considering proposed transactions in which any of our Directors or Controlling Shareholders or any of their respective close associates has a material interest, the relevant Director or Controlling Shareholder will abstain from voting on the relevant resolutions;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the Listing, if our Company enters into connected transactions with our Controlling Shareholder or any of his associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between the Group and our Controlling Shareholder (the "**Annual Review"**) and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) our Controlling Shareholder will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements (as the case may be);

(f) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses; and

(g) we have appointed Somerley Capital Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.

Upon Listing, certain transactions as set out below between us and our connected persons will constitute continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules.

OUR CONNECTED PERSONS

We have entered into transactions in the ordinary and normal course of our business with the following entities, which will constitute continuing connected transactions (as defined under Chapter 14A of the Hong Kong Listing Rules) upon Listing:

Name of Our Connected Person	Connected Relationship
Jinan Tianye Engineering Machinery Co., Ltd. (濟南天業工程機械有限公司, "**Jinan Tianye**")	As of the Latest Practicable Date, Jinan Tianye was indirectly controlled by Mr. Zong as to more than 30%. Accordingly, Jinan Tianye constitutes our connected person (as defined under Chapter 14A of the Hong Kong Listing Rules) upon the Listing.
Jining Weishite Information Technology Development Co., Ltd. (濟寧市緯世特信息科技發展有限公司, "**Jining Weishite**")	As of the Latest Practicable Date, Jining Weishite was indirectly controlled as to 90% by a brother of our Director and Controlling Shareholder Mr. Zong. Accordingly, Jining Weishite constitutes our connected person (as defined under Chapter 14A of the Hong Kong Listing Rules) upon the Listing.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Nature of transaction	Counterparty	Proposed Annual cap For the year ending December 31, 2025	Applicable Listing Rules	Waiver Sought
		(RMB million)		
Fully exempt continuing connected transaction				
Lease of certain apartments by our Company from Jinan Tianye	Jinan Tianye	N/A	14A.34 and 14A.76(1)(a)	N/A
Partially exempt continuing connected transaction				
Lease of property by a wholly-owned subsidiary of our Company from Jining Weishite	Jining Weishite	8.0	14A.34 to 14A.36, 14A.49, 14A.51 to 14A.59, 14A.71 and 14A.76(2)(a) 14A.105	Announcement

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

During the Track Record Period, our Company has leased certain apartments from Jinan Tianye for use as our employee dormitories, which is expected to continue after Listing. The monthly rents during the leasing term are determined on normal commercial terms after arm's length negotiations between both parties and with reference to: (i) the prevailing market rents of similar apartments in the same or nearby area or similar locations in the PRC; (ii) the conditions of the apartments, including but not limited to its location and the facilities associated with the apartments; and (iii) the estimated utility costs the lessee expects to consume during the leasing term. The rents under the Apartment Leasing Agreement are in line with the market rates of apartments of comparable size and quality situated in the same locality, which shall be in the best interests of our Company and our Shareholders as a whole.

As the applicable percentage ratios calculated under Chapter 14A of the Hong Kong Listing Rules will be less than 0.1%, the above transaction in respect of lease of apartments by our Company from Jinan Tianye will be fully exempt from all of the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.76(1) of the Listing Rules.

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

Property Leasing Agreement with Jining Weishite

Parties

Jining Weishite (as lessor); and

Jining New Material (as lessee).

Principal terms

On December 26, 2024, Jining New Material, our wholly-owned subsidiary, entered into a property leasing agreement (the "**Property Leasing Agreement**") with Jining Weishite, pursuant to which Jining New Material agreed to lease certain factory building, ancillary infrastructure and manufacturing equipment ("**Leased Properties**") owned by Jining Weishite for production and operation uses, and will pay monthly rental payment to Jining Weishite accordingly.

The initial term of the Property Leasing Agreement shall commence on January 1, 2025 and end upon December 31, 2025, subject to renewal upon mutual consent by the parties. Since the term of the lease fall within short-term lease and are not recognized as right-of-use assets on our

consolidated statement of financial position in accordance with IFRS16 "Leases", such transaction will be treated as continuing connected transaction instead of one-off connected transaction (as defined under Chapter 14A of the Hong Kong Listing Rules) upon Listing.

Pricing terms

The rental payment payable by us to Jining Weishite under the Property Leasing Agreement is base rental fee of RMB550,000 per month, plus relevant ancillary costs (primarily including electricity, telecommunications and other utilities, housing and equipment repair and maintenance fees and others) which may be incurred from time to time (collectively, the "**Rental Payment**"), which is determined on normal commercial terms after arm's length negotiations between the relevant parties, with reference to the prevailing market rates of relevant fees for properties of comparable size and quality situated in the same locality available or charged by Independent Third Parties.

Reasons for the transaction

Jining Weishite historically utilized the Leased Properties for production of graphite products for supply to our Group. In early 2024, Jining Weishite decided to suspend production due to its own business adjustments. After arm's length negotiation with Jining Weishite and considering our continuous operational demands, we have leased the Leased Properties from Jining Weishite since July 2024 for production of graphite products. In light of our long-standing cooperation history with Jining Weishite, Jining Weishite has a better understanding of our production needs and property maintenance requirements compared with Independent Third Parties. Therefore, it is in the best interests of our Group to continue to lease the Leased Properties from Jining Weishite upon the Listing.

Historical amounts

Set out below are the historical transaction amounts for the abovementioned transaction during the Track Record Period:

	For the year ended December 31,			For the three months ended March 31,
	2022	2023	2024	2025
	(RMB in million)			
Rental Payment paid by our Group to Jining Weishite	Nil	Nil	3.30[(1)]	1.65

Note:

(1) We started to lease the Leased Properties from Jining Weishite to conduct our own production since July 1, 2024.

Proposed annual cap and its basis

The proposed maximum aggregate Rental Payment amount payable by us to Jining Weishite under the Property Leasing Agreement for the year ending December 31, 2025 is RMB8.0 million.

The above proposed annual cap is determined taking into account:

a) the fixed base rental fee set out under the Property Leasing Agreement and the historical transaction amounts and historical trend of the annual Rental Payment paid by our Group to Jining Weishite during the Track Record Period;

b) the geographical locations of the Leased Properties and the prevailing rental payment rates in similar locations for properties of comparable size and quality;

c) the condition, total size and value of the Leased Properties we expect to lease from Jining Weishite; and

d) regarding the estimated ancillary costs, the growth of our actual production, and the fair market prices as well as historical frequency and amount actually incurred. For reference only, based on management account provided by Jining Weishite, the average amount of utility charges and maintenance fees concerning the Leased Properties for the past two years were approximately RMB1.0 million. A few buffer is also factored in for possible repair costs, as the warranty period of the Leased Properties had expired by the end of 2024.

WAIVER APPLICATION FOR THE PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION

In respect of the property leasing transaction under the Property Leasing Agreement as disclosed in the subsection headed "— Partially exempt continuing connected transaction", since the highest applicable percentage ratio calculated for the purposes of Chapter 14A of the Hong Kong Listing Rules for the year ending December 31, 2025 is expected to exceed 0.1% but less than 5% on an annual basis, the transaction contemplated thereunder is subject to the annual reporting requirement under Rules 14A.49 and 14A.71 of the Hong Kong Listing Rules and the announcement requirement under Rule 14A.35 of the Listing Rules.

As the property leasing transaction under the Property Leasing Agreement is expected to continue on a recurring and continuing basis and has been fully disclosed in this prospectus, our Directors consider that it would be impractical for us to strictly comply with the announcement requirement for such partially exempt continuing connected transaction upon Listing, and such requirements would lead to unnecessary administrative costs and would be unduly burdensome to us.

Accordingly, we have applied to the Hong Kong Stock Exchange for, and the Hong Kong Stock Exchange has granted, a waiver exempting us from strict compliance with the announcement requirement under Chapter 14A of the Hong Kong Listing Rules in respect of the continuing connected transaction as disclosed in "— Partially exempt continuing connected transaction" in this section, subject to the condition that the aggregate amount of the Rental Payment paid to Jining Weishite for the year ending December 31, 2025 shall not exceed the relevant amount set forth in the annual cap as stated above. Upon the Listing, apart from the announcement requirement waived by the Stock Exchange, the Company will comply with the other relevant requirements under Chapter 14A of the Listing Rules.

In the event of any future amendments to the Hong Kong Listing Rules imposing more stringent requirements than those applicable as of the Latest Practicable Date on the continuing connected transaction referred to in this prospectus, we will take immediate steps to ensure compliance with such new requirements within reasonable time.

We will comply with then applicable approval and disclosure requirements under relevant laws and regulations and listing rules (including the Hong Kong Listing Rules) for future renewal of the Property Leasing Agreement before its expiry, if and when needed.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including our independent non-executive Directors) are of the view that the partially exempt continuing connected transaction as set out above has been and will continue to be carried out in our ordinary and usual course of business and on normal commercial terms or better, and is fair and reasonable and in the interest of our Company and Shareholders as a whole, and the proposed annual cap for such transaction is fair and reasonable and in the interest of our Company and Shareholders as a whole.

CONFIRMATION FROM THE JOINT SPONSORS

Having taken into account the view of the Directors and the Joint Sponsors' participation in due diligence, the Joint Sponsors are of the view that the partially exempt continuing connected transaction as set out above has been and will be carried out in the ordinary and usual course of

business of our Company and on normal commercial terms, and is fair and reasonable in the interests of our Company and the Shareholders as a whole, and the proposed annual cap for such transaction is fair and reasonable and in the interest of our Company and Shareholders as a whole.

INTERNAL CONTROL MEASURES TO SAFEGUARD SHAREHOLDERS' INTERESTS

In order to further safeguard the interests of the Shareholders as a whole (including the minority Shareholders), our Group has implemented the following internal control measures in relation to the continuing connected transaction contemplated under the Property Leasing Agreement:

(a) We have adopted a connected transactions management policy for the purpose of ensuring that connected transactions of our Group will be conducted in a fair manner, on normal commercial terms and in the interests of our Company and our Shareholders as a whole;

(b) We have put in place a series of internal guidelines which provide that if the value of any proposed connected transaction is expected to exceed certain thresholds, the relevant staff must report the proposed transactions to the head of the relevant business unit in order for our Company to commence the necessary additional assessment and approval procedures and ensure that we will comply with the applicable requirements under Chapter 14A of the Hong Kong Listing Rules; and

(c) Our Company will provide information and supporting documents to the independent non-executive Directors and the auditors in order for them to conduct an annual review of the continuing connected transactions entered into by our Company. In accordance with the requirements under the Hong Kong Listing Rules, the independent non-executive Directors will provide an annual confirmation to the Board as to whether the continuing connected transactions have been entered into in the ordinary and usual course of business of our Group, are on normal commercial terms and are in accordance with the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and the auditors will provide an annual confirmation to the Board as to whether anything has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board, are not in accordance with the pricing policies of our Group in all material respects, are not entered into in accordance with the relevant agreements governing the transactions in all material respects or have exceeded the cap.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming that (i) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (ii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), the following persons will have interests and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the issued voting shares of our Company:

				Assuming that the Over-allotment Option are not exercised		Assuming that the Over-allotment Option are fully exercised	
Name of Shareholder	Nature of interest	Class and number of Shares directly and indirectly held	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Approximate % of shareholding in our A Shares immediately after the Global Offering	Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering	Approximate % of shareholding in our A Shares immediately after the Global Offering	Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering
Mr. Zong Yanmin.	Beneficial owner	129,302,726 A Shares	30.09%	30.09%	27.08%	30.09%	26.68%
	Interest in controlled corporation [1]	38,038,884 A Shares	8.85%	8.85%	7.97%	8.85%	7.85%
Shanghai Maiming	Beneficial owner [1]	23,133,000 A Shares	5.38%	5.38%	4.85%	5.38%	4.77%
Shanghai Zhuao	Beneficial owner [1]	12,900,000 A Shares	3.00%	3.00%	2.70%	3.00%	2.66%
Guocai Equity Investment Fund (Jinan) Limited Partnership (Limited Partnership) (國材股權投資基金(濟南)合夥企業(有限合夥))	Beneficial owner [2]	38,673,994 A Shares	9.00%	9.00%	8.10%	9.00%	7.98%

Name of Shareholder	Nature of interest	Class and number of Shares directly and indirectly held	Approximate percentage of interest in the total issued share capital of our Company as of the Latest Practicable Date	Assuming that the Over-allotment Option are not exercised		Assuming that the Over-allotment Option are fully exercised	
				Approximate % of shareholding in our A Shares immediately after the Global Offering	Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering	Approximate % of shareholding in our A Shares immediately after the Global Offering	Approximate % of shareholding in the total share capital of our Company immediately after the Global Offering
Liaoning Zhongde Industrial Equity Investment Fund Limited Partnership (Limited Partnership) (遼寧中德產業股權投資基金合夥企業(有限合夥))	Beneficial owner [3]	23,700,878 A Shares	5.52%	5.52%	4.96%	5.52%	4.89%
	Interests held jointly with other person[3]	10,280,571 A Shares	2.39%	2.39%	2.15%	2.39%	2.12%
Liaoning Haitong New Energy Low Carbon Industrial Equity Investment Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司)	Beneficial owner [3]	7,477,863 A Shares	1.74%	1.74%	1.57%	1.74%	1.54%
	Interests held jointly with other person[3]	26,503,586 A Shares	6.17%	6.17%	5.55%	6.17%	5.47%
Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司)	Beneficial owner [3]	2,802,708 A Shares	0.65%	0.65%	0.59%	0.65%	0.58%
	Interests held jointly with other person[3]	31,178,741 A Shares	7.26%	7.26%	6.53%	7.26%	6.43%
Huawei Investment Holding Co., Ltd. (華為投資控股有限公司)	Interest in controlled corporation [4]	27,262,500 A Shares	6.34%	6.34%	5.71%	6.34%	5.63%
Habo Technology Venture Capital Co., Ltd. (哈勃科技創業投資有限公司)	Beneficial owner [4]	27,262,500 A Shares	6.34%	6.34%	5.71%	6.34%	5.63%

Notes:

(1) As of the Latest Practicable Date, Mr. Zong, as the sole managing partner and general partner of each of Shanghai Maiming and Shanghai Zhuao, was responsible for management and exercising the voting rights attaching to the Shares held by each of Shanghai Maiming and Shanghai Zhuao, in accordance with the partnership agreement entered into among the general and limited partners of each of Shanghai Maiming and Shanghai Zhuao, respectively. For details of Shanghai Maiming and Shanghai Zhuao, see the section headed "History —

Establishment of Employee Shareholding Platforms" in this document. Therefore, Mr. Zong was deemed to be interested in the 23,133,000 A Shares and 12,900,000 A Shares held by Shanghai Maiming and Shanghai Zhuao in our Company, respectively. By virtue of Part XV of the SFO, interest in controlled corporation also includes the 2,005,884 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date.

(2) As of the Latest Practicable Date, Guocai Equity Investment Fund (Jinan) Limited Partnership (Limited Partnership) (國材股權投資基金(濟南)合夥企業(有限合夥)) ("**Jinan Guocai**") is interested in 38,673,994 A Shares of our Company. China National Building Material Private Equity Fund Management (Beijing) Co., Ltd. (中建材私募基金管理(北京)有限公司) is the executive partner of Jinan Guocai. Jinan Guocai has ten limited partners, each of whom holds less than 30% of the interests therein.

(3) As of the Latest Practicable Date, (i) Guotai Haitong Securities Co., Ltd. (國泰海通證券股份有限公司) ("**GTHT Securities**") directly held 100% of the equity interest in Haitong Innovation Securities Investment Co., Ltd. (海通創新證券投資有限公司) ("**Haitong Innovation**"), (ii) GTHT Securities indirectly (through its wholly-owned subsidiaries Haitong Kaiyuan Investment Co., Ltd. (海通開元投資有限公司) ("**Haitong Kaiyuan**") and Haitong Innovation) held in aggregate 49.90% of the equity interest in Liaoning Haitong New Energy Low Carbon Industrial Equity Investment Fund Co., Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司) ("**Liaoning Haitong New Energy**"), and (iii) GTHT Securities indirectly (through Haitong Kaiyuan) held 51% of the equity interest in the general and executive partner of Liaoning Zhongde Industrial Equity Investment Fund Limited Partnership (Limited Partnership) (遼寧中德產業股權投資基金合夥企業(有限合夥)) ("**Liaoning Zhongde**"), namely Haitong New Energy Private Equity Investment Management Co., Ltd. (海通新能源私募股權投資管理有限公司), and Haitong Kaiyuan was a limited partner of Liaoning Zhongde with 19.60% limited partnership interest. Liaoning Zhongde has nine limited partners, each of whom holds less than 30% of the interests therein. Therefore, by virtue of Part XV of the SFO, Liaoning Zhongde, Liaoning Haitong New Energy and Haitong Innovation are parties acting in concert in respect of their shareholding in our A Shares. Each of them is deemed to be interested in the interest of each other in our Company.

(4) As of the Latest Practicable Date, Habo Technology Venture Capital Co., Ltd. (哈勃科技創業投資有限公司) ("**Habo Capital**") was interested in 27,262,500 A Shares. Habo Technology Venture Capital Co., Ltd. is wholly owned by Huawei Investment Holding Co., Ltd. (華為投資控股有限公司) ("**Huawei Investment**"). Therefore, Huawei Investment was deemed to be interested in the 27,262,500 A Shares held by Habo Capital.

Save as disclosed above and in section headed "Appendix VII — Statutory and General Information — C. Further Information about our Directors, Supervisors and Senior Management", our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming that no new Shares are issued under our 2024 Restricted Share Incentive Scheme and no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), have any interest and/or short positions in the Shares or underlying shares of our Company which would fall to be disclosed to the Company pursuant to 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 nominal value of any class of our share capital carrying rights to vote in all circumstances at general meetings of our Company.

This section presents certain information regarding our share capital before and upon completion of the Global Offering.

BEFORE THE GLOBAL OFFERING

As of the Latest Practicable Date, the total issued capital of our Company was 429,711,044* A Shares of nominal value of RMB1.00 each, all of which are listed on the STAR Market.

Note:

* Including 2,005,884 A Shares repurchased by our Company pursuant to the repurchase mandates approved by the Board, accounting for approximately 0.47% of the total number of A Shares in issue as of the Latest Practicable Date.

UPON COMPLETION OF THE GLOBAL OFFERING

Immediately following the Global Offering, assuming (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage of the enlarged share capital
A Shares in issue*	429,711,044	90.00%
H Shares to be issued pursuant to the Global Offering	47,745,700	10.00%
Total	**477,456,744**	**100.00%**

Immediately following the Global Offering, assuming (i) the Over-allotment Option is exercised in full, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing, the share capital of our Company will be as follows:

Description of Shares	Number of Shares	Approximate percentage to total share capital
A Shares in issue*	429,711,044	88.67%
H Shares to be issued pursuant to the Global Offering	54,907,500	11.33%
Total	**484,618,544**	**100.00%**

Note:

* Including 2,005,884 A Shares repurchased by our Company pursuant to the repurchase mandates approved by the Board.

RANKING

Our H Shares and our A Shares are regarded as one class of Shares and will rank pari passu with each other in all other respects and, in particular, will rank equally for all dividends or distributions declared, paid or made after the date of this prospectus. All dividends in respect of our H Shares are to be paid by us in Hong Kong dollars whereas all dividends in respect of our A Shares are to be paid by us in Renminbi. In addition to cash, dividends may also be distributed in the form of Shares. Holders of our H Shares will receive share dividends in the form of H Shares, and holders of our A Shares will receive share dividends in the form of A Shares.

OUR SHARES

Our H Shares in issue upon completion of the Global Offering, and our A Shares, are ordinary Shares in our share capital and are considered as one class of Shares. Shanghai-Hong Kong Stock Connect has established a stock connect mechanism between mainland China and Hong Kong. Our A Shares can be subscribed for and traded by mainland Chinese investors, qualified foreign institutional investors or qualified foreign strategic investors and must be traded in Renminbi. As our A Shares are eligible securities under the Northbound Trading Link, they can also be subscribed for and traded by Hong Kong and other overseas investors pursuant to the rules and limits of Shanghai-Hong Kong Stock Connect. Our H Shares can be subscribed for or traded by Hong Kong and other overseas investors and qualified domestic institutional investors. If our H Shares are eligible securities under the Southbound Trading Link, they can also be subscribed for and traded by mainland Chinese investors in accordance with the rules and limits of Shanghai-Hong Kong Stock Connect or Shenzhen-Hong Kong Stock Connect.

NO CONVERSION OF OUR A SHARES INTO H SHARES FOR LISTING AND TRADING ON THE HONG KONG STOCK EXCHANGE

Our A Shares and our H Shares are generally neither interchangeable nor fungible, and the market prices of our A Shares and our H Shares may be different after the Global Offering. The Guidelines on Application for "Full Circulation" of Domestic Unlisted Shares of H-share Companies (《H股公司境內未上市股份申請"全流通"業務指引》) announced by the CSRC are not applicable to companies dually listed in the PRC and on the Hong Kong Stock Exchange. As of the Latest Practicable Date, there were no relevant rules or guidelines from the CSRC providing that A Shareholders may convert A shares held by them into H shares for listing and trading on the Hong Kong Stock Exchange.

APPROVAL FROM HOLDERS OF A SHARES REGARDING THE GLOBAL OFFERING

Approval from holders of A Shares is required for our Company to issue H Shares and seek the listing of H Shares on the Hong Kong Stock Exchange. Such approval was obtained by us at the shareholders' general meeting of our Company held on February 19, 2025 and is subject to the following conditions:

(i) *Size of the offer.* The proposed number of H Shares to be offered shall not exceed 15% of the total issued share capital enlarged by the H Shares to be issued pursuant to the Global Offering (before the exercise of the Over-allotment Option). The number of H Shares which may be issued pursuant to the full exercise of the Over-allotment Option shall not exceed 15% of the total number of H Shares to be offered initially under the Global Offering.

(ii) *Method of offering.* The method of offering shall be by way of an international offering to institutional investors and a public offer for subscription in Hong Kong.

(iii) *Target investors.* The H Shares shall be issued to public investors in Hong Kong under the Hong Kong Public Offering and international investors, qualified domestic institutional investors in mainland China and other investors who are approved by mainland Chinese regulatory bodies to invest abroad in International Offering.

(iv) *Price determination basis.* The issue price of H Shares will be negotiated and determined among the Board and/or its authorized persons and underwriters, as authorized by the Shareholders' general meeting, after due consideration of the interests of the Company's existing Shareholders and foreign investors, by reference to the conditions of international capital markets and the Hong Kong stock market issuances, the general valuation levels of comparable companies in the industry and the market subscription conditions at the time of offering, as well as based on the demand for foreign orders and the results of book-building.

(v) *Validity period.* The issue of H Shares and listing of H Shares on the Hong Kong Stock Exchange shall be completed within 18 months from the date of approval by the general meeting of the Company on February 19, 2025.

There are no other approved existing offering plans for our Shares except for the Global Offering.

SHAREHOLDERS' GENERAL MEETINGS

For details of circumstance under which our shareholders' general meeting is required, see "Appendix VI — Summary of Articles of Association — Shareholders and General Meeting" to this prospectus.

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (each a "**Cornerstone Investment Agreement**" and collectively, the "**Cornerstone Investment Agreements**") with the cornerstone investors set out below (each a "**Cornerstone Investor**" and collectively, the "**Cornerstone Investors**"), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe, or cause their designated entities to subscribe, at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 100 Offer Shares) that may be purchased for an aggregate amount of HK$740.2 million, calculated based on the conversion rate of US$1.00 to HK$7.8499 (the "**Cornerstone Placing**"). The aggregate amount of the investment contributed by the Cornerstone Investors does not include brokerage, SFC transaction levy, AFRC transaction levy and Hong Kong Stock Exchange trading fee which the Cornerstone Investors will pay in respect of the International Offer Shares to be subscribed by them.

Based on an Offer Price of HK$42.80 per H Share, being the maximum Offer Price, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 17,295,200 Offer Shares. The table below reflects the shareholding percentage immediately after the completion of the Global Offering.

Assuming the Over-allotment Option is not exercised		**Assuming the Over-allotment Option is exercised in full**	
Approximate % of the Offer Shares	**Approximate % of the total issued share capital**	**Approximate % of the Offer Shares**	**Approximate % of the total issued share capital**
36.22%	3.62%	31.50%	3.57%

Our Company is of the view that the investments by Cornerstone Investors will help raise the profile of our Company and to signify that such investors have confidence in our business and prospect. Further, we believe that we will benefit from the cornerstone investment, taking into account the business sectors they primarily focus on. Our Company became acquainted with each of the Cornerstone Investors in its ordinary course of operation through the Group's business network or through introduction by the Company's business partners, the Overall Coordinators or the other CMIs.

The Cornerstone Placing will form part of the International Offering, and save as otherwise obtained consent by the Stock Exchange, the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering other than pursuant to the Cornerstone Investment Agreements. The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* in all respects with the fully paid Shares in issue and all the H Shares to be subscribed by the cornerstone investors will be counted towards the public float for the purpose of Rule 8.08 (as amended and replaced by Rule 19A.13A) of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any Board representation in our Company; and none of the Cornerstone

Investors will become a substantial Shareholder of our Company. The Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders, other than a guaranteed allocation of the relevant Offer Shares at the Offer Price.

As confirmed by each of the Cornerstone Investors, there are no side arrangements or agreements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Listing, other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, following the principles as set out in Chapter 4.15 of the Guide for New Listing Applicants.

The Cornerstone Investors have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Company's Shares commence on the Stock Exchange. The Cornerstone Investors have agreed that our Company and the Sponsor-OC may in their sole discretion defer the delivery of all or part of the Offer Shares it will subscribe to be made on a date later than the Listing Date. Such delayed delivery arrangement is in place to facilitate the over-allocation in the International Offering. There will be no delayed delivery if there is no over-allocation in the International Offering. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by certain Cornerstone Investors under the Cornerstone Placing. Where delayed delivery takes place, each Cornerstone Investor that may be affected by such delayed delivery has agreed that it shall nevertheless pay for the relevant Offer Shares in full before the Listing. As such, there will be no deferred settlement of the Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Investment Agreements.

To the best of the knowledge, information and belief of our Company, (i) the Cornerstone Investors are independent of the Company, its connected persons and their respective associates; (ii) none of the Cornerstone Investor is accustomed to take and has not taken instructions from the Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares; and (iii) none of the subscription of the Offer Shares by the Cornerstone Investors is financed by the Company, our Directors, Supervisors, chief executive, Controlling Shareholders, substantial Shareholders, existing Shareholders or any of its subsidiaries or their respective close associates.

To the best knowledge of the Company and the Overall Coordinators, and based on the indicative interest of investment of the Cornerstone Investors and/or their close associates as of the date of this prospectus, certain Cornerstone Investors and/or their close associates may participate in the International Offering as placees and subscribe for further Offer Shares in the Global Offering. The Company will seek the Stock Exchange's consent and/or waiver to allow the Cornerstone Investors and/or their close associates to participate in the International Offering as placees pursuant to Chapter 4.15 of the Guide for New Listing Applicants. Whether such Cornerstone Investors and/or their close associates will place orders in the International Offering are uncertain and will be subject to the final investment decisions of such investors and the terms and conditions of the Global Offering.

To the best knowledge of our Company, the Cornerstone Investors make independent investment decisions, and their subscription under the Cornerstone Investment Agreements would be financed by their own internal resources or (in the case of Cornerstone Investors which are funds or investment managers) the assets managed for its investors as its source of funding for the subscription of the Offer Shares, and they have sufficient funds to settle their respective investment under the Cornerstone Placing. Each of the Cornerstone Investor has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing, and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

The total number of Offer Shares to be subscribed by certain Cornerstone Investors may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering. If the total demand for H Shares in the Hong Kong Public Offering falls within the circumstance as set out in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation" in this Prospectus, the Company and the Sponsor-OC have the absolute discretion to deduct the number of Offer Shares to be subscribed by such Cornerstone Investors in order to satisfy the public demands under the Hong Kong Public Offering pursuant to requirement under paragraph 3.2 of Practice Note 18 of the Listing Rules, and the details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement of our Company to be published on or around August 18, 2025.

The table below sets forth the details of the Cornerstone Placing:

Based on the Offer Price of HK$42.80 (being the maximum Offer Price)

Cornerstone Investors	Total Investment Amount[1]	Number of Offer Shares[2]	Assuming the Over-allotment Option is not exercised		Assuming the Over-allotment Option is fully exercised	
			Approximate % of the Offer Shares	Approximate % of our total issued share capital[3]	Approximate % of the Offer Shares	Approximate % of our total issued share capital[3]
Guoneng Environmental Protection Investment Group Co., Limited (國能環保投資集團有限公司) ("**Guoneng Environmental Protection**")[4]	US$50,000,000	9,170,400	19.21%	1.92%	16.70%	1.89%
Mirae Asset Securities (HK) Limited ("**Mirae Asset Securities**")	US$15,000,000	2,751,100	5.76%	0.58%	5.01%	0.57%
SDG Asset Management (HK) Limited ("**SDG Asset**")[4]	HK$100,000,000	2,336,400	4.89%	0.49%	4.26%	0.48%
H&T Intelligent Control International Co., Limited ("**H&T**")	HK$80,000,000	1,869,100	3.91%	0.39%	3.40%	0.39%
Mr. Lan Kun (蘭坤)	HK$50,000,000	1,168,200	2.45%	0.24%	2.13%	0.24%

Notes:

(1) Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this prospectus.

(2) Subject to rounding down to the nearest whole board lot of 100 Offer Shares. Calculated based on the exchange rate set out in the section headed "*Information about this Prospectus and the Global Offering — Currency Translations*."

(3) The calculation of the percentage includes 2,005,884 A Shares being held as treasury Shares repurchased by our Company pursuant to the repurchase mandates approved by Shareholders as of the Latest Practicable Date.

(4) Based on public information, as of the Latest Practicable Date, Guoneng Environmental Protection and SDG Asset are controlled by Shandong provincial-level government and local government immediately under Shandong provincial-level government, respectively. As such, the shareholdings of Guoneng Environmental Protection and SDG Asset in the Company will be aggregated when calculating public float of the Company under Rule 8.08(1) (as amended and replaced by Rule 19A.13A) of the Listing Rules. Based on the Offer Price of HK$42.80 (being the maximum Offer Price), assuming the Over-allotment Option is not exercised and there is no adjustment to the total number of Offer Shares to be allocated to SDG Asset and Guoneng Environmental Protection, immediately upon completion of the Global Offering, the aggregated shareholding of SDG Asset and Guoneng Environmental Protection in the Company would be 11,506,800 H Shares, representing approximately 2.42% of the total issued share capital of the Company (excluding 2,005,884 A Shares repurchased by the Company as treasury Shares as of the Latest Practicable Date), therefore will not adversely affect the Company's satisfaction of public float requirements under the Listing Rules.

THE CORNERSTONE INVESTORS

The information about our Cornerstone Investors set forth below has been provided by our Cornerstone Investors in connection with the Cornerstone Placing.

Guoneng Environmental Protection

Guoneng Environmental Protection Investment Group Co., Limited (國能環保投資集團有限公司) ("**Guoneng Environmental Protection**") was incorporated in Hong Kong with limited liability on November 22, 2021, and is principally engaged in debt issuance, investment, trade & commerce, asset management and modern services. It is wholly owned by Jinan Energy Group Co., Ltd. (濟南能源集團有限公司), a state-owned energy manufacturing and supply company controlled by Stated-owned Assets Supervision and Administration Commission of Jinan Government.

Mirae Asset Securities

Mirae Asset Securities (HK) Limited ("**Mirae Asset Securities**"), a wholly owned subsidiary of Mirae Asset Securities Co., Ltd ("**Mirae Securities**"), was established in Hong Kong in July 2005 and is licensed by the SFC to carry on type 9 (asset management) regulated activity. All of the investors' fund managed by Mirae Asset Securities are from Independent Third Parties and none of the investors hold more than 30% interest in the fund. Mirae Securities is one of the largest investment banks incorporated in the Republic of Korea, providing a comprehensive range of financial services including brokerage, wealth management, investment banking, sales & trading, and principle investments. The company is ultimately controlled by Mirae Asset Capital Co., Ltd., a financial investment company incorporated in the Republic of Korea. The company engages primarily in corporate lending, structured finance, and strategic investments to support the broader Mirae Asset Financial Group. Mirae Securities is listed on the Korea Exchange under stock code 006800.KS.

SDG Asset

SDG Asset Management (HK) Limited ("**SDG Asset**") has entered into a cornerstone investment agreement in its capacity as the investment manager for and on behalf of SDG Asset Management (HK) Limited-Client Account 3 ("**Client Account 3**"). SDG Asset is a private company limited by shares, incorporated in Hong Kong on April 26, 2016 to engage in provision of asset management services. It is licensed by the SFC under the SFO to carry out Type 4 (advising on securities) and Type 9 (asset management) regulated activities, with CE number BHO423. The sole shareholder of SDG Asset is SDG Securities (HK) Limited, a company licensed by the SFC under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) with CE number BMB958 and primarily engages in provision of trading services in Hong Kong stocks, bonds, as well as IPO subscription services. SDG Securities (HK) Limited is an indirect wholly-owned subsidiary of Shandong Gold Group Co., Ltd., which is a state-owned gold mining company controlled by Stated-owned Assets Supervision and Administration Commission of Shandong Provincial Government ("**Shandong SASAC**").

SDG Asset manages the funds of Client Account 3 on behalf of Guohui (HK) Holdings Co., Limited. The investment portfolio of Client Account 3 may include allocations to Hong Kong IPOs, Hong Kong-listed equities, Hong Kong equity-related funds, and liquidity management products such as time deposits and money market funds. Guohui (HK) Holdings Co., Limited is a direct wholly-owned subsidiary of Shandong Development Investment Holding Group Co., Ltd., which is a state-owned investment holding company controlled by Shandong SASAC.

H&T

H&T Intelligent Control International Co., Limited ("**H&T**") was incorporated in Hong Kong with limited liability on February 8, 2011, and is principally engaged in R&D of intelligent controller products, import-export trade, and investment management. H&T is wholly owned by Shenzhen H&T Intelligent Control Co., Ltd. (深圳和而泰智能控制股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 002402.SZ).

Mr. Lan Kun (蘭坤)

Mr. Lan Kun is an individual investor and is the founder, executive director and major shareholder of Shenzhen Dream'ee Private Equity Securities Fund Management Co., Ltd. (深圳君宜私募證券基金管理有限公司) and Dream'ee (HongKong) Capital Ltd. (君宜(香港)資本有限公司), which primarily focus on investments in IPO placings and refinancing market. Mr. Lan Kun has been engaging in investment banking and asset management for over 20 years, with particularly stable and outstanding investment performance in the hedge fund management. Mr. Lan Kun is also the founder of Shenzhen Left-up Charity Foundation (深圳市尚佐慈善基金會). Mr. Lan is an Independent Third Party.

CLOSING CONDITIONS

The obligation of each Cornerstone Investor to subscribe for the Offer Shares under the respective Cornerstone Investment Agreement is subject to, among other things, the following closing conditions:

(i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;

(ii) the Offer Price having been agreed upon between our Company and the Sponsor-OC (for themselves and on behalf of the underwriters of the Global Offering);

(iii) the Listing Committee having granted the approval for the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;

(iv) no laws shall have been enacted or promulgated which prohibits the consummation of the transactions contemplated in the Global Offering or the respective Cornerstone Investment Agreement, and there being no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and

(v) the respective agreements, representations, warranties, undertakings, confirmations and acknowledgements of the Cornerstone Investors under the respective Cornerstone Investment Agreement are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Closing (as defined in the Cornerstone Investment Agreement)) accurate and true in all respects and not misleading and that there is no material breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each Cornerstone Investor has agreed that without the prior written consent of our Company, the Joint Sponsors and the Sponsor-OC, it will not, whether directly or indirectly, at any time during the period of six months following the Listing Date (the "**Lock-up Period**"), dispose of, in any way, any of the Offer Shares it has purchased, pursuant to the respective Cornerstone Investment Agreement, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of the Cornerstone Investor, including the Lock-up Period restriction.

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

The following discussion and analysis contain forward-looking statements that involve risks and uncertainties. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions, and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, our actual results could differ materially from those anticipated in these forward-looking statements as a result of various factors, including those set forth under "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are a leader in the production of wide bandgap semiconductor materials, focusing on the research, development and industrialization of SiC substrates since our inception in 2010. Leveraging our in-house R&D capabilities, we mastered the core technologies covering all stages of SiC substrate production, including equipment design, thermal field design, powder synthesis, crystal growth, substrate processing and quality inspection. This enabled our mass production of 8-inch SiC substrates in 2023, overcoming the challenges of high-quality growth interface control and defect control in the production of SiC substrates. In November 2024, we introduced the industry's first 12-inch SiC substrate, which marks a significant step into the era of large SiC substrates.

We have experienced strong revenue growth in recent years. Our revenue increased by 199.9% from RMB417.0 million in 2022 to RMB1,250.7 million in 2023, and increased by 41.4% from RMB1,250.7 million in 2023 to RMB1,768.1 million in 2024. Our revenue decreased by 4.2% from RMB426.1 million in the three months ended March 31, 2024 to RMB408.0 million in the same period of 2025. We had a loss of RMB175.7 million and RMB45.7 million in 2022 and 2023 and a profit of RMB179.0 million in 2024. We had a profit of RMB46.1 million and RMB8.5 million in the three months ended March 31, 2024 and 2025, respectively.

BASIS OF PRESENTATION

Our historical financial information has been prepared in accordance with IFRS, issued by the International Accounting Standards Board. The historical financial information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through profit or loss, which are carried at fair value.

The preparation of the historical financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 5 to the Accountant's Report in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

The growth and future success of our business depend on many factors. While each of these factors presents significant opportunities for our business, they also pose important challenges that we must successfully address in order to sustain our growth and improve our results of operations.

General Factors

- overall economic growth and conditions;
- development and prosperity of the global semiconductor industry, in particular the power semiconductor industry;
- conditions of the downstream markets of the semiconductor industry and the resulting fluctuations in customer demand;
- technology development and competition in the semiconductor industry; and
- relevant laws and regulations, government policies and initiatives.

Company Specific Factors

Our Commitment to R&D and Technology Innovation

Our success and competitive advantages depend on our capability to continuously develop and offer cutting-edge SiC substrate products. In the field of wide bandgap semiconductors, SiC substrates plays a critical role and its production has high technical barriers. Dedicated to SiC for over 14 years, we are committed to provide our customers with the SiC substrates of quality, continuously enhancing the performance of their products across different industries through material innovation. During the Track Record Period, we primarily offered 4-inch, 6-inch and 8-inch SiC substrates, and we were one of the few companies worldwide that could offer both conductive and semi-insulating SiC substrates in various diameters.

The high competitive nature of semiconductor industry requires our relentless focus on and investment in R&D activities. Our R&D focus on forward-looking technologies and large-diameter products. We have invested and will continue invest significant resources in R&D activities in the future to achieve technological breakthroughs, as well as maintain our technological leadership and the competitiveness of our products and solutions. Our R&D expenses amounted to RMB127.6 million, RMB137.2 million, RMB141.8 million, RMB22.3 million and RMB44.9 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, accounting for 30.6%, 11.0%, 8.0%, 5.2% and 11.0% of our revenue in the same years, respectively. We have a robust R&D team of 194 employees as of March 31, 2025, whose expertise covers from product development to industrialization with solid practical experience in technical development and large-scale production. While this strategy may elevate R&D expenses, it will position us closer to our customers, enabling us to respond promptly to their requirements, expedite product launches and bolster customer retention. Our outstanding R&D accomplishments are a testament to our robust R&D center. As of the Latest Practicable Date, we had been granted 502 patents, including 194 invention patents, 14 of which invention patents were from regions outside mainland China.

Technological innovation is also critical to our competitive advantage. As of the Latest Practicable Date, we had mastered core technologies covering equipment design, thermal field design, powder synthesis, crystal growth, and substrate processing, including but not limited to, monocrystalline SiC growth equipment and thermal field design and manufacturing technology, high-purity SiC powder preparation technology, as well as precise impurity control technology and electrical performance control technology. As our business grows, we expect to benefit from our accumulated technological expertise to foster sustained innovation with heightened efficiency.

Our Ability to Offer Competitive Products and Enrich Product Offerings

Our products are primarily based on the monocrystalline SiC technologies, and our future success depends on the successful expansion of our SiC substrate product portfolio and customer base. We have achieved mass supply of products including 4-inch substrates, 6-inch substrates, and 8-inch substrates. In November 2024, we announced the launch of the industry's first 12-inch SiC substrate, which marks a significant step into the era of large-diameter SiC substrates. According to Frost & Sullivan, in terms of revenue from SiC substrate sales in 2024, we were among the top three global SiC manufacturers with a market share of 16.7%.

Our customers are constantly seeking new products with larger diameter and better performance, and our success relies heavily on our ability to continue to develop and provide our customers with new products and improvements of existing products. According to Frost & Sullivan, larger diameter SiC substrates typically achieve relatively higher gross profit margins due to (i) premium pricing power resulting from the limited number of manufacturers with large-diameter production capabilities, and (ii) strong customer willingness to pay for cost

advantages these substrates deliver, as larger diameter SiC substrates generally reduce average production costs for downstream customers by minimizing edge waste. During the Track Record Period, our conductive SiC substrates are primarily used in power semiconductor devices with widespread applications in electric vehicles, AI data centers, photovoltaic systems, rail transportation, power grids, household appliances, advanced telecommunication base stations and AI glasses. Semi-insulating SiC substrates are primarily used in radio frequency semiconductor devices for telecommunications. The growth of our revenue depends on our ability to make technological advancements and develop products and solutions with high-performance that meet the evolving demand of our downstream customers in various application fields.

Our continued success depends significantly on our ability to offer competitive innovative high-performance products and enrich product offerings to cater to customers' evolving demands. We also plan to diversify our products and solutions to seize market opportunities from a broad range of application scenarios.

Our Ability to Grow Our Customer Base and Deepen Existing Customer Relationships

We are committed to provide our customers with the SiC substrates of the high quality finest quality, empowering the energy efficiency of their products across different industries. During the Track Record Period, our products were sold mainly through direct sales, which is in line with the industry practice, according to Frost & Sullivan. We have established a global sales service network that covers China, Japan and Europe and we are dedicated to refining our global sales network infrastructure and enhancing localized services, enabling us to more effectively identify and meet the needs of both domestic and international customers, provide timely responses to various business demands from our global customers. Additionally, our marketing center is primarily responsible for connecting with customers and providing them with technical support and after-sales services. We have been in well-established and stable customer relationship with our customers, inclusive of well-known domestic and foreign companies. As of March 31, 2025, we had established business relationships with over half of the global top ten power semiconductor device manufacturers in terms of revenue in 2024. In the long run, we plan to attract new customers across a broader spectrum of industries by continually launching new products for novel applications and deepen collaborations with existing customers by exploring new areas of cooperation with our new and enhanced offerings. A loyal and growing customer base will help us increase our shipments, thereby help improve our revenue and gross profit margin, consolidating our market leadership.

We employ a comprehensive customer strategy that spans the entire lifecycle, from acquisition to product delivery, enhancing our industry reputation and influence. We build a closely connected ecosystem with our customers from the design-in stage by maintaining close communication with our customers to gain a deep understanding of their needs and the competitive

landscape. By virtue of our strong R&D capacity, technological advantages, excellent product quality, strong delivery and customer service capabilities, we have been able to maintain robust and sustainable cooperation with leading customers to achieve design-win. During the Track Record Period, our customers demonstrated high loyalty, which was attributed not only to our outstanding product quality but also to the collaborative ecosystem that we established with them.

Our Production Capacity and Processes

Stable and scalable production capacity is a key factor to our success. During the Track Record Period, we produced our SiC substrates at our two production plants, namely the Shandong production plant and the Shanghai production plant.

We have developed and implemented an information system to facilitate the processing of customer orders and the production process control. We have also integrated artificial intelligence digital simulation and big data technology to automate our production process of our SiC substrates. As of March 31, 2025, our 6-inch SiC substrate production line had achieved a high level of automation and our 8-inch SiC substrate production line had achieved full automation, laying a solid foundation for our technological upgrades and product iteration.

We plan to prudently and efficiently expand our production capacity to sustain our leadership position so that we are poised to meet the escalating market demand for SiC products to grow our revenue and realise economies of scale. The successful upgrade and expansion of our production capability, which can be capital-intensive, require the ability to formulate and execute upgrade and expansion plans, expand and construct new facilities and maintain and purchase production equipment in cost-effective and efficient manners. Our capital expenditures, which comprises purchase of property, plant and equipment, intangible assets and right-of-use assets, were RMB1,034.0 million, RMB1,395.2 million, RMB567.9 million, RMB235.3 million and RMB121.2 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. As we continue to expand our production capacity, we expect to continue to incur substantial capital expenditures, which may be adjusted according to our development plans or in light of market conditions and other factors we believe to be appropriate.

Our Ability to Control Costs and Improve Operational Efficiency

Cost control capability is one of the key competitive barriers in the SiC substrate industry, according to Frost & Sullivan. We incurred cost of sales of RMB450.0 million, RMB1,068.7 million, RMB1,332.7 million, RMB334.3 million and RMB315.5 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively, which were primarily in line with the growth of our sales. Our gross loss margin was 7.9% in 2022 while we have achieved a turnaround with gross profit margin of 14.6% in 2023, 24.6% in 2024, and 21.5% and 22.7% in the

three months ended March 31, 2024 and 2025, respectively. As we continue to scale up our mass production of SiC substrates, we expect to be able to manage the increase in our cost of sales, including the raw material, energy, labor costs and depreciation and amortization of properties and equipment, while sustaining more rapid revenue growth, fully unleashing the economies of scale. In addition, we are improving our managerial performance by investing in our IT systems to enhance our operational efficiency, which in return optimize, among others, manufacturing costs.

Our ability to continuously maintain and enhance our profitability and operating efficiency depends significantly on our ability to manage and optimize our costs and operating expenses. We actively implement lean production principles, develop standardized production processes and introduce advanced automation and intelligent equipment to enhance the stability and reliability of the production process. We consistently monitor, analyze and improve our production processes, and our robust production management capabilities enable us to lead the industry in large-scale delivery. Our SiC substrates have achieved near-zero micropipes as manifested by no stacking faults, low basal plane dislocation (BPD) density, low threading screw dislocation (TSD) density and low threading edge dislocation (TED) density, showcasing our leadership in production quality management. We have further developed and implemented a Zero-Defect Plan, aiming for high-quality products and defect-free delivery.

MATERIAL ACCOUNTING POLICIES

The preparation of the historical financial information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying our accounting policies. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are addressed below.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on us and that are believed to be reasonable under the circumstances.

Revenue Recognition

Revenue is recognised to depict the transfer of goods to customers in an amount that reflects the consideration to which we expect to be entitled in exchange for those goods. Specifically, we use a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer

- Step 2: Identify the performance obligations in the contract

- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured at the amount of consideration we expect to receive in exchange for transferring products or services to a customer ("**transaction price**").

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which we will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between us and the customer at contract inception. When the contract contains a financing component which provides us with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

When volume rebates are provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract, rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used. In 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, the volume rebates we provided amounted to nil, nil, RMB30.8 million, RMB4.3 million and nil, respectively. We did not have such volume rebate arrangements in place in 2022 or 2023. In 2024, we introduced this incentive after mutual agreement with certain customer to encourage increased purchase volumes. These rebates have been netted off against our revenue in the corresponding period.

Revenue is recognised either at a point in time or over time, when we satisfy performance obligations by transferring the promised goods or services to its customers.

A contract asset represents our right to consideration in exchange for goods or services that we have transferred to a customer that is not yet unconditional. In contrast, a receivable represents our unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents our obligation to transfer goods or services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer.

Further details of our revenue and other income recognition policies are as follows:

Revenue from sale of goods

Revenue from contracts with customers is recognised at the point in time when control of goods is transferred to the customers, generally when we have delivered goods to the location specified in the sales contract and the buyer has confirmed the acceptance of the goods.

The credit period granted to customers by us is determined based on their credit risk characteristics. We do not expect to any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceed one year. As a consequence, there is no significant financing component.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Provision of property management services

Revenue from the provision of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by us.

Interest 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 period, when appropriate, to the net carrying amount of the financial asset.

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any. The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to us and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and Buildings	20–30 years
Production equipment	3–10 years
Electronic equipment	3 years
Transportation vehicle	4 years
Office equipment	5 years
Leasehold improvement	3–5 years, or terms of lease contract

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. We measure the right-of-use assets applying a cost model. Under the cost model, we measure the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Impairment loss on financial assets

We recognise a loss allowance for expected credit loss ("**ECL**") on financial assets which are subject to impairment under IFRS 9 "Financial Instruments". The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

We have elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognise lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on our historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, we measure the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then we recognise lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, we compare 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. In making this assessment, we consider both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which our debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to our core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor 's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, we presume that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless we have reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, we assume that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. We consider a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

We regularly monitor the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the relevant weighting.

Generally, the ECL is the difference between all contractual cash flows that are due to us in accordance with the contract and all the cash flows that we expect to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. our trade receivables and other receivables are each assessed as a separate group. Note receivables are assessed for ECL on an individual basis);

- Past-due status;

- Nature, size and industry of debtors; and

- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

We recognise an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Share-based Transaction

Equity-settled share-based payments to employees (including our Directors) are measured at the fair value of the equity instruments at the grant date. The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted, further details of which are given in note 40 to the Accountants' Report in Appendix I to this prospectus.

The cost of equity-settled transactions is recognized in expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and our best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

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 our 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 recognized. 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 recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized 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 canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either us or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding restricted shares is reflected as additional share dilution in the computation of earnings per share.

RESULTS OF OPERATIONS

The following table sets forth a summary of our consolidated results of operations for the periods presented:

	Year Ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
	(RMB in thousands)				
				(unaudited)	
Revenue	417,035	1,250,696	1,768,141	426,068	407,961
Cost of sales	(449,987)	(1,068,660)	(1,332,688)	(334,322)	(315,521)
Gross (loss)/ profit	**(32,952)**	**182,036**	**435,453**	**91,746**	**92,440**
Other income	2,082	517	607	37	168
Other gains and losses, net	51,533	54,852	88,945	23,720	17,985
Net investment income/(expense)	36,227	23,268	762	917	(215)
Reversal/(provision) of impairment losses on financial assets	1,057	(10,972)	(10,166)	(2,828)	1,038
Selling expenses	(13,931)	(20,427)	(28,827)	(4,057)	(5,301)
Administrative expenses	(111,531)	(163,295)	(189,438)	(45,047)	(52,283)
R&D expenses	(127,560)	(137,210)	(141,845)	(22,283)	(44,938)
Finance income/(expense), net	18,135	15,220	5,904	3,144	(2,032)
Share of results of associates	—	(148)	(2,131)	164	(1,502)
(Loss)/profit before tax	(176,940)	(56,159)	159,264	45,513	5,360
Income tax credit	1,258	10,439	19,761	587	3,158
(Loss)/profit for the year/period	**(175,682)**	**(45,720)**	**179,025**	**46,100**	**8,518**
Other comprehensive income for the year/period					
Items that may be reclassified subsequently to profit or loss:					
Exchange differences arising from translation of foreign operations	212	(1,722)	(2,522)	(1,119)	1,790
Total comprehensive income for the year/period	(175,470)	(47,442)	176,503	44,981	10,308

Non-IFRS Financial Measure

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net (loss)/profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure) as additional financial measure, which are not required by, or presented in accordance with, IFRS. We believe these non-IFRS measures facilitate comparisons of operating performance from year to year and company to company by eliminating potential impacts of certain items.

We believe these measures provide useful information to investors and others in understanding and evaluating our consolidated our results of operations in the same manner as they help our management. However, such non-IFRS financial measures that we presented may not be directly comparable to similar measures presented by other companies. The use of these non-IFRS measures has limitations as an analytical tool, and should not be considered in isolation from, or as substitute for analysis of, our results of operations or financial condition as reported under IFRS. In addition, the non-IFRS measures may be defined differently from similar terms used by other companies.

We define adjusted net loss/profit (non-IFRS measure) for the period as net loss for the period adjusted by adding back: share-based compensation expenses. The following table reconciles our adjusted net (loss)/profit (non-IFRS measure) and adjusted EBITDA (non-IFRS measure), from our (loss)/profit for the period in accordance with IFRS indicated for 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025:

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
				(unaudited)	
Reconciliation of (loss)/profit for the year/period to adjusted (loss)/profit for the year/period (non-IFRS measure):					
(Loss)/profit for the year/period	(175,682)	(45,720)	179,025	46,100	8,518
Add:					
— Share-based compensation expenses [(1)]	—	—	10,209	—	5,194
Adjusted net (loss)/profit (non-IFRS measure)	**(175,682)**	**(45,720)**	**189,234**	**46,100**	**13,712**
Add:					
Interest expenses	127	217	8,335	153	5,953
Depreciation and amortization	146,108	226,754	358,423	85,676	94,063
Income taxes paid	—	290	4,867	1,437	2,956
Less:					
Interest income from bank deposits	(18,262)	(15,437)	(14,239)	(3,297)	(3,921)
Income taxed refunded	(709)	—	—	—	—
Adjusted EBITDA (non-IFRS measure)	**(48,418)**	**166,104**	**546,620**	**130,069**	**112,763**

Note:

(1) Share-based payments relate to the non-cash employee benefit expenses incurred in connection with our awards to management and key employees.

Prior to the Track Record Period and as of January 1, 2022, we had an accumulated loss of RMB76.2 million, mainly due to the accumulated loss as of December 31, 2020 and the significant net loss in 2020, which was mainly attributable to the significant share-based payments expenses in the same year.

We recorded a net loss and an adjusted net loss (non-IFRS measure) of RMB175.7 million in 2022, primarily due to (i) the gross loss incurred this year, resulting from the temporary constraints on production capacity and actual production caused by adjustments to production line processes during the initial phase of our product portfolio adjustment, and (ii) increased administrative expenses and R&D expenses to support our business growth.

Our net loss and adjusted net loss (non-IFRS measure) narrowed to RMB45.7 million in 2023, primarily due to a gross profit of RMB182.0 million in 2023, mainly attributable to the gradual transition from primarily producing semi-insulating SiC semiconductor material to primarily producing conductive SiC semiconductor material and the release of production capacity, partially offset by increased administrative expenses and R&D expenses to support our business growth.

In 2024, we turned around our loss-making position with a net profit of RMB179.0 million and an adjusted net profit (non-IFRS measure) of RMB189.2 million, primarily due to our improvement in gross profit margin on both conductive and semi-insulating SiC semiconductor materials resulting from economies of scale and the continued release of production capacity at our Shanghai production plant, benefiting from its ramp-up, leading to lower average costs on products sold, partially offset by increased operating expenses, including selling expenses, administrative expenses and R&D expenses.

Our net profit decreased from RMB46.1 million in the three months ended March 31, 2024 to RMB8.5 million in the same period of 2025. Our adjusted net profit (non-IFRS measure) decreased from RMB46.1 million in the three months ended March 31, 2024 to RMB13.7 million in the same period of 2025. The decreases were primarily due to (i) an increase in R&D expenses, mainly resulting from (a) relatively lower R&D expenses, particularly for testing materials, recorded in the three months ended March 31, 2024, and (b) increased investment in large-diameter SiC substrates and in the application of SiC substrates in emerging markets, such as AR glasses, in the same period in 2025, and (ii) an increase in administrative expenses, mainly resulting from (a) higher depreciation and amortization in relation to fixed assets used for administrative purposes, and (b) increased professional service expenses, mainly consulting fees in relation to our plant construction and overseas investment.

See "Period-To-Period Comparison of Results of Operations."

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

During the Track Record Period, we primarily derived revenue from sales of (i) SiC semiconductor material, including conductive SiC semiconductor material and semi-insulating SiC semiconductor material, and (ii) others. For sales of goods and provision of services made to our customers, we generally recognize revenue when our products or services have been delivered to and accepted by our customers.

Revenue by Product Type

During the Track Record Period, we mainly derived our revenue from sales of conductive SiC semiconductor material and semi-insulating SiC semiconductor material. The following table sets forth our revenue breakdown by product type in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sales of SiC semiconductor material										
Conductive SiC semiconductor material	168,328	40.4	977,624	78.2	1,340,727	75.8	304,375	71.4	259,064	63.5
Semi-insulating SiC semiconductor material	157,691	37.8	108,178	8.6	132,961	7.5	28,950	6.8	70,204	17.2
Sub-total	326,019	78.2	1,085,802	86.8	1,473,688	83.3	333,325	78.2	329,268	80.7
Others[(1)]	91,016	21.8	164,894	13.2	294,453	16.7	92,743	21.8	78,693	19.3
Total	**417,035**	**100.0**	**1,250,696**	**100.0**	**1,768,141**	**100.0**	**426,068**	**100.0**	**407,961**	**100.0**

Note:

(1) Others primarily include (i) other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and customer goods application, and (ii) rental income.

The following table sets forth a breakdown of our sales volume by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Piece	*%*	*Piece*	*%*	*Piece*	*%*	*Piece*	*%*	*Piece*	*%*
Conductive SiC semiconductor material	35,355	55.4	197,046	87.1	324,238	89.8	77,384	90.9	77,501	79.3
Semi-insulating SiC semiconductor material	28,440	44.6	29,256	12.9	36,953	10.2	7,776	9.1	20,222	20.7
Total	**63,795**	**100.0**	**226,302**	**100.0**	**361,191**	**100.0**	**85,160**	**100.0**	**97,723**	**100.0**

The following table sets forth a breakdown of our average sales price by product type for the period indicated:

	Year ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB per piece)		
Conductive SiC semiconductor material	4,761	4,961	4,135[(1)]	3,933	3,343[(1)]
Semi-insulating SiC semiconductor material	5,545	3,698[(2)]	3,598	3,723	3,472

Notes:

(1) According to Frost & Sullivan, the decreases from RMB4,961 per piece in 2023 to RMB4,135 per piece in 2024 and from RMB3,933 per piece in the three months ended March 31, 2024 to RMB3,343 per piece in the same period of 2025 were in line with the industry trend. The industry average sales price of conductive SiC semiconductor material decreased from RMB3.3 thousand to RMB5.3 thousand per piece in 2023 to RMB2.7 thousand to RMB4.7 thousand per piece in 2024 from RMB2.5 thousand to RMB4.5 thousand per piece in the three months ended March 31, 2024 to RMB2.2 thousand to RMB4.2 thousand per piece in the same period of 2025, primarily due to improvements in production efficiency, intensified market competition, and robust supply availability.

(2) According to Frost & Sullivan, the decrease from RMB5,545 per piece in 2022 to RMB3,698 per piece in 2023 was in line with the industry trend. The industry average sales price of semi-insulating SiC semiconductor material decreased from RMB4.0 thousand to RMB6.2 thousand per piece in 2022 to RMB3.5 thousand to RMB4.9 thousand per piece in 2023, primarily due to improvements in production efficiency, intensified competition and slowing demand growth in downstream markets.

The following table sets forth our revenue breakdown by substrates diameter in absolute amount and as a percentage of our total revenue for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Amount	*% of total revenue*	*Amount*	*% of total revenue*	*Amount*	*% of total revenue*	*Amount*	*% of total revenue*	*Amount*	*% of total revenue*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sales of SiC semiconductor material										
4-inch SiC substrates	153,952	36.9	97,033	7.8	115,240	6.5	24,231	5.7	52,668	12.9
6-inch SiC substrates	169,879	40.7	885,033	70.8	905,055	51.2	268,014	62.9	153,803	37.7
8-inch SiC substrates	260	0.1	101,922	8.1	452,478	25.5	40,221	9.4	122,174	29.9
Other diameters SiC substrates and materials	1,928	0.5	1,814	0.1	915	0.1	859	0.2	623	0.2
Sub-total	**326,019**	**78.2**	**1,085,802**	**86.8**	**1,473,688**	**83.3**	**333,325**	**78.2**	**329,268**	**80.7**
Others[(1)]	91,016	21.8	164,894	13.2	294,453	16.7	92,743	21.8	78,693	19.3
Total	**417,035**	**100.0**	**1,250,696**	**100.0**	**1,768,141**	**100.0**	**426,068**	**100.0**	**407,961**	**100.0**

Note:

(1) Others primarily include (i) other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and customer goods application, and (ii) rental income. The revenue from others decreased from RMB92.7 million in the three months ended March 31, 2024 to RMB78.7 million in the same period of 2025, primarily due to relatively lower sales volume of other SiC products resulting from enhanced defect control in our crystal growth and substrate processing technologies.

Revenue by Geographical Location

The following table sets forth our revenue breakdown by geographical location, each expressed in absolute amount and as a percentage of our total revenue, for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Mainland China[(1)]	364,641	87.4	836,316	66.9	922,674	52.2	282,088	66.2	212,862	52.2
Other countries and regions outside mainland China	52,394	12.6	414,380	33.1	845,467	47.8	143,980	33.8	195,099	47.8
Total	**417,035**	**100.0**	**1,250,696**	**100.0**	**1,768,141**	**100.0**	**426,068**	**100.0**	**407,961**	**100.0**

Note:

(1) Revenue from mainland China also included rental income.

The mainland China market has been a focus in our business development since inception. Revenue from the mainland China market increased from RMB364.6 million in 2022 to RMB836.3 million in 2023 and increased from RMB836.3 million in 2023 to RMB922.7 million in 2024 and decreased from RMB282.1 million in the three months ended March 31, 2024 to RMB212.9 million in the same period of 2025, accounting for 87.4%, 66.9%, 52.2%, 66.2% and 52.2% of our total revenue for the same periods, respectively. Such revenue growth reflected the success of our sales and marketing strategies during the Track Record Period. Our revenue from mainland China decreased from RMB282.1 million in the three months ended March 31, 2024 to RMB212.9 million in the same period in 2025, primarily due to a decline in sales volume to Customer 9, which dropped from approximately 18.3 thousand pieces in the three months ended March 31, 2024 to 4.0 thousand pieces over the same period. This led to a decrease in revenue generated from Customer 9, from RMB66.1 million in the three months ended March 31, 2024 to RMB15.7 million over the same period.

Revenue from other countries and regions outside mainland China increased from RMB52.4 million in 2022 to RMB414.4 million in 2023 and increased from RMB414.4 million in 2023 to RMB845.5 million in 2024 and increased from RMB144.0 million in the three months ended March 31, 2024 to RMB195.1 million in the same period of 2025, accounting for 12.6%, 33.1%, 47.8%, 33.8% and 47.8% of our total revenue for the respective periods, which demonstrates the fast expansion of our business overseas.

Our globalization strategy primarily focuses on building stable business relationships with international leading power semiconductor device companies, improving overseas customer service through our overseas subsidiaries and expanding our production capacity in Southeast Asia to meet the growing international demand for our SiC substrates. As of March 31, 2025, we had established a strategic global presence with sales operation in Japan, a subsidiary in Germany (SICC Europe GmbH) as a service center to provide quality services and customer support to European customers and an investment hub in Singapore (Visionary Horizon Pte. Ltd) positioned as our future global headquarters. We are also planning to further extend our global footprint by setting up additional sales and service centers as well as production facilities in overseas markets.

Cost of Sales

Our cost of sales relates to the production of SiC substrates products. It mainly comprises (i) costs on raw materials for the production of SiC substrates products, including carbon powder, silicon powder, graphite insulation materials, special gases and chemical mechanical polishing materials, (ii) employee expenses, (iii) depreciation and amortization, (iv) utility, and (v) others. Our cost of sales increased throughout the Track Record Period, which was mainly attributable to the increase in the sales volume of our products and product shift to conductive SiC substrate product.

The following table sets forth a breakdown of our cost of sales by nature in absolute amounts and as a percentage of our total cost of sales for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Raw materials	256,158	56.9	734,882	68.8	733,776	55.1	202,493	60.6	155,149	49.2
Depreciation and amortization	90,918	20.2	120,958	11.3	254,288	19.1	58,231	17.4	73,109	23.2
Employee expenses	41,502	9.2	99,421	9.3	163,511	12.3	35,507	10.6	39,420	12.5
Utility	39,543	8.8	82,058	7.7	128,087	9.6	32,947	9.9	33,569	10.6
Others	21,866	4.9	31,341	2.9	53,026	4.0	5,144	1.5	14,274	4.5
Total	**449,987**	**100.0**	**1,068,660**	**100.0**	**1,332,688**	**100.0**	**334,322**	**100.0**	**315,521**	**100.0**

Cost of Sales by Product Type

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

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Amount	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*	*Amount*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Cost of sales of SiC semiconductor material										
Conductive SiC semiconductor material	204,150	45.4	755,031	70.7	908,515	68.2	211,029	63.1	194,114	61.5
Semi-insulating SiC semiconductor material	131,424	29.2	156,003	14.6	97,535	7.3	28,552	8.6	52,061	16.5
Sub-total	335,574	74.6	911,034	85.3	1,006,050	75.5	239,581	71.7	246,175	78.0
Others[(1)]	114,413	25.4	157,626	14.7	326,638	24.5	94,741	28.3	69,346	22.0
Total	**449,987**	**100.0**	**1,068,660**	**100.0**	**1,332,688**	**100.0**	**334,322**	**100.0**	**315,521**	**100.0**

Note:

(1) Others primarily include cost of other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and customer goods application.

Gross Profit/(Loss) and Gross Margin

Our gross profit/(loss) represents our revenue less our cost of sales, and our gross margin represents gross profit/(loss) divided by our revenue, expressed as a percentage. The table below sets forth a breakdown of our gross profit/(loss) and gross margin by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	Gross profit/(loss)	*Gross margin*	*Gross profit/(loss)*	*Gross margin*	*Gross profit/(loss)*	*Gross margin*	*Gross profit/(loss)*	*Gross margin*	*Gross profit/(loss)*	*Gross margin*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Sales of SiC semiconductor material										
Conductive SiC semiconductor material[2]	(35,822)	(21.3)	222,593	22.8	432,212	32.2	93,346	30.7	64,950	25.1
Semi-insulating SiC semiconductor material	26,267	16.7	(47,825)	(44.2)	35,426	26.6	398	1.4	18,143	25.8
Sub-total	(9,555)	(2.9)	174,768	16.1	467,638	31.7	93,744	28.1	83,093	25.2
Others[1]	(23,397)	(25.7)	7,268	4.4	(32,185)	(10.9)	(1,998)	(2.2)	9,347	11.9
Total	**(32,952)**	**(7.9)**	**182,036**	**14.6**	**435,453**	**24.6**	**91,746**	**21.5**	**92,440**	**22.7**

Notes:

(1) Others primarily include gross profit/(loss) and gross margin of other SiC products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are primarily used in research and customer goods application.

(2) According to Frost & Sullivan, conductive SiC substrates typically achieve higher gross margins than semi-insulating SiC substrates due to the following key drivers: (i) conductive SiC substrates are primarily used in power devices, which benefit from strong demand growth driven by electric vehicles, renewable energy, and industrial applications, resulting in stronger bargaining power compared to semi-insulating SiC substrates. The latter mainly serves niche radio frequency ("**RF**") applications, such as telecommunications base stations, where demand is relatively low and concentrated among a few key customers; and (ii) economies of scale, as power device demand outpaces RF demand, optimizing the amortization of fixed costs.

Our gross loss amounted to RMB33.0 million in 2022 whereas our gross profit amounted to RMB182.0 million in 2023, and our gross profit amounted to RMB435.5 million in 2024. Our gross profit amounted to RMB91.7 million and RMB92.4 million in the three months ended March 31, 2024 and 2025, respectively. Our gross loss margin was 7.9% in 2022 and gross profit margin was 14.6% in 2023, and further we had gross profit margin of 24.6% in 2024. Our gross profit margin was 21.5% and 22.7% in the three months ended March 31, 2024 and 2025, respectively.

Our gross margin from others experienced significant fluctuations during the Track Record Period, ranging from a gross loss margin of 25.7% in 2022 to a gross profit margin of 4.4% in 2023, and then to a gross loss margin of 10.9% in 2024. We recorded gross loss margin of 2.2% from others in the three months ended March 31, 2024 and gross profit margin of 11.9% from others in the same period of 2025. These fluctuations were primarily affected by changes in the average sales price of moissanite gemstones from 2022 to 2024, which, according to Frost & Sullivan, are in line with industry trends.

See "— Period-to-Period Comparison of Results of Operations."

Other Income

Our other income primarily consists of net gain on disposal of waste materials, and amounted to RMB2.1 million, RMB0.5 million, RMB0.6 million, RMB37 thousand and RMB0.2 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively.

Other Gains and Losses, Net

Our other gains and losses, net consist of government grants and others, net foreign exchange (loss)/gain, (loss)/gain on disposal of property, plant and equipment, gain on early termination of leases and VAT input tax deduction, amounted to RMB51.5 million, RMB54.9 million, RMB88.9 million, RMB23.7 million and RMB18.0 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively.

Net Investment Income/(Expense)

Our net investment income/(expense) consists of change in fair value of financial assets at FVTPL, and amounted to income of RMB36.2 million, RMB23.3 million, RMB0.8 million, RMB0.9 million and expense of RMB0.2 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively.

Reversal/(Provision) of Impairment Losses on Financial Assets

Our reversal/(provision) of impairment losses on financial assets represents impairment losses under ECL model, net of reversal, consisting of trade and bills receivables and other receivables. We recorded reversal of impairment losses on financial assets amounting to RMB1.1 million in 2022, and provision of impairment losses on financial assets of RMB11.0 million in 2023 and provision of impairment losses on financial assets of RMB10.2 million in 2024, respectively. We recorded provision of impairment losses on financial assets of RMB2.8 million and reversal of impairment losses on financial assets of RMB1.0 million in the three months ended March 31, 2024 and 2025, respectively.

Selling Expenses

Our selling expenses consist of (i) employee expenses, (ii) operating expenses, which primarily represent business promotion expenses and marketing expenses, (iii) office expenses and (iv) others.

The following table sets forth the components of our selling expenses for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee expenses	4,110	29.5	8,822	43.2	10,774	37.4	2,456	60.5	2,372	44.7
Operating expenses	9,506	68.2	10,539	51.6	16,264	56.4	1,430	35.2	2,552	48.1
Office expenses	139	1.0	622	3.0	426	1.5	54	1.3	60	1.1
Others[(1)]	176	1.3	444	2.2	1,363	4.7	117	3.0	317	6.1
Total	**13,931**	**100.0**	**20,427**	**100.0**	**28,827**	**100.0**	**4,057**	**100.0**	**5,301**	**100.0**

Note:

(1) Others primarily include travelling expenses, depreciation and amortization.

Administrative Expenses

Our administrative expenses consist of (i) employee expenses, which primarily included salaries, bonuses, social security insurance and provident funds to the administrative team, (ii) depreciation and amortization, (iii) professional service expenses, (iv) taxes and surcharges, (v) office expenses, (vi) lease expenses and (vii) others.

The following table sets forth a breakdown of the components of our administrative expenses for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	*% of total*	*RMB*	*% of total*	*RMB*	*% of total*	*RMB*	*% of total*	*RMB*	*% of total*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Employee expenses	56,339	50.5	78,125	47.8	80,803	42.7	21,309	47.3	20,662	39.5
Depreciation and amortization	20,122	18.0	29,110	17.8	46,872	24.7	9,816	21.8	13,252	25.3
Professional service expenses	10,185	9.1	15,443	9.5	21,117	11.1	3,600	8.0	9,610	18.4
Taxes and surcharges	4,986	4.5	7,735	4.7	12,551	6.6	2,561	5.7	3,369	6.4
Office expenses	9,136	8.2	12,286	7.5	16,248	8.6	3,417	7.6	3,847	7.4
Lease expenses	240	0.2	5,220	3.2	1,666	0.9	214	0.5	—	—
Others[(1)]	10,523	9.5	15,376	9.5	10,181	5.4	4,130	9.1	1,543	3.0
Total	**111,531**	**100.0**	**163,295**	**100.0**	**189,438**	**100.0**	**45,047**	**100.0**	**52,283**	**100.0**

Note:

(1) Others primarily include insurance expenses, entertainment expense and utilities.

R&D Expenses

Our R&D expenses (i) testing materials expenses, (ii) employee benefit expenses, which primarily included salaries, bonuses, social security insurance and provident funds to the R&D team, (iii) utility expenses, (iv) depreciation and amortization and (v) others.

The following table sets forth a breakdown of our R&D expenses by nature for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*	*RMB*	*%*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Testing materials expenses	91,225	71.5	93,223	67.9	92,829	65.5	15,933	71.5	35,959	80.0
Employee benefit expenses	12,269	9.6	22,480	16.4	22,320	15.7	2,681	12.0	4,028	9.0
Utility expenses	8,812	6.9	6,788	4.9	9,182	6.5	1,301	5.8	1,889	4.2
Depreciation and amortization	11,902	9.3	9,600	7.0	8,938	6.3	1,217	5.5	1,909	4.2
Others[(1)]	3,352	2.7	5,119	3.8	8,576	6.1	1,151	5.2	1,153	2.6
Total	**127,560**	**100.0**	**137,210**	**100.0**	**141,845**	**100.0**	**22,283**	**100.0**	**44,938**	**100.0**

Note:

(1) Others primarily include technological services expenses, engineering testing expenses, and patent-related expenses.

Finance Income/(Expense), Net

Our finance income/(expense), net consists of (i) interest income, (ii) interest from bank borrowings, and (iii) interest on lease liabilities. The following table sets forth a breakdown of the components of our finance income/(expense) for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2022		2023		2024		2024		2025	
	RMB	*% of total*	*RMB*	*% of total*	*RMB*	*% of total*	*RMB*	*% of total*	*RMB*	*% of total*
	(RMB in thousands, except for percentages)									
							(unaudited)			
Interest income	18,262	100.7	15,437	101.4	14,239	241.2	3,297	104.9	3,921	(193.0)
Interest from bank borrowings	—	—	(3)	(0.0)	(7,942)	(134.5)	(22)	(0.7)	(5,914)	291.1
Interest on lease liabilities	(127)	(0.7)	(214)	(1.4)	(393)	(6.7)	(131)	(4.2)	(39)	1.9
Total	**18,135**	**100.0**	**15,220**	**100.0**	**5,904**	**100.0**	**3,144**	**100.0**	**(2,032)**	**100.0**

Share of results of associates

We recognised a share of loss of RMB0.1 million, RMB2.1 million and RMB1.5 million in 2023, 2024 and the three months ended March 31, 2025, respectively, as we invested in Suzhou Dabo New Materials Technology Co., Ltd. in 2023, which recorded loss in 2023, 2024 and the three months ended March 31, 2025. We recognised a share of profit of RMB0.2 million in the three months ended March 31, 2024, primarily due to profit recorded by the aforementioned associate in the same period.

Income Tax Credit

Our income tax credit was RMB1.3 million, RMB10.4 million, RMB19.8 million, RMB0.6 million and RMB3.2 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as "High and New Technology Enterprise" by the relevant government authorities, they are subject to a preferential rate of 15%. For the PRC subsidiaries approved as "Micro and Small Enterprise" by the relevant government authorities, which the annual taxable income that is not more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 12.5% for year ended December 31, 2022 and at the reduced rate of 25% for year ended December 31, 2023 to 2027, with the applicable enterprise income tax rate of 20%.

Our entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended December 31, 2022, 2023, 2024 and three months ended March 31, 2025. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

As of the Latest Practicable Date, we did not have any material dispute with any tax authority.

Profit/(loss) for the Year/Period

As a result of the foregoing, we record net loss of RMB175.7 million and RMB45.7 million in 2022 and 2023 and net profit of RMB179.0 million, RMB46.1 million and RMB8.5 million in 2024 and the three months ended March 31, 2024 and 2025, respectively.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Three months ended March 31, 2025 compared with Three months ended March 31, 2024

Revenue

Our revenue decreased by 4.2% from RMB426.1 million in the three months ended March 31, 2024 to RMB408.0 million in the same period of 2025. Specifically, our revenue from sales of silicon carbide semiconductor material remained relatively stable at RMB333.3 million and RMB329.3 million, respectively, for the three months ended March 31, 2024 and 2025.

Our revenue generated from sales of conductive SiC semiconductor material decreased from RMB304.4 million for the three months ended March 31, 2024 to RMB259.1 million for the same period in 2025 primarily due to the decreased average sales price, which aligned with industry trends according to Frost & Sullivan. Our revenue generated from sales of semi-insulating SiC semiconductor material increased from RMB29.0 million for the three months ended March 31, 2024 to RMB70.2 million for the same period in 2025, primarily due to the increased purchase volumes from Customer 3 and Customer 11 as a result of their rising demand for radio frequency electronic components.

Cost of Sales

Our cost of sales decreased by 5.6% from RMB334.3 million in the three months ended March 31, 2024 to RMB315.5 million in the same period of 2025. Specifically, our cost of sales of sales of silicon carbide semiconductor material remained relatively stable at RMB239.6 million and RMB246.2 million, respectively, for the three months ended March 31, 2024 and 2025.

Gross Profit and Gross Profit Margin

Our gross profit remained relatively stable at RMB91.7 million for the three months ended March 31, 2024 and RMB92.4 million for the same period in 2025. Our gross profit margin increased from 21.5% for the three months ended March 31, 2024 to 22.7% for the same period in 2025.

Our gross profit margin for sales of silicon carbide semiconductor material decreased from 28.1% for the three months ended March 31, 2024 to 25.2% for the same period in 2025. Our gross profit margin from sales of conductive SiC semiconductor material decreased from 30.7% for the three months ended March 31, 2024 to 25.1% for the same period in 2025, primarily due to the decreased average sales price, which aligned with industry trends according to Frost & Sullivan. Our gross profit margin from sales of semi-insulating SiC semiconductor material increased from 1.4% for the three months ended March 31, 2024 to 25.8% for the same period in 2025, primarily due to (i) the relatively higher average cost of sales for inventories as of December 31, 2023, which elevated the average cost of sales in the three months ended March 31, 2024 under the weighted average cost method, and (ii) the improvement in average cost of sales with the advancement of production technologies, such as crystal growth and substrate processing technologies, including increased slicing length of SiC crystal ingot and reprocessing and recycling of spent polishing materials.

Other Income

Our other income amounted to RMB37 thousand and RMB0.2 million in the three months ended March 31, 2024 and 2025, respectively.

Other Gains and Losses, Net

Our other gains, net, decreased from RMB23.7 million in the three months ended March 31, 2024, to RMB18.0 million in the three months ended March 31, 2025, primarily because we were not entitled to a VAT input tax deduction during the three months ended March 31, 2025.

Net Investment Income/(Expense)

We recorded net investment expense of RMB0.2 million in the three months ended March 31, 2025 compared to net investment income of RMB0.9 million in the three months ended March 31, 2024, primarily due to loss in fair value of financial assets at FVTPL in relation to our long term equity investment.

Reversal/(Provision) of Impairment Losses on Financial Assets

We recorded provision of impairment losses on financial assets of RMB2.8 million in the three months ended March 31, 2024, as compared to reversal of impairment losses on financial assets of RMB1.0 million in the three months ended March 31, 2025, primarily due to the decrease of our trade receivables and other receivables.

Selling Expenses

Our selling expenses increased by 29.3% from RMB4.1 million for the three months ended March 31, 2024 to RMB5.3 million for the same period in 2025, primarily due to an increase in operating expenses mainly resulting from increased sample fees to new customers or for new product promotion.

Administrative Expenses

Our administrative expenses increased by 16.2% from RMB45.0 million for the three months ended March 31, 2024 to RMB52.3 million for the same period in 2025, primarily due to (i) an increase in depreciation and amortization in relation to fixed assets used for administrative purposes, and (ii) an increase in professional service expenses, mainly including consulting fees in relation to our plant construction and overseas investment.

R&D Expenses

Our research and development expenses increased from RMB22.3 million for the three months ended March 31, 2024 to RMB44.9 million for the same period in 2025, primarily due to (i) relatively lower R&D expenses, particularly for testing materials, recorded for the three months ended March 31, 2024, and (ii) increased investment in large-diameter SiC substrates and in the application of SiC substrates in emerging markets, such as AR glasses, for the same period in 2025. Our R&D expenses as a percentage of revenue were 5.2% and 11.0% for the three months ended March 31, 2024 and 2025, respectively.

Finance Income/(Expense), Net

We recorded net finance expense of RMB2.0 million in the three months ended March 31, 2025, compared to net finance income of RMB3.1 million in the same period of 2024, primarily due to increased borrowings.

Share of Results of Associates

We recorded share of loss of associate of RMB1.5 million in the three months ended March 31, 2025, as compared to share of profit of associates of RMB0.2 million in the same period of 2024, primarily because we invested in Suzhou Dabo New Materials Technology Co., Ltd., which recorded a loss in the same period of 2025.

Income tax credit

Our income tax credit increased from RMB0.6 million in the three months ended March 31, 2024 to RMB3.2 million in the same period of 2025, primarily due to the increase in deferred tax assets mainly in relation to our intergroup unrealised profits.

Profit for the Period

As a result of the foregoing, our profit for the period decreased by 81.6% from RMB46.1 million in the three months ended March 31, 2024 to RMB8.5 million in the same period 2025.

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

Revenue

Our total revenue increased by 41.4% from RMB1,250.7 million in 2023 to RMB1,768.1 million in 2024, primarily due to the increased sales volume of conductive SiC semiconductor materials resulting from (i) the increased market demand, (ii) our ongoing product portfolio iteration to pursue higher-performing products, and (iii) the expanded production capacity and actual production through production technological innovation.

Cost of Sales

Our cost of sales increased by 24.7% from RMB1,068.7 million in 2023 to RMB1,332.7 million in 2024, primarily due to (i) an increase in the sales volume of our products and (ii) an increase in depreciation and amortization during the ramp-up period following the commencement of operations at our Shanghai production plant in May 2023.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 139.2% from RMB182.0 million in 2023 to RMB435.5 million in 2024. Our gross profit margin increased from 14.6% in 2023 to 24.6% in 2024, primarily due to improvements in the gross profit margin of both conductive and semi-insulating SiC semiconductor materials.

The improvement in gross profit margin of conductive SiC semiconductor material was due to economies of scale and the continued release of production capacity at our Shanghai production plant, benefiting from its ramp-up and our investment in production technologies, such as enhanced defect control in crystal growth, and substrate processing technologies, including increased slicing length of SiC crystal ingot and reprocessing and recycling of spent polishing

materials. These efforts led to an increase in actual production of conductive SiC semiconductor material from 220 thousand pieces in 2023 to 372 thousand pieces in 2024, and sales volume from 197 thousand pieces in 2023 to 324 thousand pieces in 2024, resulting in lower average costs. However, such improvement was partially offset by decreased average sales price in 2024.

The improvement in gross margin of semi-insulating SiC semiconductor material was also attributable to our investment in production technologies, such as enhanced defect control in crystal growth, and substrate processing technologies, including increased slicing length of SiC crystal ingot and reprocessing and recycling of spent polishing materials, which contributed to a lower average cost on semi-insulating SiC semiconductor material in 2024 compared to 2023.

Other Income

Our other income remained stable amounting to RMB0.5 million in 2023 and RMB0.6 million in 2024.

Other Gains and Losses, Net

Our other gains, net increased from RMB54.9 million in 2023 to RMB88.9 million in 2024, primarily due to increase in VAT input tax deduction and government grants.

Net Investment Income

Our net investment income decreased by 96.7% from RMB23.3 million in 2023 to RMB0.8 million in 2024, primarily due to wealth management product were redeemed upon maturity.

Provision of Impairment Losses on Financial Assets

Our provision of impairment losses on financial assets remained relatively stable at RMB11.0 million in 2023 and RMB10.2 million in 2024.

Selling Expenses

Our selling expenses increased by 41.1% from RMB20.4 million in 2023 to RMB28.8 million in 2024, primarily due to (i) an increase in employee expenses mainly resulting from increased average compensation paid to our sales and marketing staff as an effort to expand our business, and (ii) an increase in operating expenses mainly resulting from increased sample fees to new customers or for new product promotion.

Administrative Expenses

Our administrative expenses increased by 16.0% from RMB163.3 million in 2023 to RMB189.4 million in 2024, primarily due to an increase in depreciation and amortization in relation to the fixed assets used for administrative purposes.

R&D Expenses

Our R&D expenses increased by 3.4% from RMB137.2 million in 2023 to RMB141.8 million in 2024, primarily because we successfully transitioned from the initial R&D phase to the mass production phase of 8-inch SiC substrates in 2023 and our R&D investments have started to translate into growing commercial success.

Finance Income, Net

Our finance income, net decreased by 61.2% from RMB15.2 million in 2023 to RMB5.9 million in 2024, primarily due to addition of bank borrowings.

Share of loss of associates

Our share of loss of associate increased from RMB0.1 million in 2023 to RMB2.1 million in 2024, because we invested in Suzhou Dabo New Materials Technology Co., Ltd., which recorded a loss in 2023 and 2024.

Income tax credit

We recorded income tax credit of RMB19.8 million in 2024 compared to the income tax credit of RMB10.4 million in 2023, primarily due to the increase in deferred tax assets as a result of our turnaround from a net loss position to a net profit position in 2024, when we recorded a net profit of RMB179.0 million, leading to (a) recognition of previously unrecognized tax losses incurred and (b) the increase in utilization of tax losses previously not recognized in the same year.

Profit/(Loss) for the Year

As a result of the foregoing, our loss for the year accounted for RMB45.7 million in 2023 whereas we incurred profit for the year of RMB179.0 million in 2024.

Year Ended December 31, 2023 Compared to Year Ended December 31, 2022

Revenue

Our total revenue increased by 199.9% from RMB417.0 million in 2022 to RMB1,250.7 million in 2023, primarily due to the increased sales volume of conductive SiC semiconductor materials resulting from (i) the adjustment of our product portfolio to pursue higher-performing products, and (ii) the expanded production capacity and actual production following the commencement of operations at our Shanghai production plant in May 2023.

Cost of Sales

Our cost of sales increased by 137.5% from RMB450.0 million in 2022 to RMB1,068.7 million in 2023, primarily due to (i) an increase in the sales volume of our products and (ii) an increase in depreciation and amortization during the ramp-up period following the commencement of operations at our Shanghai production plant in May 2023.

Gross Profit/(Loss) and Gross Margin

As a result of the foregoing, we recorded a gross loss of RMB33.0 million in 2022 and a gross profit of RMB182.0 million in 2023. Our gross loss margin was 7.9% in 2022 and gross profit margin was 14.6% in 2023, primarily due to improvements in the gross profit margin on conductive SiC semiconductor material resulting from (i) the strategic adjustment of our product portfolio from primarily producing semi-insulating SiC semiconductor material to primarily producing conductive SiC semiconductor material, which generally have relatively higher gross profit margins. This adjustment initially led to higher production costs for conductive SiC semiconductor material in 2022 and was largely completed in 2023, and (ii) the release of production capacity benefiting from our continued investment in production technology to improve production efficiency, leading to lower average costs of sales on conductive SiC semiconductor material.

However, the aforementioned improvements were partially offset by the shift from a gross profit margin in 2022 to a gross loss margin in 2023 for semi-insulating SiC semiconductor material, primarily due to a significant decline in average sales price, which, according to Frost & Sullivan, was consistent with the industry trend of a decrease from RMB4.0 thousand to RMB6.2 thousand per piece in 2022 to RMB3.5 thousand to RMB4.9 thousand per piece in 2023.

Other Income

Our other income amounted to RMB2.1 million and RMB0.5 million in 2022 and 2023, respectively.

Other Gains, Net

Our other gains, net amounted to RMB51.5 million and RMB54.9 million in 2022 and 2023, respectively.

Net Investment Income

Our net investment income decreased by 35.8% from RMB36.2 million in 2022 to RMB23.3 million in 2023, primarily because we redeemed certain transactional financial assets upon maturity.

Reversal/(Provision) of Impairment Losses on Financial Assets

We recorded reversal of impairment losses on financial assets of RMB1.1 million in 2022, as compared to provision of impairment losses on financial assets of RMB11.0 million in 2023, primarily due to the increase of our trade receivables and other receivables as our revenue has increased in 2023 mainly attributable to the increased sales volume in 2023.

Selling Expenses

Our selling expense increased by 46.6% from RMB13.9 million in 2022 to RMB20.4 million in 2023, primarily due to (i) an increase in employee expenses, which is in line with the expansion of our sales team to support our business growth, and (ii) an increase in operating expenses mainly resulting from increased sample fees to new customers or for new product promotion. The proportion of selling expenses as a percentage of our revenue decreased from 3.3% in 2022 to 1.6% in 2023, primarily due to the increased revenue in 2023.

Administrative Expenses

Our administrative expenses increased by 46.4% from RMB111.5 million in 2022 to RMB163.3 million in 2023, primarily due to (i) an increase in employee expenses, as a result of the increased number of, and the increased average incentive paid to, our business operations and administration staff mainly resulting from our business growth, and (ii) an increase in depreciation and amortization in relation to our production expansion in Shanghai. The proportion of administrative expenses as a percentage of our revenue decreased from 26.7% in 2022 to 13.1% in 2023, primarily due to the increased revenue in 2023.

R&D Expenses

Our R&D expenses slightly increased by 7.6% from RMB127.6 million in 2022 to RMB137.2 million in 2023, primarily due to an increase in employee expenses as a result of the increased average incentive paid to, and the increased number of, our R&D staff to support our R&D activities, demonstrating our consistent and dedicated R&D efforts that support the expansion and innovation of our products. The proportion of R&D expenses as a percentage of our revenue decreased from 30.6% in 2022 to 11.0% in 2023, primarily due to the increased revenue in 2023.

Finance Income, Net

Our finance income, net decreased by 16.1% from RMB18.1 million in 2022 to RMB15.2 million in 2023, primarily due to a decrease in interest income from a decrease in deposit interest rate.

Share of loss of associate

We recognised a share of loss of RMB0.1 million in 2023 because we invested in Suzhou Dabo New Materials Technology Co., Ltd. (蘇州達波新材科技有限公司) which recorded a loss in the same year.

Income tax credit

Our income tax credit increased from RMB1.3 million in 2022 to RMB10.4 million in 2023, primarily due to an increase in over provision in respect of prior year resulting from the adjustment of the provision for income tax in relation to the government grants we received for the investment in the Shanghai production plant, which is on a non-recurring basis.

Loss for the Year

As a result of the foregoing, our net loss for the year decreased by 74.0% from RMB175.7 million in 2022 to RMB45.7 million in 2023.

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The following table sets forth selected information from our consolidated balance sheets as of the dates indicated, which have been extracted from our consolidated financial statements included in Appendix I to this prospectus:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Total current assets	3,314,066	2,803,867	3,124,653	3,350,083
Total non-current assets	2,539,160	4,107,486	4,232,052	4,198,983
Total assets	**5,853,226**	**6,911,353**	**7,356,705**	**7,549,066**
Total current liabilities	312,958	1,303,744	1,542,775	1,553,198
Total non-current liabilities	289,804	381,086	500,948	667,384
Total liabilities	**602,762**	**1,684,830**	**2,043,723**	**2,220,582**
Net current assets	3,001,108	1,500,123	1,581,878	1,796,885
Total equity	**5,250,464**	**5,226,513**	**5,312,982**	**5,328,484**

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

	As of December 31,			As of March 31,	As of June 15,
	2022	2023	2024	2025	
			(RMB in thousands)		
					(unaudited)
Current assets:					
Trade receivables and other receivables	176,337	393,175	575,837	555,783	508,939
Prepayment	58,719	143,543	39,062	96,824	52,645
Inventories	533,279	843,277	1,021,876	1,032,852	1,173,523
Other current assets	71,556	119,165	248,680	189,858	190,295
Financial assets at fair value through profit or loss	1,789,327	274,959	—	—	—
Cash and bank balances	684,848	1,029,748	1,239,198	1,474,766	1,468,165
Total current assets	3,314,066	2,803,867	3,124,653	3,350,083	3,393,567
Current liabilities:					
Trade and other payables	231,876	1,148,427	842,648	812,876	850,359
Contract liabilities	22,360	99,318	45,150	40,248	32,380
Borrowings	—	3,150	609,263	655,742	676,603
Tax payables	49,235	32,295	32,921	32,009	34,978
Other current liabilities	8,783	20,509	8,832	9,245	8,272
Lease liabilities	704	45	3,961	3,078	2,862
Total current liabilities	**312,958**	**1,303,744**	**1,542,775**	**1,553,198**	**1,605,454**
Net current assets	**3,001,108**	**1,500,123**	**1,581,878**	**1,796,885**	**1,788,113**

Our net current assets remained relatively stable at RMB1,796.9 million as of March 31, 2025 and RMB1,788.1 million as of June 15, 2025.

Our net current assets increased from RMB1,581.9 million as of December 31, 2024 to RMB1,796.9 million as of March 31, 2025, primarily due to an increase of RMB235.6 million in cash and bank balances.

Our net current assets remained relatively stable at RMB1,500.1 million as of December 31, 2023 and RMB1,581.9 million as of December 31, 2024.

Our net current assets decreased from RMB3,001.1 million as of December 31, 2022 to RMB1,500.1 million as of December 31, 2023, primarily due to (i) a decrease of RMB1,514.4 million in financial assets at fair value through profit or loss, and (ii) an increase of RMB916.6 million in trade and other payables, partially offset by (i) an increase of RMB344.9 million in cash and bank balances, (ii) an increase of RMB310.0 million in inventories, and (iii) an increase of RMB216.8 million in trade receivables and other receivables.

Property, Plant and Equipment

Our property, plant and equipment primarily consist of property and buildings, production equipment, transportation vehicle, electronic equipment, office equipment, construction in progress and leasehold improvements. Our property and buildings primarily consist of our production factory, office building and staff dormitory. Our production equipment primarily consists of equipment used in R&D and production of SiC semiconductor products. Our construction in progress primarily consist of construction of our Shanghai production plant and R&D equipment we purchased, which has been delivered to us and is pending installation. The following table sets forth the net carrying amount of our property, plant and equipment as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Property and buildings	251,881	1,422,728	1,598,469	1,595,254
Production equipment	916,860	1,982,712	2,001,487	1,964,876
Transportation vehicle	1,150	1,485	2,129	2,142
Electronic equipment	4,963	8,920	10,489	9,102
Office equipment	651	2,106	2,188	2,159
Construction in progress	1,024,866	204,916	94,075	103,324
Leasehold improvements	15,340	15,941	38,331	36,123
Total	**2,215,711**	**3,638,808**	**3,747,168**	**3,712,980**

Our property, plant and equipment increased from RMB2,215.7 million as of December 31, 2022 to RMB3,638.8 million as of December 31, 2023, and further increased to RMB3,747.2 million as of December 31, 2024, primarily due to increase in (i) property and buildings that finished construction, and (ii) production equipment procured and installed in 2023. Our property, plant and equipment remained relatively stable at RMB3,747.2 million as of December 31, 2024 and RMB3,713.0 million as of March 31, 2025.

Inventories

Our inventories primarily comprise (i) raw materials, (ii) work in progress, and (iii) finished goods.

The following table sets forth a breakdown of our inventories as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Raw materials	296,892	404,468	497,886	490,549
Work in progress	153,470	204,709	213,339	249,027
Finished goods	97,675	264,601	348,994	336,878
Less: write-down of inventories	(14,758)	(30,501)	(38,343)	(43,602)
Total	**533,279**	**843,277**	**1,021,876**	**1,032,852**

Our inventories increased from RMB533.3 million as of December 31, 2022 to RMB843.3 million as of December 31, 2023, and further increased to RMB1,021.9 million as of December 31, 2024, primarily due to the increase in finished goods and raw material, mainly resulting from our stocking up efforts for (i) production capacity expansion, particularly to ensure the smooth commencement of operations at our Shanghai production plant in May 2023, and (ii) preparing to meet the delivery demands of several industry-leading customers we began collaborating with in 2023. Our inventories remained relatively stable at RMB1,021.9 million as of December 31, 2024 and RMB1,032.9 million as of March 31, 2025.

Write-down of inventories is recorded when estimated net realizable value is less than cost. In determining write-down of inventories, we consider factors such as, inventory aging, forecast product demands, historical pricing trends and anticipated market prices of our products.

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

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Within one year	451,447	784,904	908,419	897,391
Over one year	96,590	88,874	151,800	179,063
Total	**548,037**	**873,778**	**1,060,219**	**1,076,454**
Less: Write-down of inventories	(14,758)	(30,501)	(38,343)	(43,602)
Total	**533,279**	**843,277**	**1,021,876**	**1,032,852**

We had an increasing amount of inventories aged less than one year, primarily because we increased inventory of raw materials to meet our increased production capacity demand. We believe we have a comprehensive and adequate system in place for identifying and accounting for inventory risks and impairment provisions. We regularly review our inventories and recoverability to identify items with low sales or usage value and make impairment provisions accordingly. We further assess inventories based on the lower of cost or net realizable value to make any additional impairment provisions.

Inventories are stated at the lower of cost and net realizable value. Costs is determined on a weighted-average basis and, in case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realizable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of a similar nature. Additionally, these estimates could change significantly due to changes in customer preferences, environmental goals, and competitor actions in response to industry cycles. We measure these estimates at the end of each period of the Track Record Period: (i) for raw materials, individual provisions are made when the raw materials are identified as unusable or when their realizable value is lower than their carrying amount. We expect that the raw materials will be used up for production within the coming two years, (ii) for work in progress that can be sold immediately, the average sales price in the last month of the period ended (or, if not available, the sales price in the most recent month) is selected for net realizable value, and for work in progress that cannot be sold immediately, we compare the sales prices of the ultimate products against the estimated costs to be incurred up to completion, and (iii) for finished goods, the average sales price in the last month of the period

ended (or, if not available, the sales price in the most recent month) is selected for net realizable value. Individual provisions are made when the finished goods are identified as having a realizable value lower than their carrying amount.

Our Directors are of the view that we have made sufficient impairment provision for inventories during the Track Record Period and we did not identify any material recoverability issue in respect of our inventories aged over one year, for the following reasons: (i) over 80% of our inventory aged over one year consists of raw materials, including carbon powder, silicon powder, and graphite insulation, which are highly stable, resistant to oxidation and deterioration, and have no shelf-life limitations, (ii) the work in progress and finished goods aged over one year primarily consists of conductive SiC substrates. According to Frost & Sullivan, the global market size for conductive SiC substrates still has significant growth potential, expected to expand from RMB6.6 billion in 2024 to RMB50.1 billion in 2030, representing a CAGR of 40.1%, (iii) we recorded relatively stable inventory turnover days in 2023 and 2024.

Save for conductive SiC semiconductor material and semi-insulating SiC semiconductor material, our inventories of other SiC products, such as moissanite gemstones, amounted to RMB2.9 million, RMB5.7 million, RMB12.4 million and RMB10.2 million as of December 31, 2022, 2023, 2024 and March 31, 2025, respectively. The increase in inventories of other SiC products during the Track Record Period is generally in line with the increase in our revenue from others during the same period.

We did not identify any material recoverability issues for inventories of other SiC products during the Track Record Period, based on the following reasons: (i) other SiC products mainly represent products that do not meet semiconductor-grade specifications according to our internal classification standards, such as moissanite gemstones, which are resistant to oxidation and deterioration and have no shelf-life limitations; (ii) in accordance with our aforementioned impairment policy, we have made sufficient impairment provisions for inventories of other SiC products, amounting to RMB1.7 million, RMB4.7 million, RMB4.7 million and RMB3.4 million as of December 31, 2022, 2023, 2024 and March 31, 2025, respectively; (iii) as of June 15, 2025, RMB4.1 million or approximately 40.4% of our inventories of other SiC products as of March 31, 2025, had been sold or utilized; and (iv) as of June 15, 2025, RMB10.8 million or 86.8% of our inventories of other SiC products as of December 31, 2024, had been sold or utilized.

The following table sets forth our inventory turnover days for the periods indicated:

	Year Ended December 31,			Three months ended March 31,
	2022	2023	2024	2025
	(days)			
Inventory turnover days[(1)]	372.7	235.1	255.4	293.0

Notes:

(1) Inventory turnover days for a period equals to the average of opening and ending inventories balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year and 90 days for the three months ended March 31, 2025.

Our inventory turnover days were primarily affected by production cycles, customer delivery deadlines and other related factors that we take into consideration in ensuring timely supply during regular production processes. Our turnover days decreased from 372.7 days in 2022 to 235.1 days in 2023, due to our increased sales. Our turnover days further increased from 235.1 days in 2023 to 255.4 days in 2024, primarily due to increased inventory balance of 8-inch SiC substrates as of December 31, 2024, reflecting our efforts to stock up in response to rising demand and to ensure timely delivery of large-size SiC substrate orders. Our inventories turnover days increased from 255.4 days in 2024 to 293.0 days in the three months ended March 31, 2025, primarily due to (i) a relatively lower cost of sales and (ii) a temporary slowdown in sales attributable to the Spring Festival holiday during the same period. We take inventory management measures to make sure that we achieve a production-to-sales balance to minimise inventory backlog while ensuring timely delivery to customers, which include limiting the stockpiling period for raw materials, shortening production cycles and setting sales targets while assessing the sales completion rate.

As of June 15, 2025, RMB386.9 million, or approximately 37.5% of our inventories as of March 31, 2025 had been sold or utilized.

Trade Receivables and Other Receivables

Our trade receivables and other receivables mainly comprise trade receivables, bills receivables and other receivables. The following table sets forth a breakdown of our trade receivables and other receivables as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade receivables				
— Third parties	130,402	311,808	528,327	544,507
— Related parties	14,863	13,227	19,391	13,497
Less: loss allowance for trade receivables	(7,263)	(16,252)	(27,454)	(28,012)
	138,002	308,783	520,264	529,992
Bills receivables				
— Commercial	14,887	55,820	48,252	20,682
— Bank	—	8,005	317	869
Less: loss allowance for bill receivables	(744)	(2,791)	(2,413)	(1,034)
	14,143	61,034	46,156	20,517
Other receivables				
— Third parties	25,465	24,587	9,363	5,002
— Related parties	—	—	550	550
Less: loss allowance for other receivables	(1,273)	(1,229)	(496)	(278)
	24,192	23,358	9,417	5,274
Total	**176,337**	**393,175**	**575,837**	555,783

Our trade receivables and other receivables increased from RMB176.3 million as of December 31, 2022 to RMB393.2 million as of December 31, 2023, and further increased to RMB575.8 million as of December 31, 2024, primarily as a result of the increase in trade receivables, which is attributable to our strong sales growth. Our trade receivables and other receivables remained relatively stable at RMB 575.8 million as of December 31, 2024 and RMB555.8 million as of March 31, 2025.

Our management recognizes loss allowance for expected credit losses on trade and bills receivables based on an assessment of the present value of all expected cash shortfalls between the contractual and expected amounts. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions.

In order to enhance the collection of trade receivables, our finance team monitors payments closely and prepares a monthly aging report showing the customers' overdue amounts for the management's review. Our sales team also evaluates such overdue invoices on a case-by-case basis and follows up with the customers to collect the trade receivables. We generally endeavor to collect our trade receivables through friendly negotiation, in order to maintain long term business relationship with these customers. However, if the outstanding trade receivables are not settled despite further communications, we may take legal actions against our customers to recover the balances.

We generally grant credit terms ranging from 60 days to 180 days to our customers. The following table sets forth an aging analysis of our trade receivables based on recognition date as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 90 days	112,881	263,825	420,264	376,186
91 days to 180 days	15,658	35,365	79,558	107,121
181 days to one year	9,463	6,593	20,250	46,370
Over one year	—	—	192	315
Total	**138,002**	**308,783**	**520,264**	**529,992**

During the Track Record Period, the majority of our trade receivables were less than one year. We maintained effective communication with our customers, and no recoverability issue was identified.

The following table sets forth the turnover days of our trade receivables for the periods indicated:

	Year Ended December 31,			Three months ended March 31,
	2022	2023	2024	2025
	(days)			
Trade receivable turnover days[(1)]	85.7	65.2	85.6	115.8

Note:

(1) Trade receivables turnover days for a period equals to the average of opening and ending trade receivables balance divided by revenue for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year and 90 days for the three months ended March 31, 2025.

The trade receivable turnover days indicate the average time required for us to collect payments. Our trade receivables turnover days decreased from 85.7 days in 2022 to 65.2 days in 2023, primarily as a result of our enhanced the management of trade receivables. Our trade receivables turnover days increased from 65.2 days in 2023 to 85.6 days in 2024 and further increased to 115.8 days in the three months ended March 31, 2025, primarily because we granted longer credit terms to customers with relatively stronger credit records, and the proportion of such customers has grown.

As of June 15, 2025, RMB275.6 million, or approximately 52.0% of our trade receivables as of March 31, 2025 had been settled.

We believe there is no recoverability issue for our trade receivables, and we have made sufficient credit loss allowances for our trade receivables based on (i) our robust credit risk management system, which includes credit evaluations on a case-by-case basis and customized credit policies, (ii) stringent internal measures that support the effective collection and management of trade receivables. For example, receivables collection is incorporated into the monthly performance evaluations of our sales team and relevant management personnel, (iii) the reliability and payment history of our customers, who are primarily well-known companies in the industry with long-standing and stable relationships with us, and (iv) our strong customer relationships and the consistent payments we received from customers.

Financial Assets at Fair Value through Profit or Loss (FVTPL)

During the Track Record Period, our financial assets at FVTPL primarily consist of wealth management products in banks in the PRC. Our financial assets at FVTPL decreased from RMB1,792.1 million as of December 31, 2022 to RMB277.1 million as of December 31, 2023, and subsequently decreased to RMB2.1 million as of December 31, 2024 primarily because the majority of the wealth management products were redeemed upon maturity. Our financial assets at FVTPL remained relatively stable at RMB2.1 million as of December 31, 2024 and RMB1.9 million as of March 31, 2025.

Details of the fair value measurement of financial assets at FVTPL, particularly the fair value hierarchy, the valuation techniques and key inputs, including significant unobservable inputs, and the relationship of unobservable inputs to fair value are disclosed in Note 39 to the Accountant's Report in Appendix I to this prospectus. Upon the Listing, we intend to continue our investments strictly in accordance with our internal control policy, Articles of Association and, to the extent that such investment is a notifiable transaction under Chapter 14 of the Listing Rules, the Company will comply with the relevant requirements under Chapter 14 of the Listing Rules, including the announcement, reporting and/or shareholders' approval requirements (if applicable).

We managed and evaluated the performance of investments on a fair value basis in accordance with our business needs and investment strategy. We endeavor to increase the return of idle cash and bank balances by placing investments in wealth management products with high liquidity and low risk such that our risk exposure arising from such investments is controlled. Our investment strategy related to such products focuses on minimizing the financial risks by reasonably and conservatively matching the maturities of the portfolio to anticipated operating cash needs, while generating desirable investment returns. In addition, 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. Our finance department is responsible for proposing, analyzing and evaluating potential investment in such products. Our management, including our finance department, has extensive experience in managing the financial aspects of an enterprise's operations. Prior to making any material investments in wealth management products or modifying our existing investment portfolio, the proposal submitted by the finance department shall be reviewed and approved by our chief financial officer. According to our Articles of Association, such decision does not require a decision by the Board. To control our risk exposure, we make investment decisions related to low risk wealth management products, after thoroughly considering a number of factors, including but not limited to, macro-economic environment, general market conditions, risk control and credit of issuing financial institutions, our own working capital conditions, and the expected profit or potential loss of the investment.

Trade and Other Payables

Trade and other payables mainly consist of trade payables, bills payables, other payables, salary and bonus payables and other taxes payable. Our trade and other payables increased from RMB231.9 million as of December 31, 2022 to RMB1,148.4 million as of December 31, 2023, primarily due to the increase of trade payables and bill payables, as we purchased more raw materials and equipment and negotiated for better payment terms with our suppliers in 2023. Our trade and other payables further decreased to RMB842.6 million as of December 31, 2024 and further decreased to RMB812.9 million as of March 31, 2025, primarily due to the decrease of trade payables and bill payables, as we completed the construction of our Shanghai production plant and gradually made payment for the relevant payables in this process. We intend to settle other payable due to related parties by Listing.

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Trade payables				
— Third parties	185,308	702,943	616,865	504,240
— Related parties	—	492	174	159
Bills payables	—	366,636	153,728	236,879
Other payable				
— Third parties	20,807	26,062	22,357	18,316
— Related parties	115	83	125	—
— Salary and bonus payables	21,934	47,576	43,394	49,174
— Other taxes payable	3,712	4,635	6,005	4,108
Total	**231,876**	**1,148,427**	**842,648**	**812,876**

In terms of payment, we are generally granted by our suppliers a credit term of 30 days to 90 days. The following table sets forth an aging analysis of our trade payables based on the date of the goods and services received as of the dates indicated:

	As of December 31,			As of March 31,
	2022	2023	2024	2025
	(RMB in thousands)			
Within 90 days	160,752	484,680	268,777	198,800
91 days to 180 days	16,101	185,100	27,216	64,668
181 days to one year	1,867	10,912	89,670	19,698
Over one year	6,588	22,743	231,466	221,233
Total	**185,308**	**703,435**	**617,039**	**504,399**

The following table sets forth the turnover days of our trade payables for the periods indicated:

	Year Ended December 31,			Three months ended March 31,
	2022	2023	2024	2025
	(days)			
Trade payables turnover days[(1)]	96.1	151.8	180.8	159.9

Notes:

(1) Trade payables turnover days for a period equals to the opening and ending trade payables balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant period, which is 365 days for each year and 90 days for the three months ended March 31, 2025.

Our trade payables turnover days increased from 96.1 days in 2022 to 151.8 days in 2023, and then increased to 180.8 days in 2024. The increased in trade payables turnover days from 2022 to 2024 is primarily due to we negotiated better payment terms with our suppliers and increased purchases. Our trade payables turnover days decreased from 180.8 days in 2024 to 159.9 days in the three months ended March 31, 2025, primarily due to the decreased trade payables driven by our ongoing settlement of payments related to the completion of the construction of our Shanghai production plant.

As of June 15, 2025, RMB203.5 million, or approximately 40.4% of our trade payables as of March 31, 2025 had been settled.

Contract Liabilities — Current Portion

Our contract liabilities — current portion represent advance payments made by customers while the underlying goods or services are yet to be provided. Our contract liabilities — current portion increased from RMB22.4 million as of December 31, 2022 to RMB99.3 million as of December 31, 2023, primarily due to an increase in the sales order from our major customers. Our contract liabilities — current portion decrease from RMB99.3 million as of December 31, 2023 to RMB45.2 million as of December 31, 2024, primarily due to the reclassification of part of contract liabilities from current portion to non-current portion arising from changes in expectation of timing on delivering good to customers. Our contract liabilities — current portion remained relatively stable at RMB45.2 million as of December 31, 2024 and RMB40.2 million as of March 31, 2025.

As of June 15, 2025, RMB2.5 million, or approximately 3.0% of the contract liabilities as of March 31, 2025 had been subsequently recognized as revenue.

SELECTED FINANCIAL RATIOS

The following table sets forth our key financial ratios as of and for the period indicated:

	As of and for the year ended December 31,			As of and for the three months ended March 31,
	2022	2023	2024	2025
Revenue growth rate[(1)]	—	199.9%	41.4%	(4.2%)
Gross profit/(loss) margin[(2)]	(7.9%)	14.6%	24.6%	22.7%
Adjusted EBITDA margin (non-IFRS measure)[(3)]	(11.6%)	13.3%	30.9%	27.6%
Current ratio[(4)]	10.6	2.2	2.0	2.2
Quick ratio[(5)]	8.9	1.5	1.4	1.5
Debt-to-asset ratio[(6)]	10.3%	24.4%	27.8%	29.4%
Cash conversion cycle[(7)]	362.3	148.5	160.2	248.9

Notes:

(1) Revenue growth rate is calculated as the year-on-year growth rate of revenue and the growth rate of revenue for the three months ended March 31, 2025 compared to the three months ended March 31, 2024.

(2) Gross profit/(loss) margin equals gross profit/(loss) for the period divided by revenue for the period and multiplied by 100%.

(3) Adjusted EBITDA margin (non-IFRS measure) equals adjusted EBITDA (non-IFRS measure) divided by revenue and multiplied by 100%.

(4) Current ratio equals current assets divided by current liabilities as of the relevant period end.

(5) Quick ratio equals current assets excluding inventories divided by current liabilities as of the relevant period end.

(6) Debt-to-Asset Ratio equals total liabilities divided by total assets multiplied by 100%.

(7) Cash conversion cycle is calculated using the inventory turnover days in each period plus the trade receivable turnover days in the respective period minus the trade payables turnover days in the respective period.

Current ratio

Our current ratio decreased from 10.6 as of December 31, 2022 to 2.2 as of December 31, 2023, primarily due to (i) a decrease in our financial assets at fair value through profit or loss, which was mainly because the majority of the wealth management products were redeemed upon maturity and (ii) an increase in trade and other payables mainly resulting from an increase of trade

payables and bill payables, as we purchased more raw materials and equipment and negotiated for better payment terms with our suppliers in 2023. Our current ratio remained relatively stable at 2.2, 2.0 and 2.2 as of December 31, 2023, 2024 and the three months ended March 31, 2025, respectively.

Quick ratio

Our quick ratio decreased from 8.9 as of December 31, 2022 to 1.5 as of December 31, 2023, and subsequently remained relatively stable at 1.4 and 1.5 in 2024 and the three months ended March 31, 2025. Our quick ratio generally followed the trend of our current ratio and the changes were for the same reason.

Debt-to-Assets ratio

Our debt-to-assets ratio increased from 10.3% as of December 31, 2022 to 24.4% as of December 31, 2023, due to the increase in trade payables and bill payables in relation to the construction of our Shanghai production plant and our raw materials and equipment in line with our revenue growth. Our debt-to-assets ratio increased from 24.4% as of December 31, 2023 to 27.8% as of December 31, 2024 and further increased to 29.4% in the three months ended March 31, 2025, primarily due to increased borrowings as of December 31, 2024 and as of March 31, 2025.

Cash conversion cycle

Our cash conversion cycle significantly decreased from 362.3 days in 2022 to 160.2 days in 2024, primarily due to (i) the decreased inventory turnover days, driven by increased sales, and (ii) the increased trade payables turnover days, attributable to better payment terms negotiated with our suppliers and increased purchases. Our cash conversion cycle increased from 160.2 days in 2024 to 248.9 days in the three months ended March 31, 2025, primarily due to (i) the increased inventory turnover days, resulting from a relatively lower cost of sales and a temporary slowdown in sales during the Spring Festival holiday, and (ii) the increased trade receivables turnover days as we granted longer credit terms to customers with relatively stronger credit records, and the proportion of such customers has increased.

LIQUIDITY AND CAPITAL RESOURCES

As of March 31, 2025, we had RMB1,402.1 million in cash and bank balances. Our cash and bank balances primarily consist of cash at banks and on hand under RMB, USD and JPY denomination.

Our net cash used in operating activities was RMB64.4 million and RMB68.1 million in 2022 and 2023. Our net cash generated from operating activities was RMB30.4 million and RMB144.0 million in 2024 and the three months ended March 31, 2025.

Consolidated Statements of Cash Flows

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

	Year Ended December 31,			Three months ended March 31,	
	2022	2023	2024	2024	2025
			(RMB in thousands)		
Net cash (used in)/generated from operating activities	(64,421)	(68,110)	30,434	(81,336)	143,965
Net cash (used in)/generated from investing activities	(2,774,694)	204,570	(257,137)	88,831	(120,034)
Net cash generated from/(used in) financing activities	3,178,744	(5,982)	571,064	40,067	219,249
Net increase in cash and cash equivalents	**339,629**	**130,478**	**344,361**	**47,562**	**243,180**
Cash and cash equivalents at the beginning of the year/period	342,586	682,492	811,593	811,593	1,155,456
Effect of exchange rate changes	277	(1,377)	(498)	890	3,428
Cash and cash equivalents at the end of the year/period	**682,492**	**811,593**	**1,155,456**	**860,045**	**1,402,064**

Net Cash (Used in)/Generated from Operating Activities

Net cash used in operating activities primarily comprises our loss before taxation for the period adjusted by: (i) non-cash and non-operating items, and (ii) changes in working capital.

In the three months ended March 31, 2025, our net cash generated from operating activities was RMB144.0 million. Our net cash generated from operating activities is calculated by adjusting our profit before taxation of RMB5.4 million by non-cash and other items to arrive at an operating profit before changes in working capital of RMB112.6 million. Our movements in working capital primarily reflect a decrease in other current assets of RMB59.8 million, and a decrease in trade and other receivables of RMB24.6 million, partially offset by an increase in prepayments of RMB59.1 million.

In 2024, our net cash generated from operating activities was RMB30.4 million. Our net cash generated from in operating activities is calculated by adjusting our profit before taxation of RMB159.3 million by non-cash and other items to arrive at an operating profit before changes in working capital of RMB555.5 million. Our movements in working capital primarily reflect a decrease in prepayments of RMB33.6 million, partially offset by an increase in inventories of RMB200.6 million and an increase in trade and other receivables of RMB188.4 million.

In 2023, our net cash used in operating activities was RMB68.1 million. Our net cash used in operating activities is calculated by adjusting our loss before taxation of RMB56.2 million by non-cash and other items to arrive at an operating profit before movements in working capital of RMB159.2 million. Our movements in working capital primarily reflect (i) an increase in restricted cash of RMB197.7 million, (ii) an increase in inventories of RMB325.7 million and (iii) an increase in trade and other receivables of RMB226.7 million, partially offset by increase in trade and other payables of RMB553.4 million.

In 2022, our net cash used in operating activities was RMB64.4 million. Our net cash used in operating activities is calculated by adjusting our loss before taxation of RMB176.9 million by non-cash and other items to arrive at an operating loss before movements in working capital of RMB77.3 million. Our movements in working capital primarily reflect an increase in inventories of RMB156.7 million, and an increase in prepayments of RMB46.7 million, partially offset by an increase in trade and other payables of RMB137.2 million.

We have successfully achieved a turnaround from a net operating cash outflow in 2022 and 2023 to a net operating cash inflow in 2024 through the following strategic initiatives:

(i) sustained revenue growth driven by product innovation, production expansion, and customer base growth both in China and overseas across various downstream applications. Throughout the Track Record Period, we prioritized product innovation and upgrades, improving product performance, size, and types to meet evolving market demands and strengthen our competitive position. Concurrently, we expanded our production capacity of SiC substrates from 75,000 pieces in 2022 to 420,000 pieces in 2024, achieving a CAGR of 136.6%. Our growing customer base both in China and overseas across various downstream applications also supported higher sales volumes, with SiC substrate sales rising from 63,800 pieces in 2022 to approximately 361,200 pieces in 2024, reflecting a CAGR of 137.9%. These efforts drove revenue growth from RMB417.0 million in 2022 to RMB1,768.1 million in 2024, representing a CAGR of 105.9%.

(ii) rigorous cost control measures to enhance efficiency. As we scaled up mass production, we implemented several cost optimization initiatives, including: (a) continuous technological and automation upgrades at our Shanghai production factory during its ramp-up period, which have improved production efficiency; (b) streamlining production processes and equipment utilization to reduce engineering and maintenance; (c) simplifying production workflows to minimize labor and raw material usage, thereby lowering manufacturing labor and material costs; and (d) enhancing sourcing efficiency to further reduce material consumption and costs. As a result, our cost of sales as a percentage of revenue declined from 107.9% in 2022 to 85.4% in 2023 and further to 75.4% in 2024.

(iii) strategic management of operating expenses and working capital optimization. We effectively managed operating expenses by refining promotional and marketing strategies, advancing technological capabilities, and optimizing team structures and corporate management. As our business expands, we expect to increase procurement volumes, enabling us to negotiate more favorable supplier terms. Additionally, we plan to utilize bills payable and supply chain financing solutions to extend payment periods and improve working capital efficiency. We will also intensify efforts to collect overdue trade receivables and enhance inventory management to optimize production planning and maintain a relatively stable or decreased inventory turnover days.

Net Cash (Used in)/Generated from Investing Activities

In the three months ended March 31, 2025, our net cash used in investing activities was RMB120.0 million. This was mainly attributable to purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB121.2 million.

In 2024, our net cash used in investing activities was RMB257.1 million. This was mainly attributable to purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB567.9 million, partially offset by redemption of financial assets measured at FVTPL of RMB275.8 million.

In 2023, our net cash generated from investing activities was RMB204.6 million. This was mainly attributable to redemption of financial assets measured at FVTPL of RMB3,008.3 million, partially offset by purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB1,395.2 million.

In 2022, our net cash used in investing activities was RMB2,774.7 million. This was mainly attributable to (i) the payment for purchase of property, plant and equipment, intangible assets and right-of-use assets of RMB1,034.0 million and (ii) investment in financial assets measured at FVTPL of RMB2,320.0 million.

Net Cash Generated from/(Used in) Financing Activities

In the three months ended March 31, 2025, our net cash generated from financing activities was RMB219.2 million. This was mainly attributable to proceeds from bank borrowing of RMB325.7 million, partially offset by repayment from bank borrowings of RMB100.0 million.

In 2024, our net cash generated from financing activities was RMB571.1 million, which was mainly attributable to proceeds from bank borrowing of RMB700.0 million, partially offset by payment for repurchase of shares of RMB100.2 million.

In 2023, our net cash used in financing activities was RMB6.0 million, which was mainly attributable to proceeds from bank borrowings of RMB3.2 million, partially offset by repayment of principal of lease liabilities of RMB7.3 million.

In 2022, our net cash generated from financing activities was RMB3,178.7 million, which was mainly attributable to proceeds from issuance of shares of RMB3,183.4 million, partially offset by repayment of principal of lease liabilities of RMB4.5 million.

INDEBTEDNESS

The following table sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of March 31,	As of June 15,
	2022	2023	2024	2025	
			(RMB in thousands)		
					(unaudited)
Bank and other borrowings	—	3,150	695,000	920,742	856,603
Lease liabilities	3,948	15,396	3,961	3,078	2,862
Total	**3,948**	**18,546**	**698,961**	**923,820**	**859,465**

Bank and other borrowings

As of December 31, 2022, 2023, 2024, March 31 and June 15, 2025, we had bank and other borrowings of nil, RMB3.2 million, RMB695.0 million, RMB920.7 million and RMB856.6 million, respectively. The effective interest rates of our borrowings ranged from 1.4%–3.1% per annum during the Track Record Period. We consider these interest rates to be within the range of market interest rates. We consider our bank borrowing agreements to contain standard terms, conditions and covenants that are customary for commercial bank loans. As of the Latest Practicable Date, we had unutilized banking facilities of RMB2,299.1 million. During the Track Record Period and up to the Latest Practicable Date, we did not experience any difficulties in repaying or renewing bank borrowings.

Lease Liabilities

Leases are initially recognized as right-of-use assets and corresponding liability at the date when the leased asset is available for use by our Group. As of December 31, 2022, 2023, 2024, March 31 and June 15, 2025, we recognized total lease liabilities, including current and non-current lease liabilities, of RMB3.9 million, RMB15.4 million, RMB4.0 million, RMB3.1 million and RMB2.9 million, respectively. The total lease liabilities increased from RMB3.9 million as of December 31, 2022 to RMB15.4 million as of December 31, 2023, primarily due to new apartment leases for staff dormitory use in Shanghai in 2023. The total lease liabilities further decreased to RMB4.0 million as of December 31, 2024 primarily due to the reduction in leased space for employee accommodations, which mainly resulted from the decrease in rotating staff from other cities following the stabilization of operations at our Shanghai production plant. The total lease liabilities remained relatively stable at RMB4.0 million, RMB3.1 million and RMB2.9 million as of December 31, 2024, March 31, 2025 and June 15, 2025.

Contingent Liabilities

As of December 31, 2022, 2023, 2024, March 31 and June 15, 2025, we did not have any significant contingent liabilities. Our Directors confirmed that there had not been any material change in the contingent liabilities of our Company since March 31, 2025 and up to the Latest Practicable Date.

Indebtedness Statement

Our Directors confirm that as of the Latest Practicable Date, there was no material covenant on any of our outstanding debt and there was no breach of any covenant during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group did not

experience any difficulty in obtaining bank loans and other borrowings, default in payment of bank loans and other borrowings or breach of covenants during the Track Record Period and up to the Date of this prospectus.

Except as disclosed above, as of June 15, 2025, being the Most Recent Practicable Date for determining our indebtedness, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that there had been no material change in our indebtedness since June 15, 2025 and up to the Date of this prospectus.

CAPITAL EXPENDITURES

Our capital expenditures, which comprises payment for property, plant and equipment, intangible assets and right-of-use assets, were RMB1,034.0 million, RMB1,395.2 million, RMB567.9 million, RMB235.3 million and RMB121.2 million in 2022, 2023, 2024 and the three months ended March 31, 2024 and 2025, respectively. In these years, our capital expenditures were primarily used for the construction of our production plant. See "Business — Our Strategies — Maintaining and Continuously Enhancing Our Production Capacity to Improve Production Efficiency and Delivery Quality" for details of our expansion plans. We expect to finance such capital expenditures through existing cash on hand, bank loans and the net proceeds from the Global Offering. We may adjust our capital expenditures for any given year according to our development plans or in light of market conditions and other factors we believe to be appropriate.

CAPITAL COMMITMENTS

Our capital commitments as of December 31, 2022, 2023, 2024 and as of March 31, 2025, were primarily related to property, plant and equipment. As of December 31, 2022, 2023, 2024 and as of March 31, 2025, the total amount of our capital expenditure contracted for but not yet provided was RMB14.0 million, RMB345.0 million, RMB126.4 million and RMB134.7 million, respectively.

FINANCIAL RISK DISCLOSURE

Our Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Our Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on our Group's financial performance. Risk management is carried out by the senior management of our Group.

Our management regularly manages and monitors the financial risks of our Group to ensure appropriate measures are implemented in a timely and effective manner. During the Track Record Period, no hedging activity was undertaken by our Group.

Market Risk

Currency Risk

Several subsidiaries of the Company have foreign currency sales, capital expenditure, cash and bank balances and borrowings, which expose the Group to foreign currency risk. The subsidiaries are mainly exposed to foreign currency of US$, Japanese yen, and Euro dollar. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to its restricted bank deposits, loan receivables, cash and bank balances, lease liabilities and borrowings. Borrowing agreements include a mix of fixed and variable rate loans, the exposure in relation to fixed rate agreements is considered to be minimal. The Group is also exposed to cash flow interest rate risk in relation to variable rate borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Loan Prime Rate. For the variable rate bank borrowings, the Group currently does not have an interest rate hedging policy to mitigate interest rate risk. Nevertheless, management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

Price Risk

The Group is exposed to equity price risk through its financial investments at FVTPL. See Note 23 to the Accountant's Report in Appendix I to this prospectus. The Group has adopted a specific approval process to monitor the price risk and will consider hedging the risk exposure should the need arise.

Credit Risk

As at the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Credit terms are granted to customers who are in good credit reputation. In order to minimise the credit risk, management has designated the treasury department of the Company responsible for determination of annual credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors of the Company review the recoverability of each significant trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced. The Group has no significant concentration of credit risk associated with trade receivables, with exposure spread over a large number of counterparties and customers.

The Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group also expects that there is no significant credit risk associated with amounts due from related parties since counterparties are mainly related parties with good reputation.

Liquidity Risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and bank balances and unused banking facilities deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. See Note 39 to the Accountant's Report in Appendix I to this prospectus.

OFF-BALANCE SHEET ARRANGEMENTS

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

RELATED PARTY TRANSACTIONS

We enter into transactions with our related parties from time to time. For details about our related party transactions during the Track Record Period, see Note 43 to the Accountants' Report in Appendix I to this prospectus.

Our Directors believe that our transactions with related parties during the Track Record Period were conducted on an arm's-length basis, and they did not distort our results of operations or make our historical results not reflective of our future performance.

DIVIDEND POLICY

Our Articles of Association require us to distribute cash dividends of no less than 30% of the average annual distributable profit under the PRC GAAP in any rolling three-year period, subject to significant investment or capital expenditure plans, working capital requirements and other cash dividend conditions stipulated in the Company's Articles of Association. We distribute dividends primarily in the form of cash, but may also distribute dividends in the form of stocks or a combination of cash and stocks. If dividends in any distribution consists of both cash and stocks, the cash dividends shall comprise not less than 20% of such distribution. Any proposed distribution of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Board may recommend a distribution of dividends in the future after taking into account our results of operations, financial condition, operating requirements, capital requirements, shareholders' interests and any other conditions that our Board may deem relevant.

No dividend was paid or declared by our Company or other entities comprising our Group during the Track Record Period. As of December 31, 2024, our Company did not record accumulated losses according to the Company's unconsolidated financial statements in 2024. Pursuant to the Rules for Share Repurchase by Listed Companies (《上市公司股份回購規則》) and the Shanghai Stock Exchange's Self-Regulatory Guidelines No. 7 — share repurchase (《上海證券交易所上市公司自律監管指引第7號 — 回購股份》), the RMB100,218,531.64 share repurchases completed in 2024 are classified as cash dividends, constituting a formal shareholder return mechanism. Considering various factors such as industry dynamics, corporate development stage, and our Company's results of operations, including the accumulated losses on our consolidated financial statements in 2024 that have not been made up, our Board proposed not to declare cash dividends, capital reserve conversions, or bonus issues for 2024 to protect the long-term interests of all shareholders and to safeguard our sustainable development and capital adequacy on March 27, 2025. On May 16, 2025, the Shareholders' meeting approved the aforementioned proposal. As confirmed by our PRC Legal Advisor, given that our Company did not record accumulated losses according to the Company's unconsolidated financial statements for 2024, our Company can decide independently whether to pay dividends after setting aside the required statutory common reserve funds in accordance with our Articles of Association and the applicable PRC laws.

DISTRIBUTABLE RESERVES

As of March 31, 2025, the Company had approximately RMB40.3 million of retained profits available for distribution to our shareholders.

WORKING CAPITAL SUFFICIENCY

Our Directors are of the view that, taking into account our available resources including cash and cash equivalents on hand and the net estimated proceeds from the Global Offering, we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

See Unaudited Pro Forma Financial Information in Appendix II to this prospectus for details.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, and other fees incurred in connection with the Global Offering. We estimate that our listing expenses will be approximately HK$105.4 million (assuming the Over-allotment Option is not exercised and based on the Offer Price of HK$42.80), which accounts for approximately 5.16% of the gross proceeds from the Global Offering. We estimate the listing expenses to consist of approximately HK$61.3 million in underwriting fees and HK$44.1 million in non-underwriting fees (which consist of fees and expenses of legal advisors and our Reporting Accountant of approximately HK$24.9 million and other fees and expenses of approximately HK$19.2 million). Among the total listing expenses, approximately HK$94.6 million will be directly attributable to the issue of our Shares, which will be deducted from equity upon the completion of the Global Offering, and the remaining approximately HK$10.8 million will be expensed in our consolidated statements of comprehensive loss.

PROPERTY INTERESTS AND PROPERTY VALUATION

Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, has valued certain of our property interests as of May 31, 2025 and is of the opinion that the market value of our property interests as of such date was RMB1,264,338,000. The full text of its letter, valuation report and certificates in connection with such property interests are set out in Appendix III to this prospectus.

A reconciliation of the net book value of our property interests (property and land use rights — right-of-use assets) ("**Property Interests**") as of March 31, 2025 as set out in Accountants' Report in Appendix I to their market value as of May 31, 2025 as stated in the property valuation report in Appendix III is set out below:

	(RMB in thousands)
Net book value of the Property Interests as of March 31, 2025	1,248,847
Addition	1,168
Depreciation	6,848
Net book value of the Property Interests as of May 31, 2025	1,243,167
Fair value gain	21,171
Market value of the Property Interests as of May 31, 2025 as set out in the property valuation report in Appendix III to this prospectus	1,264,338

Note: An additional depreciation of RMB408,000 would be charged against the income statement had the Property Interests been stated at valuation for the year ending December 31, 2025.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

No Material Adverse Change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since March 31, 2025, being the end date of the periods reported on in the Accountant's Report in Appendix I to this prospectus, and there is no event since March 31, 2025 that would materially affect the information as set out in the Accountant's Report in Appendix I to this prospectus.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

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

FUTURE PLANS

See "Business — Our Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

Assuming that the Over-allotment Option is not exercised, after deducting the underwriting commissions and other estimated offering expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$42.80 per H Share, we estimate that we will receive net proceeds of approximately HK$1,938.1 million from the Global Offering. We intend to use the net proceeds from the Global Offering for the purposes and in the amounts set forth below.

- Approximately 70% of the net proceeds, or HK$1,356.7 million, will be used to expand our production capacity for 8-inch and larger SiC substrates. As SiC substrates continue to penetrate existing application scenarios, such as electric vehicles and photovoltaic systems, and simultaneously expand into emerging fields, such as AI data centers and household appliances, the size of global SiC substrate market in terms of revenue from SiC substrate sales grew from RMB3.0 billion in 2020 to RMB8.8 billion in 2024, with a CAGR of 29.9% from 2020 to 2024, and is projected to reach RMB58.5 billion in 2030 with a CAGR of 37.1% from 2024 to 2030. The demand for high-performance SiC power semiconductors from downstream industries, such as xEV and photovoltaic and energy storage system, will continuously drive the market demand for SiC substrates. More specifically, with the advancement of technology and the growth of market demand, 8-inch SiC and larger substrates gradually become the new focus of the industry due to its higher output rates, reduced edge loss, and improved device performance replacing 4-inch and 6-inch SiC substrates. Meanwhile, size scaling represents a key developing trend in the SiC industry due to large-diameter substrates' cost efficiency and ability to meet downstream application demands. We intend to increase our 8-inch and larger SiC substrate production capacity through the expansion of our existing production plants and the establishment of new overseas production facilities, subject to adjustment considering actual circumstances. In the meantime, we aim to upgrade our production lines by enhancing processes and digital systems, and to build smart factories to boost efficiency. Additionally, we plan to recruit and train professional teams to improve our delivery capabilities, efficiency and quality to satisfy the growing needs of our downstream customers. In particular:

(i) approximately 55%, or HK$1,066.0 million, will be used for the expansion of our domestic production lines, mainly in Shanghai, to increase our annual production capacity in Shanghai for larger SiC substrates by approximately 0.5 million pieces, by the end of 2027.

a. approximately 45%, or HK$872.2 million, will be used for the purchase of new production equipment, such as furnaces, cutting and grinding equipment, cleaning and polishing equipment and inspection devices, as well as the construction of supporting facilities, to further enhance our production capacity of 8-inch and larger SiC substrates. These investments will help strengthen our delivery capabilities and maintain our leadership in large-diameter substrate production. We plan to allocate approximately HK$335.8 million, HK$405.5 million and HK$130.8 million, respectively, in the second-half of 2025 and each year in 2026 and 2027, of the net proceeds for such purpose.

b. approximately 7%, or HK$135.7 million, will be used to enhance our production efficiency. We plan to upgrade our existing production lines by adopting automation technologies such as automated crane systems and automated guided vehicle transport systems. Furthermore, we will continue to improve our production processes and strengthen digitalized operational management. These measures will enhance the automation and intelligence levels of our production lines, and optimize our production costs, enabling us to provide high-quality products to customers. We plan to allocate approximately HK$40.7 million, HK$81.4 million and HK$13.6 million, respectively, in the second-half of 2025 and each year in 2026 and 2027, of the net proceeds for such purpose.

c. approximately 3%, or HK$58.1 million, will be used for the recruitment of production personnel. Specifically, we plan to hire a total of approximately 100, 250 and 250 inspection staff and engineers with mechanical operations skills in the second half of 2025, and each year in 2026 and 2027, respectively, to build a professional and international production team that aligns with our increasingly diversified product lines. This investment will support our expanding product portfolio and ensure our delivery efficiency and product quality. We plan to allocate approximately HK$9.7 million, HK$24.2 million and HK$24.2 million, respectively, in the second-half of 2025 and each year in 2026 and 2027, of the net proceeds for such purpose.

(ii) approximately 15%, or HK$290.7 million, will be used for the construction of overseas production plants, mainly in Southeast Asia. Based on our customers' locations, we plan to establish new overseas production plants to expand our production capacity of large-diameter SiC substrates and improve our responsiveness to overseas customer demands. We plan to allocate approximately HK$19.5 million, HK$135.8 million and HK$135.2 million, respectively, in the second-half of 2025 and each year in 2026 and 2027, of the net proceeds for such purpose.

- Approximately 20% of the net proceeds, or HK$387.6 million, will be used to strengthen our R&D capabilities and maintain our leadership in innovation. Driven by the size scaling of SiC substrates, the process of substrate preparation and manufacturing are becoming increasingly complicated. To address these challenges and solidify our technological leadership, we plan to further enhance our R&D efforts by (i) continuously investing in fundamental research, such as material performance development, crystal growth thermodynamics and defect characterization, to improve our defect control and detection capabilities and to promote the penetration of SiC technology in established and emerging fields, and (ii) strengthening our product development capabilities for SiC substrates new materials and accelerating the commercialization of our 12-inch SiC substrates to diversify our product portfolio. Specifically:

  (i) approximately 14%, or HK$271.3 million, will be used to procure R&D materials, including graphite thermal insulation materials, crucibles, carbon powder and silicon powder. We plan to allocate approximately HK$55.6 million, HK$62.1 million, HK$58.9 million, HK$52.1 million and HK$42.3 million, respectively, in the second-half of 2025 and each year in 2026, 2027, 2028 and 2029, of the net proceeds for such purpose.

  (ii) approximately 4%, or HK$77.5 million, will be used to recruit R&D personnel, including experienced engineers in the SiC industry and experts in the fields of materials science, fluid mechanics and thermodynamics. We plan to recruit 60, 60, 80, 80 and 80 R&D personnel in the second half of 2025, and each year in 2026, 2027, 2028, 2029, respectively. This competitive R&D team will enhance our ability to innovate, strengthen our leadership in cutting-edge technologies. We plan to allocate approximately HK$11.6 million, HK$11.6 million, HK$18.1 million, HK$18.1 million and HK$18.1 million, respectively, in the second-half of 2025 and each year in 2026, 2027, 2028 and 2029, of the net proceeds for such purpose.

(iii) approximately 2%, or HK$38.8 million, will be used to procure and upgrade R&D and testing equipment, such as laser stripping devices and grinding and polishing machines in the second half of 2025.

We anticipate that the aforementioned R&D investment will significantly strengthen our expertise in fundamental science and product R&D, optimize our cutting-edge technical layout and enrich our product portfolio.

- Approximately 10% of the net proceeds, or HK$193.8 million, will be used as working capital and for other general corporate purposes to support our day-to-day operations and future business development.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the estimated Offer Price range.

The additional net proceeds that we would receive if the Over-allotment Option were exercised in full would be HK$296.4 million. If the Over-allotment Option were exercised in full, we intend to apply the additional net proceeds to the above purposes on a pro rata basis.

We do not expect to rely on the net proceeds of the Global Offering to carry on our ordinary business operations. To the extent that the net proceeds of the Global Offering are not sufficient to fund our development plan, we intend to fund the shortfall through a variety of means, including proceeds from banking facilities and cash generated from operation.

To the extent that the net proceeds of the Global Offering are not immediately used for the above purposes, we will only deposit those net proceeds into short-term interest-bearing accounts at licensed commercial banks and/or other authorized financial institutions (as defined under the SFO or applicable laws and regulations in other jurisdictions). In such event, we will comply with the appropriate disclosure requirements under the Listing Rules. In the event that part of our listing proceeds are deployed overseas, we will comply with the Guidelines on Foreign Exchange Businesses under Capital Accounts (Edition 2024) in all material respects. During the Track Record Period and as of the Latest Practicable Date, our Directors confirmed that we had no instances of material non-compliance with these guidelines.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

China International Capital Corporation Hong Kong Securities Limited
CLSA Limited
Haitong International Securities Company Limited
BOCI Asia Limited
UOB Kay Hian (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Zhongtai International Securities Limited
ICBC International Securities Limited
CMB International Capital Limited
CCB International Capital Limited
ABCI Securities Company Limited
GF Securities (Hong Kong) Brokerage Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Shenwan Hongyuan Securities (H.K.) Limited
Futu Securities International (Hong Kong) Limited
Sun Securities Limited
Huafu International Securities Limited
Fosun International Securities Limited
Tiger Brokers (HK) Global Limited

UNDERWRITING

This Prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The Company expects the International Offering to be fully underwritten by the International Underwriters. If, for any reason, the Offer Price is not agreed between the Sponsor-OC (for themselves and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 2,387,300 Hong Kong Offer Shares and the International Offering of initially 45,358,400 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" in this prospectus as well as to the Over-allotment Option (in the case of the International Offering).

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on Friday, August 8, 2025. Pursuant to the Hong Kong Underwriting Agreement, the Company is offering the Hong Kong Offer Shares for subscription on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement at the Offer Price.

Subject to (a) the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued pursuant to the Global Offering (including the H Shares which may be issued pursuant to the exercise of the Over-allotment Option), on the Main Board of the Stock Exchange and such approval not having been withdrawn and (b) certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have agreed severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the Hong Kong Offer Shares being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions set out in this prospectus and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on, among other things, the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

If any of the events set out below occur at any time prior to 8:00 a.m. on the Listing Date, the Joint Sponsors and the Sponsor-OC (for themselves and on behalf of the Hong Kong Underwriters) in their sole and absolute discretion, shall have the right by giving a notice to the Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there shall develop, occur, exist or come into effect:

(i) any event, or series of events, in the nature of force majeure (including, without limitation, any acts of government, declaration of a local, national, regional or international emergency or war, calamity, crisis, epidemic, pandemic, outbreaks, escalation, adverse mutation or aggravation of diseases (including, without limitation, COVID-19, Severe Acute Respiratory Syndrome (SARS), swine or avian flu, H5N1, H1N1, H7N9, Ebola virus, Middle East respiratory syndrome and

such related/mutated forms), comprehensive sanctions, economic sanctions, strikes, labour disputes, lock-outs, other industrial actions, fire, explosion, flooding, earthquake, tsunami, volcanic eruption, civil commotion, rebellion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism (whether or not responsibility has been claimed), paralysis in government operations, interruptions or delay in transportation) in or affecting Hong Kong, the PRC, the United States, the European Union, Japan or any other jurisdiction relevant to the Group (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**");

(ii) any change or development involving a prospective change, or any event or circumstances or series of events likely to result in any change or development involving a prospective change, in any local, national, regional or international financial, economic, political, military, industrial, legal, fiscal, regulatory, currency, credit or market matters or conditions, equity securities or exchange control or any monetary or trading settlement system or other financial markets (including conditions in the stock and bond markets, money and foreign exchange markets, interbank markets and credit markets), in or affecting any of the Relevant Jurisdictions;

(iii) any moratorium, suspension or restriction (including any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange;

(iv) any general moratorium on commercial banking activities in the PRC (imposed by the People's Bank of China), Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at the U.S. Federal or New York State level or by any other competent Authority), London, the European Union or any of the other Relevant Jurisdictions (declared by any relevant competent authority) or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in or affecting any of the Relevant Jurisdictions;

(v) any new law or any change or development involving a prospective change in existing laws or regulations or any change or development involving a prospective change in the interpretation or application thereof by any court or any other competent governmental authority in or affecting any of the Relevant Jurisdictions;

(vi) the imposition of comprehensive sanctions under any sanctions laws or regulations, or the withdrawal of trading privileges which existed on the date of the Hong Kong Underwriting Agreement, in whatever form, directly or indirectly, by or for any of the Relevant Jurisdictions;

(vii) any change or development involving a prospective change or amendment in or affecting taxation or foreign exchange control, currency exchange rates or foreign investment regulations (including a devaluation of the United States dollar, the Hong Kong dollar or RMB against or a change in the system under which the value of the Hong Kong dollar is linked to that of the United States dollar or RMB is linked to any foreign currency or currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions or affecting an investment in the Offer Shares;

(viii) other than with the prior written consent of the Joint Sponsors and the Sponsor-OC, the issue or requirement to issue by the Company of a supplement or an amendment to this prospectus, the offering circular, the filings to the CSRC or other documents in connection with the offer and sale of the Offer Shares pursuant to the Companies (WUMP) Ordinance or the Listing Rules or upon any requirement or request of the Stock Exchange, the CSRC and/or the SFC;

(ix) any valid demand by any creditors for repayment or payment of any of indebtedness of any member of the Group or an order or petition for the winding up or liquidation of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group;

(x) any litigation, dispute, proceeding, legal action or claim or regulatory or administrative investigation or action being threatened, instigated or announced against any member of the Group or any Director, Supervisor or any member of the senior management of the Company as named in this prospectus;

(xi) any contravention by any member of the Group or any Director, Supervisor or any member of the senior management of the Company as named in this prospectus of any applicable laws and regulations, including the Listing Rules, the Companies Ordinance, the Companies (WUMP) Ordinance and the PRC Company Law;

(xii) any Director vacating his/her office;

(xiii) any Director, Supervisor or senior management of the Company is being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking a directorship, supervisorship or role of senior management of a company;

(xiv) any non-compliance of this prospectus, the formal notice or the filings to the CSRC (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares or any aspect of the Global Offering) with the Listing Rules or any other applicable laws and regulations (including, without limitation, the Listing Rules, the Companies Ordinance, the Companies (WUMP) Ordinance and the relevant rules of the CSRC); or

(xv) any change or development or any event involving a prospective change or development, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus,

which, individually or in the aggregate, in the sole and absolute opinion of the Joint Sponsors and the Sponsor-OC (for themselves and on behalf of the Hong Kong Underwriters):

(1) has or will have or is likely to have a material adverse effect;

(2) has or will have or is likely to have a material adverse effect on the success or marketability of the Global Offering or the level of applications for or the distribution of the Offer Shares under the Hong Kong Public Offering or the level of interest under the International Offering;

(3) makes or will make or is likely to make it inadvisable, inexpedient, impracticable or incapable for the Hong Kong Public Offering and/or the International Offering to proceed or to market the Global Offering or the delivery or distribution of the Offer Shares on the terms and in the manner contemplated by the Offer Related Documents (as defined below);

(4) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting the Hong Kong Public Offering) incapable or impracticable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(b) there has come to the notice of the Joint Sponsors and/or the Sponsor-OC that:

(i) any statement contained in any of the offering documents, the filings to the CSRC and/or any notices, announcements, advertisements, communications or other documents (including any announcement, circular, document or other communication pursuant to the Hong Kong Underwriting Agreement) issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto but excluding names and addresses of the Underwriters) (the "**Offer Related Documents**") was, when it was issued, or has become, untrue, incorrect, inaccurate or incomplete in any material respects or misleading or deceptive, or that any estimate, forecast, expression of opinion, intention or expectation contained in any of such documents (including any supplement or amendment thereto) is not fair and honest in any respects and not based on reasonable grounds or, where appropriate, not based on reasonable assumptions with reference to the facts and circumstances then subsisting taken as a whole;

(ii) any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material misstatement in, or material omission from any of the Offer Related Documents;

(iii) there is a breach of, or any event or circumstance rendering untrue, incorrect, incomplete or misleading in any respect, any of the representations or warranties given by the Company in the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(iv) there is a material breach of any of the obligations imposed upon the Company under the Hong Kong Underwriting Agreement or the International Underwriting Agreement (including any supplement or amendment thereto), as applicable;

(v) there is an event, act or omission which gives or is likely to give rise to any liability of the Company pursuant to the indemnities given by the Company under the Hong Kong Underwriting Agreement;

(vi) there is any change or development involving a prospective change, constituting or having a material adverse effect;

(vii) the approval of the Stock Exchange of the listing of, and permission to deal in, the H Shares in issue and to be issued pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), other than subject to customary conditions, is refused or not granted on or before the Listing Date, or if granted, the approval is subsequently withdrawn, cancelled, qualified (other than by customary conditions), revoked or withheld;

(viii) the notice of acceptance of the filings to the CSRC issued by the CSRC and/or the results of the filings to the CSRC published on the website of the CSRC is rejected, withdrawn, revoked or invalidated;

(ix) any person named as an expert in this prospectus (other than the Joint Sponsors) has withdrawn or is subject to withdrawing its consent to the issue of this prospectus with the inclusion of its reports, letters and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears;

(x) the Company withdraws any of the offering documents, the filings to the CSRC or the Global Offering;

(xi) there is a prohibition on the Company for whatever reason from offering, allotting, issuing or selling any of the Offer Shares (including the additional H Shares to be issued by the Company pursuant to the exercise of the Over-allotment Option) pursuant to the terms of the Global Offering;

(xii) there is an order or petition for the winding-up of the Company or any composition or arrangement made by the Company with its creditors or a scheme of arrangement entered into by the Company or any resolution for the winding-up of the Company or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of the Company or anything analogous thereto occurring in respect of the Company; or

(xiii) a material portion of the orders placed or confirmed in the bookbuilding process, or of the investment commitments made by any cornerstone investors under agreements signed with such cornerstone investors, have been withdrawn, terminated or cancelled.

Undertakings to the Stock Exchange pursuant to the Listing Rules

(A) Undertakings by the Company

Pursuant to Rule 10.08 of the Listing Rules, the Company has undertaken to the Stock Exchange that it will not exercise its power to issue any further Shares, or securities convertible into Shares (whether or not of a class already listed) or enter into any agreement to such an issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except (a) any capitalization issue, capital reduction or consolidation or sub-division of Shares; (b) pursuant to the Global Offering (including any H Shares which may be issued pursuant to the exercise of the Over-allotment Option); or (c) under any of the circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by the group of Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of the group of Controlling Shareholders has undertaken to the Stock Exchange and the Company that, it will not and will procure that the relevant registered holder(s) will not without the prior written consent of the Stock Exchange or unless otherwise in compliance with the applicable requirement of the Listing Rules:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in the Company is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-Month Period**"), either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities of the Company in respect of which it is shown by this prospectus to be the beneficial owner; and

(b) in the period of six months from the expiry of the First Six-Month Period, either directly or indirectly, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the securities referred to in paragraph (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a group of Controlling Shareholder (as defined under the Listing Rules).

Note 2 to Rule 10.07(2) of the Listing Rules provides that the foregoing shall not prevent the group of Controlling Shareholders from using securities of the Company beneficially owned by them as security (including a charge or a pledge) in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of the Controlling Shareholders has undertaken to the Stock Exchange and the Company that, within the period commencing on the date by reference to which disclosure of its shareholding in the Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(i) when it pledges or charges any securities of the Company beneficially owned by it in favour of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note 2 to Rule 10.07 of the Listing Rules, immediately inform the Company of such pledge or charge together with the number of securities so pledged or charged; and

(ii) when it receives indications, either verbal or written, from the pledgee or chargee of any securities of the Company that any of the pledged or charged securities will be disposed of, immediately inform the Company of such indications.

The Company will inform the Stock Exchange as soon as it has been informed of the matters referred to in paragraphs (i) and (ii) above by any of the Controlling Shareholders and subject to the then applicable requirements of the Listing Rules disclose such matters by way of an announcement.

Undertakings by the Company pursuant to the Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, the Company has undertaken to each of the Joint Sponsors and the Underwriters that, except for the issue, offer or sale of the Offer Shares by the Company pursuant to the Global Offering (including pursuant to any exercise of the Over-allotment Option), the Company will not, without the prior written consent of the Joint Sponsors and the Sponsor-OC (for themselves and on behalf of the Hong Kong Underwriters) and unless in compliance with the Listing Rules, at any time during the period commencing on the date hereof and ending on, and including, the date falling six months after the Listing Date (the "**First Six-Month Period**"):

(i) offer, allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, assign, mortgage, charge, pledge, hypothecate, lend, grant, agree to grant or sell any option, warrant, right or contract or right to subscribe for or purchase, grant, agree to grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any legal or beneficial interest in any H Shares or other securities of the Company, or any interests in any of the foregoing (including, but

not limited to, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, or any warrants or other rights to purchase, any such H Shares or other securities of the Company or any interest in any of the foregoing), or deposit any H Shares or other securities of the Company, with a depositary in connection with the issue of depositary receipts);

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership (legal or beneficial) of any H Shares or other securities of the Company, or any interest therein, or any interest in any of the foregoing (including, without limitation, any securities which are convertible into or exchangeable or exercisable for, or that represent the right to receive, or any warrants or other rights to purchase, any such H Shares or other securities of the Company or any interest in any of the foregoing);

(iii) enter into any transaction with the same economic effect as any transaction described in (i) or (ii) above; or

(iv) offer to or contract to or agree to announce, or publicly disclose that the Company will or may enter into any such transaction described in (i), (ii) or (iii) above,

in each case, whether any of the transactions described in (i), (ii) or (iii) above is to be settled by delivery of any such H Shares or other securities of the Company or, in cash or otherwise (whether or not the issue of such H Shares or other securities of the Company will be completed within the First Six-Month Period). For the avoidance of doubt, the lock-up undertaking above shall not apply to any issue of debt securities by the Company which are not convertible into equity securities of the Company or of any securities of other member of the Group.

In addition, the Company has further undertaken to each of the Joint Sponsors and the Underwriters, in the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period, the Company enters into any such transactions or offers or agrees or contracts to, or announces, or publicly discloses, any intention to, enter into any such transactions described in (i), (ii) or (iii) above, the Company has undertaken to take all reasonable steps to ensure that it will not create a disorderly or false market in the Shares or other securities of the Company.

Hong Kong Underwriters' Interests in the Company

Save for their respective obligations under the Hong Kong Underwriting Agreement, as of the Latest Practicable Date, none of the Hong Kong Underwriters was interested, legally or beneficially, directly or indirectly, in any H Shares or any securities of any member of the Group or had any right or option (whether legally enforceable or not) to subscribe for or purchase, or to nominate persons to subscribe for or purchase, any H Shares or any securities of any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Company's H Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement.

International Offering

International Underwriting Agreement

In connection with the International Offering, the Company expects to enter into the International Underwriting Agreement with, among others, the Sponsor-OC, the Joint Sponsors and the International Underwriters on or around the Price Determination Date. Under the International Underwriting Agreement and subject to the Over-allotment Option, the International Underwriters would, subject to certain conditions set out therein, agree severally but not jointly to procure subscribers for, or themselves to subscribe for, their respective applicable proportions of the International Offer Shares initially being offered pursuant to the International Offering. It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors should note that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed. See "Structure of the Global Offering — The International Offering."

Over-allotment Option

The Company is expected to grant to the International Underwriters the Over-allotment Option, exercisable by the Sponsor-OC on behalf of the International Underwriters at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, pursuant to which the Company may be required to issue up to an aggregate of 7,161,800 H Shares, representing not more than 15% of the number of Offer Shares initially available under the Global Offering, at the Offer Price, to cover over-allocations in the International Offering, if any. See "Structure of the Global Offering — Over-allotment Option."

Commissions and Expenses

The Underwriters will receive an underwriting commission of 2.0% of the aggregate Offer Price of all the Offer Shares (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option subject to the final offering size), out of which they will pay any sub-underwriting commissions and other fees.

The Underwriters may receive a discretionary incentive fee of up to 1.0% of the aggregate Offer Price of all the Offer Shares to be issued by the Company under the Global Offering (including any Offer Shares to be issued pursuant to the exercise of the Over-allotment Option).

Assuming full payment of discretionary incentive fees and based on an indicative Offer Price of HK$42.80 per Offer Share, the fixed fees and discretionary fees payable to the Underwriters represent approximately 63.9% and 36.1%, respectively, of the aggregated fees payable to the Underwriters in connection with the Global Offering.

For any unsubscribed Hong Kong Offer Shares reallocated to the International Offering, the underwriting commission will not be paid to the Hong Kong Underwriters but will instead be paid, at the rate applicable to the International Offering, to the relevant International Underwriters.

The aggregate underwriting commissions payable to the Underwriters in relation to the Global Offering (assuming an indicative Offer Price of HK$42.80 per Offer Share, the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) will be approximately HK$70.50 million.

The aggregate underwriting commissions and fees together with the Stock Exchange listing fees, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee, legal and other professional fees and printing and all other expenses relating to the Global Offering are estimated to be approximately HK$115.51 million (assuming an indicative Offer Price of HK$42.80 per Offer Share, the full payment of the discretionary incentive fee and the exercise of the Over-allotment Option in full) and will be paid by the Company.

Indemnity

The Company has agreed to indemnify the Hong Kong Underwriters for certain losses which they may suffer or incur, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by the Company of the Hong Kong Underwriting Agreement.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, loan financing, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In the ordinary course of their various business activities, the Syndicate Members and their respective affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers. Such investment and trading activities may involve or relate to our assets, securities and/or instruments and/or persons and entities with relationships with the Company and may also include swaps and other financial instruments entered into for hedging purposes in connection with the Group's loans and other debt.

In relation to the H Shares, the activities of the Syndicate Members and their affiliates could include acting as agent for buyers and sellers of the H Shares, entering into transactions with those buyers and sellers in a principal capacity, including as a lender to initial purchasers of the H Shares (which financing may be secured by the H Shares) in the Global Offering, proprietary trading in the H Shares, and entering into over the counter or listed derivative transactions or listed or unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the H Shares. Such transactions may be carried out as bilateral agreements or trades with selected counterparties. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the H Shares, which may have a negative impact on the trading price of the H Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the H Shares, in baskets of securities or indices including the H Shares, in units of funds that may purchase the H Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the H Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the stock exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the H Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering." Such activities may affect the market price or value of the H Shares, the liquidity or trading volume in the H Shares and the volatility of the price of the H Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

- the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

- the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

Certain of the Syndicate Members or their respective affiliates have provided from time to time, and expect to provide in the future, investment banking, loan financing and other services to the Company and certain of its affiliates for which such Syndicate Members or their respective affiliates have received or will receive customary fees and commissions.

In addition, the Syndicate Members or their respective affiliates may provide financing to investors to finance their subscriptions of the Offer Shares in the Global Offering.

THE GLOBAL OFFERING

This Prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering.

The listing of the H Shares on the Main Board of the Stock Exchange is sponsored by the Joint Sponsors. The Joint Sponsors have made an application on behalf of the Company to the Stock Exchange for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus.

47,745,700 Offer Shares will initially be made available under the Global Offering comprising:

- the Hong Kong Public Offering of initially 2,387,300 Offer Shares (subject to reallocation) in Hong Kong as described in "— The Hong Kong Public Offering" below; and

- the International Offering of initially 45,358,400 Offer Shares (subject to reallocation and the Over-allotment Option) outside the United States in offshore transactions in reliance on Regulation S, as described in "— The International Offering" below.

Investors may either (i) apply for Hong Kong Offer Shares under the Hong Kong Public Offering; or (ii) apply for or indicate an interest for International Offer Shares under the International Offering, but may not do both.

The Offer Shares will represent approximately 10.0% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering, assuming the Over-allotment Option is not exercised. If the Over-allotment Option is exercised in full, the Offer Shares will represent approximately 11.3% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering.

References in this prospectus to applications, application monies or the procedure for applications relate solely to the Hong Kong Public Offering.

THE HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

The Company is initially offering 2,387,300 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing approximately 5% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the Hong Kong Public Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, will represent approximately 0.5% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions set out in "— Conditions of the Global Offering" below.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which could mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Hong Kong Offer Shares available under the Hong Kong Public Offering (after taking into account any reallocation referred to below) will be divided equally into two pools: pool A and pool B, with any odd board lots being allocated to Pool A. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable) and up to the total value in pool B.

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If any Hong Kong Offer Shares in one (but not both) of the pools are unsubscribed, such unsubscribed Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of the immediately preceding paragraph only, the "price" for Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B and not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offering and any application for more than 1,193,600 Hong Kong Offer Shares (approximately 50% of the Hong Kong Offer Shares initially available under the Hong Kong Public Offering) is liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation under Paragraph 4.2(a) of Practice Note 18 the Listing Rules. The clawback mechanism under Paragraph 4.2(a) of Practice Note 18 of the Listing Rules would have the effect of increasing the number of Hong Kong Offer Shares to certain percentages of the total number of Offer Shares to be offered in the Global Offering if certain prescribed total demand levels in the Hong Kong Public Offering are reached. 2,387,300 Offer Shares are initially available in the Hong Kong Public Offering, representing approximately 5.0% of the Offer Shares initially available for subscription under the Global Offering; and in the event of full subscription or over-subscription of the International Offer Shares, the Sponsor-OC shall apply a clawback mechanism following the closing of the application lists on the following basis, subject to the allocation basis as stated in Chapter 4.14 of the Guide for New Listing Applicants published by the Stock Exchange (the "**Guide**"):

- If the Hong Kong Public Offering is not fully subscribed for, the Sponsor-OC (for themselves and on behalf of the Underwriters) have the discretion (but not obliged) to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportions as the Sponsor-OC deem appropriate;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 7,161,900 Offer Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering;

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 11,936,500 Offer Shares, representing approximately 25% of the Offer Shares initially available under the Global Offering; and

- If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more than the number of the Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will be 16,711,000 Offer Shares, representing approximately 35% of the Offer Shares initially available under the Global Offering.

In each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced in such manner as the Sponsor-OC deem appropriate.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may be reallocated as between these offerings at the discretion of the Sponsor-OC (for themselves and on behalf of the Underwriters) in accordance with Chapter 4.14 of the Guide and paragraph 4.2(a) of Practice Note 18 of the Listing Rules. Subject to the foregoing paragraphs, the Sponsor-OC may in their discretion reallocate Offer Shares from the International Offering to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

In accordance with Chapter 4.14 of the Guide, if (i) the International Offering is not fully subscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed irrespective of the number of times; or (ii) the International Offering is fully subscribed or oversubscribed and the Hong Kong Public Offering is fully subscribed or oversubscribed with the number of Offer Shares validly applied for in the Hong Kong Public Offering representing less than 15 times of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the Sponsor-OC have the authority to reallocate International Offer Shares originally included in the International Offering to the Hong Kong Public Offering in such number as they deem appropriate, provided that the total number of Offer Shares available under the Hong Kong Public Offering following such reallocation shall be not more than 4,774,600 Offer Shares (representing twice of the number of the Offer Shares initially available under the Hong Kong Public Offering).

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the allotment results announcement of the Global Offering, which is expected to be published on Monday, August 18, 2025.

Where the International Offer Shares are undersubscribed, if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus and the Underwriting Agreements.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering. Such applicant's application is liable to be rejected if such undertaking and/or confirmation is/are breached and/or untrue (as the case may be) or if he/she has been or will be placed or allocated International Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price in addition to the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee payable on each Offer Share, amounting to a total of HK$4,323.17 for one board lot of 100 Offer Shares. If the Offer Price, as finally determined in the manner described in "— Pricing and Allocation" below, is less than the maximum Offer Price, appropriate refund payments (including the brokerage, the SFC transaction levy, the AFRC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of Offer Shares initially offered

The International Offering will consist of an initial offering of 45,358,400 Offer Shares offered by the Company (subject to reallocation and the Over-allotment Option), representing approximately 95% of the total number of Offer Shares initially available under the Global Offering. The number of Offer Shares initially offered under the International Offering, subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public

Offering, will represent approximately 9.5% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering (assuming the Over-allotment Option is not exercised).

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the subsection headed "Pricing and Allocation" below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further H Shares and/or hold or sell its H Shares after the Listing. Such allocation is intended to result in a distribution of the H Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of the Group and the Shareholders as a whole.

The Sponsor-OC (for themselves and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Offering and who has made an application under the Hong Kong Public Offering to provide sufficient information to the Sponsor-OC so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any allocation of Offer Shares under the International Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "— The Hong Kong Public Offering — Reallocation" above, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, the Company is expected to grant the Over-allotment Option to the International Underwriters, exercisable by the Sponsor-OC (on behalf of the International Underwriters).

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Sponsor-OC (on behalf of the International Underwriters) at any time from the Listing Date until 30 days after the last day for lodging applications under the Hong Kong Public Offering, to require the Company to issue up to an aggregate of 7,161,800 H Shares, representing approximately 15% of the total number of Offer Shares initially available under the Global Offering, at the Offer Price under the International Offering to cover over-allocations in the International Offering, if any.

If the Over-allotment Option is exercised in full, the additional Offer Shares to be issued pursuant thereto will represent approximately 1.5% of the enlarged issued share capital of the Company immediately following the completion of the Global Offering. If the Over-allotment Option is exercised, an announcement will be made by the Company.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the securities in the secondary market during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager (or any person acting for it), on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilizing or supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager (or any person acting for it) to conduct any such stabilizing action. Such stabilizing action, if taken, (a) will be conducted at the absolute discretion of the Stabilizing Manager (or any person acting for it) and in what the Stabilizing Manager reasonably regards as the best interest of the Company, (b) may be discontinued at any time and (c) is required to be brought to an end within 30 days after the last day for lodging applications under the Hong Kong Public Offering.

Stabilization action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules of the SFO includes (a) over-allocating for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (b) selling or agreeing to sell the H Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the H Shares, (c) purchasing, or agreeing to purchase, the H Shares pursuant to the Over-allotment Option in order to close out any position established under paragraph (a) or (b) above, (d) purchasing, or agreeing to purchase, any of the H Shares for the sole purpose of preventing or minimizing any reduction in the market price of the H Shares, (e) selling or agreeing to sell any H Shares in order to liquidate any position established as a result of those purchases and (f) offering or attempting to do anything as described in clauses (b), (c), (d) or (e) above.

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager (or any person acting for it) may, in connection with the stabilizing action, maintain a long position in the H Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilizing Manager (or any person acting for it) will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager (or any person acting for it) and selling in the open market may have an adverse impact on the market price of the H Shares;

- no stabilizing action can be taken to support the price of the H Shares for longer than the stabilization period, which will begin on the Listing Date, and is expected to expire on Saturday, September 13, 2025, being the 30th day after the last day for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the H Shares, and therefore the price of the H Shares, could fall;

- the price of the H Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids or transactions effected in the course of the stabilizing action may be made at any price at or below the Offer Price and can, therefore, be done at a price below the price paid by applicants for, or investors in, the Offer Shares.

The Company will ensure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules of the SFO will be made within seven days of the expiration of the stabilization period.

Over-Allocation

Following any over-allocation of H Shares in connection with the Global Offering, the Stabilizing Manager (or any person acting for it) may cover such over-allocations by exercising the Over-allotment Option in full or in part, using H Shares purchased by the Stabilizing Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

PRICING AND ALLOCATION

Determining the Pricing of the Offer Shares

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be determined on the Price Determination Date, which is expected to be on or before Friday, August 15, 2025, by agreement between the Sponsor-OC (for themselves and on behalf of the Underwriters) and the Company, and the number of Offer Shares to be allocated under the various offerings will be determined shortly thereafter.

We will determine the Offer Price by reference to, among other factors, the closing price of the A Shares on the Shanghai Stock Exchange on the last trading day on or before the Price Determination Date (which is accessible to the Shareholders and potential investors at **https://english.sse.com.cn/markets/equities/list/overview/?COMPANY_CODE=688234&STOCKCODE=688234**), and the Offer Price will not be more than HK$42.80. The historical prices of our A Shares and trading volume on Shanghai Stock Exchange are set out below.

Period	High	Low	ADTV[(1)]
	(RMB)	*(RMB)*	*(A Shares)*
Year ended December 31, 2022	137.5000	41.0000	2,363,128
Year ended December 31, 2023	95.6000	49.0900	2,619,883
Year ended December 31, 2024	75.5900	40.8800	4,518,312
Year of 2025 (up to the Latest Practicable Date)	79.7700	46.3200	6,046,049

Note:

(1) Average daily trading volume ("**ADTV**") represents daily average number of our A Shares traded over the relevant period.

Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price plus brokerage of 1.0%, SFC transaction levy of 0.0027%, AFRC transaction levy of 0.00015% and Stock Exchange trading fee of 0.00565%, amounting to a total of HK$4,323.17 for one board lot of 100 Offer Shares.

The International Underwriters will be soliciting from prospective investors' indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Sponsor-OC (for themselves and on behalf of the Underwriters) may, where they deem appropriate, based on the level of interest expressed by prospective investors during the book-building process in respect of the International Offering, and with the consent of the Company, reduce the number of Offer Shares and/or the maximum Offer Price stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, the Company will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause to be published on the websites of the Company and the Stock Exchange at **www.sicc.cc** and **www.hkexnews.hk**, respectively, notices of the reduction in the number of Offer Shares and/or the maximum Offer Price, the cancellation of the Global Offering and relaunch of the offer at the revised number of Offer Shares and/or maximum Offer Price.

The Company will also, as soon as practicable following the decision to make such change, issue a supplemental or new prospectus updating investors of the reduction in the number of Offer Shares and/or the maximum Offer Price, and giving investors at least three business days to consider the new information. The supplemental or new prospectus shall include at least the following: updated (a) maximum Offer Price and market capitalization; (b) listing timetable and underwriting obligations; (c) price/earnings multiple (if applicable), unaudited pro forma and adjusted net tangible assets; and (d) use of proceeds and working capital adequacy confirmation based on revised estimated proceeds. In the event of a reduction in the number of Offer Shares, the Sponsor-OC may also at their discretion reallocate the number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares offered under the Hong Kong Public Offering shall not be less than 5% of the Offer Shares available under the Global Offering (without taking into account any additional H Shares that may be issued pursuant to the Over-allotment Option). In the absence of any such supplemental or new prospectus so published, the number of Offer Shares will not be reduced and the Offer Price, if

agreed upon by the Sponsor-OC (for themselves and on behalf of the Underwriters) and our Company, will under no circumstances be set above the maximum Offer Price as stated in this prospectus.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. In the absence of any such notice so announced and any such supplemental prospectus or new prospectus so published, the number of Offer Shares will not be reduced.

If there is any change to the offer size due to change in the number of Offer Shares offered in the Global Offering (other than pursuant to the exercise of the Over-allotment Option and/or the reallocation mechanism as disclosed in this prospectus), or if the Offer Price falls outside the Maximum Offer Price as stated in this prospectus, or if the Company becomes aware that there has been a significant change affecting any matter contained in this prospectus or a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in this prospectus if it had arisen before this prospectus was issued, after the issue of this prospectus and before the commencement of dealings in our H Shares as prescribed under Rule 11.13 of the Listing Rules, we are required to cancel the Global Offering and relaunch the offer with a supplemental prospectus or a new prospectus in FINI, and giving investors at least three business days to consider the new information.

Announcement of Final Pricing of the Offer Shares

The final pricing of the Offer Shares, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering, the basis of allocations of the Hong Kong Offer Shares and the results of allocations in the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — B. Publication of Results."

UNDERWRITING

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms and conditions of the Hong Kong Underwriting Agreement and is subject to, among other things, the Sponsor-OC (for themselves and on behalf of the Underwriters) and the Company agreeing on the Offer Price.

The Company expects to enter into the International Underwriting Agreement relating to the International Offering on or around the Price Determination Date.

These underwriting arrangements, including the Underwriting Agreements, are summarized in "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares will be conditional on:

- the Stock Exchange granting approval for the listing of, and permission to deal in, the H Shares to be issued as mentioned in this prospectus, on the Main Board of the Stock Exchange and such approval not subsequently having been withdrawn or revoked prior to the Listing Date;

- the pricing of the Offer Shares having been agreed between the Sponsor-OC (for themselves and on behalf of the Underwriters) and the Company;

- the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and, in any event, not later than the date which is 30 days after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between the Sponsor-OC (for themselves and on behalf of the Underwriters) and the Company by 12:00 noon on Friday, August 15, 2025, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offering will be published by the Company on the websites of the Company and the Stock Exchange at **www.sicc.cc** and **www.hkexnews.hk**, respectively, on the next day following such lapse. In such a situation, all application monies will be returned, without

interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — D. Despatch/Collection of H Share Certificates and Refund of Application Monies." In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

H Share certificates for the Offer Shares will only become valid evidence of title at 8:00 a.m. on Tuesday, August 19, 2025, provided that the Global Offering has become unconditional in all respects at or before that time.

DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, August 19, 2025, it is expected that dealings in the H Shares on the Stock Exchange will commence at 9:00 a.m. on Tuesday, August 19, 2025.

The H Shares will be traded in board lots of 100 H Shares each and the stock code of the H Shares will be 2631.

NOTICE TO CAPITAL MARKET INTERMEDIARIES AND PROSPECTIVE INVESTORS PURSUANT TO PARAGRAPH 21 OF THE SFC CODE OF CONDUCT

Important Notice to CMIs (including private banks and broking companies)

This notice to CMIs (including private banks and broking companies) is a summary of certain obligations the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission (the "**Code**") imposes on CMIs, which require the attention and cooperation of other CMIs (including private banks and broking companies). Certain CMI may also be acting as the Overall Coordinators for the Global Offering and is subject to additional requirements under the Code.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Listing Rules and other regulatory requirements or guidance issued by the Stock Exchange from time to time (the "**Stock Exchange Requirements**") would be considered under the Code as "Restricted Investors." Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements and be made with a view to achieving an open market, an adequate spread of shareholders and the orderly and fair trading of the shares in the secondary market. Prospective investors should provide all information required by the Stock Exchange to be submitted in the Stock Exchange's placee list template or under the Listing Rules and identify any placee categories

set out in the template that apply when placing an order. Prospective investors who do not indicate that any of the placee categories apply will be deemed to confirm that none of them apply and represent that they and their respective ultimate beneficial owners are third parties independent from the Company.

CMIs should specifically disclose whether their investor clients are Restricted Investors or fall within any of the other placee categories set out in the Stock Exchange's placee list template or under the Listing Rules when submitting orders for the Offer Shares. In addition, private banks and broking companies should take all reasonable steps to identify whether their investor clients are Restricted Investors or fall within any of the placee categories set out in the Stock Exchange's placee list template or under the Listing Rules and inform the Underwriters accordingly.

CMIs are informed that the marketing and investor targeting strategy for the Global Offering includes institutional investors, long-only investors, sovereign wealth funds, pension funds, hedge funds, corporates, private banks/broking companies, family offices and high net worth individuals, in each case, subject to the applicable Stock Exchange Requirements and the selling restrictions set out in this prospectus.

CMIs should ensure that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more CMIs). CMIs should also ensure that investors (and their respective ultimate beneficial owners) procured by them are third parties independent of the Company and that the investors (and their respective ultimate beneficial owners) have the financial capacity to meet all obligations arising from the order and are not financed directly or indirectly by, or accustomed to taking instructions from, the Company, any of its Directors, chief executives, controlling shareholder(s), substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries, or a close associate of any of them (as such terms are defined in the Listing Rules). CMIs should enquire with their investor clients regarding any orders which appear unusual or irregular. CMIs should disclose the identities of all investors when submitting orders for the Offer Shares (except for omnibus orders where underlying investor information may need to be provided to any Overall Coordinators when submitting orders). Failure to provide underlying investor information for omnibus orders, where required to do so, will result in that order being rejected. CMIs should not place "X-orders" into the order book.

CMIs should segregate and clearly identify their own proprietary orders (and those of their group companies, including private banks and broking companies as the case may be) in the order book and book messages. Proprietary orders may only be allowed subject to the Stock Exchange Requirements.

CMIs (including private banks and broking companies) should not offer any rebates to prospective investors or pass on any rebates provided by the Company. In addition, CMIs (including private banks and broking companies) should not enter into arrangements which may enable any of its investor clients to pay less than the total consideration as specified in this prospectus for each of the Offer Shares allocated.

The Code requires that a CMI disclose complete and accurate information in a timely manner on the status of the order book and other relevant information it receives to targeted investors for them to make an informed decision. In order to do this, those Underwriters in control of the order book should consider disclosing order book updates to all CMIs.

When placing an order for the Offer Shares, private banks should disclose, at the same time, if such order is placed other than on a "principal" basis (whereby it is deploying its own balance sheet for onward selling to investors). Private banks who do not provide such disclosure are hereby deemed to be placing their order on such a "principal" basis. Private banks who disclose that they are placing their order other than on a "principal" basis (i.e., they are acting as an agent) should note that such order may be considered to be an omnibus order pursuant to the Code. Private banks should be aware that if any of their group companies is a CMI of the Global Offering, placing an order on a "principal" basis may require the Underwriters to apply the "proprietary orders" requirements of the Code to such order.

In relation to omnibus orders, when submitting such orders, CMIs (including private banks and broking companies) are requested to provide the following underlying investor information in respect of each order constituting the relevant omnibus order (failure to provide such information will result in that order being rejected). Underlying investor information in relation to omnibus orders should consist of: (a) the name of each underlying investor; (b) a unique identification number for each investor; (c) whether an underlying investor is a "Restricted Investor" (as used in the Code); (d) whether any underlying investor order is a "Proprietary Order" (as used in the Code); (e) whether any underlying investor order is a duplicate order. Underlying investor information in relation to omnibus order should be sent to the Overall Coordinators.

To the extent information being disclosed by CMIs and investors is personal and/or confidential in nature, CMIs (including private banks and broking companies) agree and warrant: (a) to take appropriate steps to safeguard the transmission of such information to any Overall Coordinators; and (b) that they have obtained the necessary consents from the underlying investors to disclose such information to any Overall Coordinators. By submitting an order and providing such information to any Overall Coordinators, each CMI (including private banks and broking companies) further warrants that they and the underlying investors have understood and consented to the collection, disclosure, use and transfer of such information by any Overall Coordinators and/or any other third parties as may be required by the Listing Rules and/or the Code, including

to the Company, relevant regulators and/or any other third parties as may be required by the Listing Rules and/or the Code, for the purpose of complying with the Listing Rules and/or the Code, during the bookbuilding process for the Global Offering. CMIs that receive such underlying investor information are reminded that such information should be used only for submitting orders in the Global Offering. The Underwriters may be asked to demonstrate compliance with their obligations under the Code, and may request other CMIs (including private banks and broking companies) to provide evidence showing compliance with the obligations above (in particular, that the necessary consents have been obtained). In such event, other CMIs (including private banks and broking companies) are required to provide the Overall Coordinators with such evidence within the timeline requested.

Important Notice to Prospective Investors

Prospective investors should be aware that certain intermediaries in the context of the Global Offering of the Offer Shares, including certain Underwriters, are CMIs subject to Paragraph 21 of the Code. This notice to prospective investors is a summary of certain obligations the Code imposes on such CMIs, which require the attention and cooperation of prospective investors. Certain CMIs may also be acting as the Overall Coordinators for the Global Offering and are subject to additional requirements under the Code.

Prospective investors to whom the allocation of Offer Shares will be subject to restrictions or require prior consent from the Stock Exchange under the Stock Exchange Requirements would be considered under the Code as "Restricted Investors." Offer Shares may only be allocated to Restricted Investors in accordance with applicable Stock Exchange Requirements. Prospective investors who are Restricted Investors should specifically disclose whether they are Restricted Investors when placing an order for the Offer Shares. Prospective investors who do not disclose they are Restricted Investors are hereby deemed not to be Restricted Investors and not financed directly or indirectly by, nor accustomed to taking instructions from the Company or the Restricted Investors.

Prospective investors should provide all information required by the Stock Exchange to be submitted in the Stock Exchange's placee list template or under the Listing Rules and identify any placee categories as set out in the template that apply when placing an order. Prospective investors who do not indicate that any of the placee categories apply will be deemed to confirm that none of them apply and represent that they and their respective ultimate beneficial owners are third parties independent from the Company.

Prospective investors should ensure, and by placing an order prospective investors are deemed to confirm, that orders placed are bona fide, are not inflated and do not constitute duplicated orders (i.e. two or more corresponding or identical orders placed via two or more

CMIs). Prospective investors should also ensure, and by placing an order are deemed to confirm, that they (and their respective ultimate beneficial owners) have the financial capacity to meet all obligations arising from the order and are not financed directly or indirectly by, or accustomed to taking instructions from, the Company, any of its Directors, chief executives, controlling shareholder(s), substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries, or a close associate of any of them (as such terms are defined in the Listing Rules). If a prospective investor is an asset management arm affiliated with any Underwriter, such prospective investor should indicate when placing an order if it is for a fund or portfolio where the Underwriter or its group company has more than 50% interest, in which case it will be classified as a "proprietary order" and subject to appropriate handling by CMIs in accordance with the Code and the Listing Rules. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order." If a prospective investor is otherwise affiliated with any Underwriter, such that its order may be considered to be a "proprietary order" (pursuant to the Code), such prospective investor should indicate to the relevant Underwriter when placing such order and such orders will be subject to applicable requirements in accordance with the Code and the Listing Rules. Prospective investors who do not indicate this information when placing an order are hereby deemed to confirm that their order is not a "proprietary order."

Prospective investors should be aware that certain information may be disclosed by CMIs (including private banks and broking companies) which is personal and/or confidential in nature to the prospective investor. By placing an order, prospective investors are deemed to have understood and consented to the collection, disclosure, use and transfer of such information by the Underwriters and/or any other third parties as may be required by the Listing Rules and/or the Code, including to the Company, the Overall Coordinators, relevant regulators and/or any other third parties as may be required by the Listing Rules and/or the Code, it being understood and agreed that such information shall only be used for the purpose of complying with the Listing Rules and/or the Code, during the bookbuilding process for the Global Offering. Failure to provide such information will result in that order being rejected.

IMPORTANT NOTICE TO INVESTORS OF HONG KONG OFFER SHARES

FULLY ELECTRONIC APPLICATION PROCESS

The Company has adopted a fully electronic application process for the Hong Kong Public Offering and below are the procedures for application.

This Prospectus is available at the website of the Stock Exchange at www.hkexnews.hk under the "HKEXnews > New Listings > New Listing Information" section, and the Company's website at www.sicc.cc.

The contents of this prospectus are identical to the prospectus as registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

A. APPLICATION FOR HONG KONG OFFER SHARES

1. Who Can Apply

You can apply for Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are 18 years of age or older;
- have a Hong Kong address *(for the **White Form eIPO** service only)*; and
- are outside the United States (within the meaning of Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S.

Unless permitted by the Listing Rules or a waiver and/or consent has been granted by the Stock Exchange to the Company, you cannot apply for any Hong Kong Offer Shares if you or the person(s) for whose benefit you are applying for:

- are an existing Shareholder of the Company;
- are a Director, Supervisor or chief executive of the Company and/or a director, supervisor or chief executive of any of its subsidiaries;

- are a close associate (as defined in the Listing Rules) of any of the above persons;
- are a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon the completion of the Global Offering; or
- have been allocated or have applied for or indicated an interest in any International Offer Shares or otherwise participate in the International Offering.

2. Application Channels

The Hong Kong Public Offering period will begin at 9:00 am on Monday, August 11, 2025 and end at 12:00 noon on Thursday, August 14, 2025 (Hong Kong time).

To apply for Hong Kong Offer Shares, you may use one of the following application channels:

Application Channel	Platform	Target Investors	Application Time
White Form eIPO service	**www.eipo.com.hk**	Applicants who would like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in your own name.	From 9:00 a.m. on Monday, August 11, 2025 until 11:30 a.m. on Thursday, August 14, 2025 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, August 14, 2025

Application Channel	Platform	Target Investors	Application Time
HKSCC EIPO channel	Your broker or custodian who is a HKSCC Participant will submit electronic application instruction on your behalf through HKSCC's FINI system in accordance with your instruction.	Applicants who would not like to receive a physical H Share certificate. Hong Kong Offer Shares successfully applied for will be allotted and issued in the name of HKSCC Nominees, deposited directly into CCASS and credited to your designated HKSCC Participant's stock account.	Contact your broker or custodian for the earliest and latest time for giving such instructions, as this may vary by broker or custodian.

The **White Form eIPO** service and the **HKSCC EIPO** channel are facilities subject to capacity limitations and potential service interruptions and you are advised not to wait until the last day of the application period to apply for Hong Kong Offer Shares.

For those applying through the **White Form eIPO** service, once you complete payment in respect of any application instructions given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. If you are a person for whose benefit the **electronic application instructions** are given, you shall be deemed to have declared that only one set of **electronic application instructions** has been given for your benefit. If you are an agent for another person, you shall be deemed to have declared that you have only given one set of **electronic application instructions** for the benefit of the person for whom you are an agent and that you are duly authorized to give those instructions as an agent.

For the avoidance of doubt, giving an application instruction under the **White Form eIPO** service more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you apply through the **White Form eIPO** service, you are deemed to have authorized the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to apply for Hong Kong Offer Shares on your behalf and to do on your behalf all the things stated in this prospectus and any supplement to it.

For those applying through **HKSCC EIPO** channel, an actual application will be deemed to have been made for any application instructions given by you or for your benefit to HKSCC (in which case an application will be made by HKSCC Nominees on your behalf) provided such application instruction has not been withdrawn or otherwise invalidated before the closing time of the Hong Kong Public Offering.

HKSCC Nominees will only be acting as a nominee for you and neither HKSCC nor HKSCC Nominees shall be liable to you or any other person in respect of any actions taken by HKSCC or HKSCC Nominees on your behalf to apply for Hong Kong Offer Shares or for any breach of the terms and conditions of this prospectus.

3. Information Required to Apply

You must provide the following information with your application:

For Individual/Joint Applicants

- Full name(s) as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. HKID card; or
  - ii. National identification document; or
  - iii. Passport; and
- Identity document number

For Corporate Applicants

- Full name(s) as shown on your identity document
- Identity document's issuing country or jurisdiction
- Identity document type, with order of priority:
  - i. LEI registration document; or
  - ii. Certificate of incorporation; or
  - iii. Business registration certificate; or
  - iv. Other equivalent document; and
- Identity document number

Notes:

1. If you are applying through the **White Form eIPO** service, you are required to provide a valid e-mail address, a contact telephone number and a Hong Kong address. You are also required to declare that the identity information provided by you follows the requirements as described in Note 2 below. In particular, where you cannot provide a HKID number, you must confirm that you do not hold a HKID card.

2. The applicant's full name as shown on their identity document must be used and the surname, given name, middle and other names (if any) must be input in the same order as shown on the identity document. If an applicant's identity document contains both an English and Chinese name, both English and Chinese names must be used. Otherwise, either English or Chinese names will be accepted. The order of priority of the applicant's identity document type must be strictly followed and where an individual applicant has a valid HKID card (including both Hong Kong Residents and Hong Kong Permanent Residents), the HKID number must be used when making an application to subscribe for Hong Kong Offer Shares. Similarly for corporate applicants, an LEI number must be used if an entity has an LEI certificate.

3. If the applicant is a trustee, the client identification data ("**CID**") of the trustee, as set out above, will be required. If the applicant is an investment fund (i.e. a collective investment scheme, or CIS), the CID of the asset management company or the individual fund, as appropriate, which has opened a trading account with the broker will be required, as above.

4. The maximum number of joint applicants on FINI is capped at 4 in accordance with market practice.

5. If you are applying as a nominee, you must provide: (i) the full name (as shown on the identity document), the identity document's issuing country or jurisdiction, the identity document type; and (ii) the identity document number, for each of the beneficial owners or, in the case(s) of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

6. If you are applying as an unlisted company and (i) the principal business of that company is dealing in securities; and (ii) you exercise statutory control over that company, then the application will be treated as being for your benefit and you should provide the required information in your application as stated above.

   "Unlisted company" means a company with no equity securities listed on the Stock Exchange or any other stock exchange.

   "Statutory control" means you:

   - control the composition of the board of directors of the company;
   - control more than half of the voting power of the company; or
   - hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

For those applying through **HKSCC EIPO** channel, and making an application under a power of attorney, the Company and the Sponsor-OC, as the Company's agent, have discretion to consider whether to accept it on any conditions they think fit, including evidence of the attorney's authority.

Failing to provide any required information may result in your application being rejected.

4. Permitted Number of Hong Kong Offer Shares for Application

Board lot size . . . . . : 100 H Shares

Permitted number of Hong Kong Offer Shares for application and amount payable on application/successful allotment . . . . . : Hong Kong Offer Shares are available for application in specified board lot sizes only. Please refer to the amount payable associated with each specified board lot size in the table below.

The maximum Offer Price is HK$42.80 per H Share.

If you are applying through the **HKSCC EIPO** channel, your broker or custodian may require you to pre-fund your application in such amount as determined by the **broker** or **custodian**, based on the applicable laws and regulations in Hong Kong. You are responsible for complying with any such pre-funding requirement imposed by your broker or custodian with respect to the Hong Kong Offer Shares you applied for.

By instructing your broker or custodian to apply for the Hong Kong Offer Shares on your behalf through the **HKSCC EIPO** channel, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant HKSCC Participants) to arrange payment of the final Offer Price, the brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy by debiting the relevant nominee bank account at the designated bank for your broker or custodian.

If you are applying through the **White Form eIPO** service, you may refer to the table below for the amount payable for the number of H Shares you have selected. You must pay the respective maximum amount payable on application in full upon application for Hong Kong Offer Shares.

No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application	No. of Hong Kong Offer Shares applied for	Amount payable[2] on application
	HK$		*HK$*		*HK$*		*HK$*
100	4,323.17	1,500	64,847.46	8,000	345,853.10	90,000	3,890,847.42
200	8,646.32	2,000	86,463.28	9,000	389,084.74	100,000	4,323,163.80
300	12,969.50	2,500	108,079.10	10,000	432,316.38	200,000	8,646,327.60
400	17,292.66	3,000	129,694.91	20,000	864,632.75	300,000	12,969,491.40
500	21,615.82	3,500	151,310.72	30,000	1,296,949.15	400,000	17,292,655.20
600	25,938.98	4,000	172,926.55	40,000	1,729,265.52	500,000	21,615,819.00
700	30,262.14	4,500	194,542.37	50,000	2,161,581.90	600,000	25,938,982.80
800	34,585.30	5,000	216,158.19	60,000	2,593,898.28	800,000	34,585,310.40
900	38,908.48	6,000	259,389.83	70,000	3,026,214.65	1,000,000	43,231,638.00
1,000	43,231.64	7,000	302,621.47	80,000	3,458,531.05	1,193,600[1]	51,601,283.11

(1) Maximum number of Hong Kong Offer Shares you may apply for.

(2) The amount payable is inclusive of brokerage, SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy. If your application is successful, brokerage will be paid to the Exchange Participants (as defined in the Listing Rules) and the SFC transaction levy, the Stock Exchange trading fee and AFRC transaction levy are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC; and in the case of the AFRC transaction levy, collected by the Stock Exchange on behalf of the AFRC).

5. Multiple Applications Prohibited

You or your joint applicant(s) shall not make more than one application for your own benefit, except where you are a nominee and provide the information of the underlying investor in your application as required under the paragraph headed "— A. Applications for Hong Kong Offer Shares — 3. Information Required to Apply" in this section. If you are suspected of submitting or cause to submit more than one application, all of your applications will be rejected.

Multiple applications made either through (i) the **White Form eIPO** service, (ii) **HKSCC EIPO** channel, or (iii) both channels concurrently are prohibited and will be rejected. If you have made an application through the **White Form eIPO** service or **HKSCC EIPO** channel, you or the person(s) for whose benefit you have made the application shall not apply for any Offer Shares in the Global Offering.

6. Terms and Conditions of An Application

By applying for Hong Kong Offer Shares through the **White Form eIPO** service or **HKSCC EIPO** channel, you (or as the case may be, HKSCC Nominees will do the following things on your behalf):

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Sponsor-OC, as the Company's agents, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association, and (if you are applying through the **HKSCC EIPO** channel) to deposit the allotted Hong Kong Offer Shares directly into CCASS for the credit of your designated HKSCC Participant's stock account on your behalf;

(ii) confirm that you have read and understand the terms and conditions and application procedures set out in this prospectus and the designated website of the **White Form eIPO** service (or as the case may be, the agreement you entered into with your broker or custodian), and agree to be bound by them;

(iii) (if you are applying through the **HKSCC EIPO** channel) agree to the arrangements, undertakings and warranties under the participant agreement between your broker or custodian and HKSCC and observe the General Rules of HKSCC and the HKSCC Operational Procedures for giving application instructions to apply for Hong Kong Offer Shares;

(iv) confirm that you are aware of the restrictions on offers and sales of H Shares set out in this prospectus and they do not apply to you, or the person(s) for whose benefit you have made the application;

(v) confirm that you have read this prospectus and any supplement to it and have relied only on the information and representations contained therein in making your application (or as the case may be, causing your application to be made) and will not rely on any other information or representations;

(vi) agree that the Company, the Joint Sponsors, the Sponsor-OC, the Overall Coordinators, the Joint Global Coordinators, the Joint Bookrunners, the Joint Lead Managers, the Capital Market Intermediaries, the Underwriters, any of their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering (the "**Relevant Persons**"), the H Share Registrar and HKSCC will not be liable for any information and representations not in this prospectus and any supplement to it;

(vii) agree to disclose the details of your application and your personal data and any other personal data which may be required about you and the person(s) for whose benefit you have made the application to the Company, the Relevant Persons, the H Share Registrar, HKSCC, HKSCC Nominees, the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, for the purposes under the paragraphs headed "— G. Personal Data — 3. Purposes" and "— 4. Transfer of personal data" in this section;

(viii) agree (without prejudice to any other rights which you may have once your application (or as the case may be, HKSCC Nominees' application) has been accepted) that you will not rescind it because of an innocent misrepresentation;

(ix) agree that subject to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any application made by you or HKSCC Nominees on your behalf cannot be revoked once it is accepted, which will be evidenced by the notification of the result of the ballot by the H Share Registrar by way of publication of the results at the time and in the manner as specified in the paragraph headed "— B. Publication of Results" in this section;

(x) confirm that you are aware of the situations specified in the paragraph headed "— C. Circumstances in which You will not Be Allocated Hong Kong Offer Shares" in this section;

(xi) agree that your application or HKSCC Nominees' application, any acceptance of it and the resulting contract will be governed by and construed in accordance with the laws of Hong Kong;

(xii) agree to comply with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Articles of Association and laws of any place outside Hong Kong that apply to your application and that neither the Company nor the

Relevant Persons will breach any law inside and/or outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus;

(xiii) confirm that (a) your application or HKSCC Nominees' application on your behalf is not financed directly or indirectly by the Company, any of the Directors, Supervisors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates; and (b) you are not accustomed or will not be accustomed to taking instructions from the Company, any of the Directors, Supervisors, chief executives, substantial shareholder(s) or existing shareholder(s) of the Company or any of its subsidiaries or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the H Shares registered in your name or otherwise held by you;

(xiv) warrant that the information you have provided is true and accurate;

(xv) confirm that you understand that the Company and the Sponsor-OC will rely on your declarations and representations in deciding whether or not to allocate any Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xvi) agree to accept Hong Kong Offer Shares applied for or any lesser number allocated to you under the application;

(xvii) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit by giving **electronic application instructions** to HKSCC directly or indirectly or through the **White Form eIPO** service or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (1) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person by giving **electronic application instructions** to HKSCC and (2) you have due authority to give **electronic application instructions** on behalf of that other person as its agent.

B. PUBLICATION OF RESULTS

Results of Allocation

You can check whether you are successfully allocated any Hong Kong Offer Shares through:

Platform		Date/Time
Applying through **White Form eIPO** service or **HKSCC EIPO** channel:		
Website	The designated results of allocation website at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**) with a "search by ID" function.	24 hours, from 11:00 p.m. on Monday, August 18, 2025 to 12:00 midnight on Sunday, August 24, 2025 (Hong Kong time)
	The full list of (i) wholly or partially successful applicants using the **White Form eIPO** service and **HKSCC EIPO** channel, and (ii) the number of Hong Kong Offer Shares conditionally allotted to them, among other things, will be displayed on the "Allotment Results" page of the **White Form eIPO** service at **www.iporesults.com.hk** (alternatively: **www.eipo.com.hk/eIPOAllotment**).	
	The Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.sicc.cc** which will provide links to the above mentioned websites of the H Share Registrar.	No later than 11:00 p.m. on Monday, August 18, 2025 (Hong Kong time)
Telephone.	+852 2862 8555 — the allocation results telephone inquiry line provided by the H Share Registrar	between 9:00 a.m. and 6:00 p.m. on Tuesday, August 19, 2025, Wednesday, August 20, 2025, Thursday, August 21, 2025 and Friday, August 22, 2025

For those applying through **HKSCC EIPO** channel, you may also check with your broker or custodian from 6:00 p.m. on Friday, August 15, 2025 (Hong Kong time).

HKSCC Participants can log into FINI and review the allotment result from 6:00 p.m. on Friday, August 15, 2025 (Hong Kong time) on a 24-hour basis and should report any discrepancies on allotments to HKSCC as soon as practicable.

Allocation Announcement

The Company expects to announce the results of the final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Hong Kong Offer Shares on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.sicc.cc** by no later than 11:00 p.m. on Monday, August 18, 2025 (Hong Kong time).

C. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOCATED HONG KONG OFFER SHARES

You should note the following situations in which Hong Kong Offer Shares will not be allocated to you or the person(s) for whose benefit you are applying for:

1. If your application is revoked:

Your application or the application made by HKSCC Nominees on your behalf may be revoked pursuant to Section 44A(6) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

2. If the Company or its agents exercise their discretion to reject your application:

The Company, the Sponsor-OC, the H Share Registrar and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

3. If the allocation of Hong Kong Offer Shares is void:

The allocation of Hong Kong Offer Shares will be void if the Stock Exchange does not grant permission to list the H Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Stock Exchange notifies the Company of that longer period within three weeks of the closing date of the application lists.

4. If:

- you make multiple applications or suspected multiple applications. You may refer to the paragraph headed "— A. Application for Hong Kong Offer Shares — 5. Multiple Applications Prohibited" in this section on what constitutes multiple applications;
- your application instruction is incomplete;
- your payment (or confirmation of funds, as the case may be) is not made correctly;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sponsor-OC believe that by accepting your application, it or the Company would violate applicable securities or other laws, rules or regulations.

5. If there is money settlement failure for allotted Offer Shares:

Based on the arrangements between HKSCC Participants and HKSCC, HKSCC Participants will be required to hold sufficient application funds on deposit with their designated bank before balloting. After balloting of Hong Kong Offer Shares, the receiving banks will collect the portion of these funds required to settle each HKSCC Participant's actual Hong Kong Offer Share allotment from their designated bank.

There is a risk of money settlement failure. In the extreme event of money settlement failure by a HKSCC Participant (or its designated bank), who is acting on your behalf in settling payment for your allotted Offer Shares, HKSCC will contact the defaulting HKSCC Participant and its designated bank to determine the cause of failure and request such defaulting HKSCC Participant to rectify or procure to rectify the failure.

However, if it is determined that such settlement obligation cannot be met, the affected Hong Kong Offer Shares will be reallocated to the International Offering. Hong Kong Offer Shares applied for by you through the broker or custodian may be affected to the extent of the settlement failure. In the extreme case, you will not be allocated any Hong Kong Offer Shares due to the money settlement failure by such HKSCC Participant. None of the Company, the Relevant Persons, the H Share Registrar and HKSCC is or will be liable if Hong Kong Offer Shares are not allocated to you due to the money settlement failure.

D. DESPATCH/COLLECTION OF H SHARE CERTIFICATES AND REFUND OF APPLICATION MONIES

You will receive one H Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made through the **HKSCC EIPO** channel where the H Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Offer Shares. No receipt will be issued for sums paid on application.

H Share certificates will only become valid evidence of title at 8:00 a.m. on Tuesday, August 19, 2025 (Hong Kong time), provided that the Global Offering has become unconditional, and the right of termination described in the section headed "Underwriting" in this prospectus has not been exercised. Investors who trade H Shares prior to the receipt of H Share certificates or the H Share certificates becoming valid evidence of title do so entirely at their own risk.

The right is reserved to retain any H Share certificate(s) and (if applicable) any surplus application monies pending clearance of application monies.

The following sets out the relevant procedures and time:

	White Form eIPO service	HKSCC EIPO channel
Despatch/collection of H Share certificate[1]		
For physical share certificates of equal or over 1,000,000 Offer Shares issued under your own name	Collection in person from the H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong	H Share certificate(s) will be issued in the name of HKSCC Nominees, deposited into CCASS and credited to your designated HKSCC Participant's stock account
	Time: from 9:00 a.m. to 1:00 p.m. on Tuesday, August 19, 2025 (Hong Kong time), or any other place or date notified by the Company	No action by you is required

	White Form eIPO service	HKSCC EIPO channel
	If you are an individual, you must not authorize any other person to collect for you. If you are a corporate applicant, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the H Share Registrar. Note: If you do not collect your H Share certificate(s) personally within the time above, it/they will be sent to the address specified in your application instructions by ordinary post at your own risk	
For physical share certificates of less than 1,000,000 Offer Shares issued under your own name	Your H Share certificate(s) will be sent to the address specified in your application instructions by ordinary post at your own risk Time: Monday, August 18, 2025	
Refund mechanism for surplus application monies paid by you		
Date	Tuesday, August 19, 2025	Subject to the arrangement between you and your broker or custodian
Responsible party.	H Share Registrar	Your broker or custodian
Application monies paid through single bank account	**White Form** e-Refund payment instructions to your designated bank account	Your broker or custodian will arrange refund to your designated bank account subject to the arrangement between you and it

	White Form eIPO service	HKSCC EIPO channel
Application monies paid through multiple bank accounts	Refund check(s) will be despatched to the address as specified in your application instructions by ordinary post at your own risk	

1 Except in the event any Severe Weather Signals (as defined below) in force in Hong Kong in the morning on Monday, August 18, 2025 rendering it impossible for the relevant H Share certificates to be dispatched to HKSCC in a timely manner, the Company shall procure the H Share Registrar to arrange for delivery of the supporting documents and H Share certificates in accordance with the contingency arrangements as agreed between them. You may refer to "— E. Severe Weather Arrangements" in this section.

E. SEVERE WEATHER ARRANGEMENTS

The Opening and Closing of the Application Lists

The application lists will not open or close on Thursday, August 14, 2025 if, there is/are:

- a tropical cyclone warning signal number 8 or above;
- a black rainstorm warning; and/or
- an Extreme Condition,

(collectively, the "**Severe Weather Signal(s)**"), in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, August 14, 2025.

Instead they will open between 11:45 a.m. and 12:00 noon and/or close at 12:00 noon on the next business day which does not have Severe Weather Signals in force at any time between 9:00 a.m. and 12:00 noon.

Prospective investors should be aware that a postponement of the opening/closing of the application lists may result in a delay in the Listing Date. Should there be any changes to the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made and published on the Stock Exchange's website at **www.hkexnews.hk** and the Company's website at **www.sicc.cc** of the revised timetable.

If a Severe Weather Signal is hoisted on Monday, August 18, 2025, the H Share Registrar will make appropriate arrangements for the delivery of the H Share certificates to the CCASS Depository's service counter so that they would be available for trading on Tuesday, August 19, 2025, and for physical H Share certificates of less than 1,000,000 Offer Shares issued under your

own name, despatch will be made by ordinary post when the post office reopens after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Monday, August 18, 2025 or on Tuesday, August 19, 2025).

If a Severe Weather Signal is hoisted on Tuesday, August 19, 2025, for physical H Share certificates of 1,000,000 or more Offer Shares issued under your own name, you may collect your H Share certificates from the H Share Registrar's office after the Severe Weather Signal is lowered or cancelled (e.g. in the afternoon of Tuesday, August 19, 2025 or on Wednesday, August 20, 2025).

Prospective investors should be aware that if they choose to receive physical H Share certificates issued in their own name, there may be a delay in receiving the H Share certificates.

F. ADMISSION OF THE H SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the H Shares on the Stock Exchange and the Company complies with the stock admission requirements of HKSCC, the H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the H Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between Exchange Participants is required to take place in CCASS on the second settlement day after any trading day.

All activities under CCASS are subject to the General Rules of HKSCC and the HKSCC Operational Procedures in effect from time to time.

All necessary arrangements have been made enabling the H Shares to be admitted into CCASS.

You should seek the advice of your broker or other professional advisor for details of the settlement arrangement as such arrangements may affect your rights and interests.

G. PERSONAL DATA

The following Personal Information Collection Statement applies to any personal data collected and held by the Company, the H Share Registrar, the receiving banks and the Relevant Persons about you in the same way as it applies to personal data about applicants other than HKSCC Nominees. This personal data may include client identifier(s) and your identification information. By giving application instructions to HKSCC, you acknowledge that you have read, understood and agree to all of the terms of the Personal Information Collection Statement below.

1. Personal Information Collection Statement

This Personal Information Collection Statement informs the applicant for, and holder of, Hong Kong Offer Shares, of the policies and practices of the Company and the H Share Registrar in relation to personal data and the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

2. Reasons for the collection of your personal data

It is necessary for applicants and registered holders of Hong Kong Offer Shares to ensure that personal data supplied to the Company or its agents and the H Share Registrar is accurate and up-to-date when applying for Hong Kong Offer Shares or transferring Hong Kong Offer Shares into or out of their names or in procuring the services of the H Share Registrar.

Failure to supply the requested data or supplying inaccurate data may result in your application for Hong Kong Offer Shares being rejected, or in the delay or the inability of the Company or the H Share Registrar to effect transfers or otherwise render their services. It may also prevent or delay registration or transfers of Hong Kong Offer Shares which you have successfully applied for and/or the despatch of H Share certificate(s) to which you are entitled.

It is important that applicants for and holders of Hong Kong Offer Shares inform the Company and the H Share Registrar immediately of any inaccuracies in the personal data supplied.

3. Purposes

Your personal data may be used, held, processed, and/or stored (by whatever means) for the following purposes:

- processing your application and refund check and **White Form** e-Refund payment instruction(s), where applicable, verification of compliance with the terms and application procedures set out in this prospectus and announcing results of allocation of Hong Kong Offer Shares;

- compliance with applicable laws and regulations in Hong Kong and elsewhere;

- registering new issues or transfers into or out of the names of the holders of the H Shares including, where applicable, HKSCC Nominees;

- maintaining or updating the register of members of the Company;

- verifying identities of applicants for and holders of the H Shares and identifying any duplicate applications for the H Shares;
- facilitating Hong Kong Offer Shares balloting;
- establishing benefit entitlements of holders of the H Shares, such as dividends, rights issues, bonus issues, etc.;
- distributing communications from the Company and its subsidiaries;
- compiling statistical information and profiles of the holder of the H Shares;
- disclosing relevant information to facilitate claims on entitlements; and
- any other incidental or associated purposes relating to the above and/or to enable the Company and the H Share Registrar to discharge their obligations to applicants and holders of the H Shares and/or regulators and/or any other purposes to which applicants and holders of the H Shares may from time to time agree.

4. Transfer of personal data

Personal data held by the Company and the H Share Registrar relating to the applicants for and holders of Hong Kong Offer Shares will be kept confidential but the Company and the H Share Registrar may, to the extent necessary for achieving any of the above purposes, disclose, obtain or transfer (whether within or outside Hong Kong) the personal data to, from or with any of the following:

- the Company's appointed agents such as financial advisers, receiving banks and overseas principal share registrar;
- HKSCC or HKSCC Nominees, who will use the personal data and may transfer the personal data to the H Share Registrar for the purposes of providing its services or facilities or performing its functions in accordance with its rules or procedures and operating FINI and CCASS (including where applicants for the Hong Kong Offer Shares request a deposit into CCASS);
- any agents, contractors or third-party service providers who offer administrative, telecommunications, computer, payment or other services to the Company or the H Share Registrar in connection with their respective business operations;

- the Stock Exchange, the SFC and any other statutory regulatory or governmental bodies or otherwise as required by laws, rules or regulations, including for the purpose of the Stock Exchange's administration of the Listing Rules and the SFC's performance of its statutory functions; and

- any persons or institutions with which the holders of Hong Kong Offer Shares have or propose to have dealings, such as their bankers, solicitors, accountants or brokers etc.

5. Retention of personal data

The Company and the H Share Registrar will keep the personal data of the applicants and holders of Hong Kong Offer Shares for as long as necessary to fulfill the purposes for which the personal data was collected. Personal data which is no longer required will be destroyed or dealt with in accordance with the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong).

6. Access to and correction of personal data

Applicants for and holders of Hong Kong Offer Shares have the right to ascertain whether the Company or the H Share Registrar holds their personal data, to obtain a copy of that data, and to correct any data that is inaccurate. The Company and the H Share Registrar have the right to charge a reasonable fee for the processing of such requests. All requests for access to data or correction of data should be addressed to the Company and the H Share Registrar, at their registered address disclosed in the section headed "Corporate Information" in this prospectus or as notified from time to time, for the attention of the company secretary, or the H Share Registrar for the attention of the privacy compliance officer.

The following is the text of a report, prepared for the sole purpose of inclusion in this document received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong.

Tel : +852 2218 8288
Fax : +852 2543 1051
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2543 1051
www.bdo.com.hk

香港干諾道中 111 號
永安中心 25 樓

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SICC CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of SICC Co., Ltd. (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages I-5 to I-118, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the year ended 31 December 2022, 2023, and 2024 and the three months ended 31 March 2025 (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 2022, 2023 and 2024 and 31 March 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 11 August 2025 (the "**Prospectus**") in connection with the initial listing of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 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 Group's and the Company's financial position as at 31 December 2022, 2023 and 2024 and 31 March 2025 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

REVIEW OF STUB PERIOD COMPARATIVE HISTORICAL FINANCIAL INFORMATION

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three months ended 31 March 2024, and other explanatory information (together, the "**Stub Period Comparative Historical Financial Information**"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Historical Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Historical Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the International Auditing and Assurance Standards Board ("**IAASB**"). 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 International 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 Stub Period Comparative Historical 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 Note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED 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-5 have been made.

Dividends

We refer to note 16 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate no. P05443

Hong Kong
11 August 2025

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the "**IASB**") and were audited by us in accordance with International Standards on Auditing issued by the IAASB ("**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 AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	*6*	417,035	1,250,696	1,768,141	426,068	407,961
Cost of sales		(449,987)	(1,068,660)	(1,332,688)	(334,322)	(315,521)
Gross (loss)/profit		(32,952)	182,036	435,453	91,746	92,440
Other income		2,082	517	607	37	168
Other gains and losses, net	*7*	51,533	54,852	88,945	23,720	17,985
Net investment income/(expense)	*8*	36,227	23,268	762	917	(215)
Reversal of/(provision for) impairment losses on financial assets	*9*	1,057	(10,972)	(10,166)	(2,828)	1,038
Selling expenses		(13,931)	(20,427)	(28,827)	(4,057)	(5,301)
Administrative expenses		(111,531)	(163,295)	(189,438)	(45,047)	(52,283)
Research and development expenses		(127,560)	(137,210)	(141,845)	(22,283)	(44,938)
Finance income/(expense), net	*10*	18,135	15,220	5,904	3,144	(2,032)
Share of results of associates	*18*	—	(148)	(2,131)	164	(1,502)
(Loss)/profit before tax		(176,940)	(56,159)	159,264	45,513	5,360
Income tax credit	*12*	1,258	10,439	19,761	587	3,158
(Loss)/profit for the year/period		(175,682)	(45,720)	179,025	46,100	8,518
Other comprehensive income for the year/period						
Items that may be reclassified subsequently to profit or loss:						
Exchange differences arising from translation of foreign operations		212	(1,722)	(2,522)	(1,119)	1,790
Total comprehensive income for the year/period		(175,470)	(47,442)	176,503	44,981	10,308
(Loss)/earnings per share						
Basic (RMB)	*15*	(0.41)	(0.11)	0.42	0.11	0.02
Diluted (RMB)	*15*	(0.41)	(0.11)	0.42	0.11	0.02

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*19*	2,215,711	3,638,808	3,747,168	3,712,980
Right-of-use assets	*21*	251,993	281,445	265,451	261,380
Intangible assets	*20*	6,596	9,943	17,857	16,290
Financial assets at fair value through profit or loss	*23*	2,805	2,155	2,093	1,877
Investment in associates	*18*	—	26,593	26,899	25,397
Deferred tax assets	*22*	43,639	37,428	59,933	64,207
Other non-current assets	*24*	18,416	111,114	112,651	116,852
Total non-current assets		2,539,160	4,107,486	4,232,052	4,198,983
Current assets					
Trade and other receivables	*25*	176,337	393,175	575,837	555,783
Prepayment	*25*	58,719	143,543	39,062	96,824
Inventories	*27*	533,279	843,277	1,021,876	1,032,852
Other current assets	*28*	71,556	119,165	248,680	189,858
Financial assets at fair value through profit or loss	*23*	1,789,327	274,959	—	—
Cash and bank balances	*26*	684,848	1,029,748	1,239,198	1,474,766
Total current assets		3,314,066	2,803,867	3,124,653	3,350,083
Total assets		5,853,226	6,911,353	7,356,705	7,549,066
Current liabilities					
Trade and other payables	*29*	231,876	1,148,427	842,648	812,876
Contract liabilities	*30*	22,360	99,318	45,150	40,248
Borrowings	*31*	—	3,150	609,263	655,742
Tax payables		49,235	32,295	32,921	32,009
Other current liabilities		8,783	20,509	8,832	9,245
Lease liabilities	*32*	704	45	3,961	3,078
Total current liabilities		312,958	1,303,744	1,542,775	1,553,198
Net current assets		3,001,108	1,500,123	1,581,878	1,796,885
Total assets less current liabilities		5,540,268	5,607,609	5,813,930	5,995,868

	Notes	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Borrowings	*31*	—	—	85,737	265,000
Lease liabilities	*32*	3,244	15,351	—	—
Contract liabilities	*30*	—	—	44,104	44,104
Other non-current liabilities		—	—	5,734	5,733
Deferred income	*33*	286,560	365,745	365,373	352,547
Total non-current liabilities		289,804	381,096	500,948	667,384
NET ASSETS		5,250,464	5,226,513	5,312,982	5,328,484
Capital and reserves					
Equity attributable to owners of the Company					
Share capital	*34*	429,711	429,711	429,711	429,711
Capital reserve		5,064,648	5,088,139	5,098,348	5,103,542
Treasury shares	*35*	—	—	(100,243)	(100,243)
Surplus reserve	*36*	8,343	8,343	12,761	12,761
Exchange reserve		(380)	(2,102)	(4,624)	(2,834)
Accumulated losses		(251,858)	(297,578)	(122,971)	(114,453)
TOTAL EQUITY		5,250,464	5,226,513	5,312,982	5,328,484

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					
	Share capital *(note 34)*	Capital reserve *(note 36)*	Surplus reserve *(note 36)*	Exchange reserve *(note 36)*	Accumulated losses *(note 36)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2022	386,740	1,903,945	8,343	(592)	(76,176)	2,222,260
Loss for the year	—	—	—	—	(175,682)	(175,682)
Exchange differences arising from translation of foreign operations	—	—	—	212	—	212
Total comprehensive loss for the year	—	—	—	212	(175,682)	(175,470)
Issuance of new shares	42,971	3,160,703	—	—	—	3,203,674
Balance at 31 December 2022	429,711	5,064,648	8,343	(380)	(251,858)	5,250,464
Balance at 1 January 2023	429,711	5,064,648	8,343	(380)	(251,858)	5,250,464
Loss for the year	—	—	—	—	(45,720)	(45,720)
Exchange differences arising from translation of foreign operations	—	—	—	(1,722)	—	(1,722)
Total comprehensive income for the year	—	—	—	(1,722)	(45,720)	(47,442)
Others *(note 36)*	—	23,491	—	—	—	23,491
Balance at 31 December 2023	429,711	5,088,139	8,343	(2,102)	(297,578)	5,226,513

	Attributable to owners of the Company						
	Share capital *(note 34)*	Treasury shares *(note 35)*	Capital reserve *(note 36)*	Surplus reserve *(note 36)*	Exchange reserve *(note 36)*	Accumulated losses *(note 36)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	429,711	—	5,088,139	8,343	(2,102)	(297,578)	5,226,513
Profit for the year	—	—	—	—	—	179,025	179,025
Exchange differences arising from translation of foreign operations	—	—	—	—	(2,522)	—	(2,522)
Total comprehensive income for the year	—	—	—	—	(2,522)	179,025	176,503
Transferred to surplus reserve	—	—	—	4,418	—	(4,418)	—
Recognition of share-based payments *(note 40)*	—	—	10,209	—	—	—	10,209
Repurchase of shares *(note 35)*	—	(100,243)	—	—	—	—	(100,243)
Balance at 31 December 2024	429,711	(100,243)	5,098,348	12,761	(4,624)	(122,971)	5,312,982

	Attributable to owners of the Company						
	Share capital *(note 34)*	Treasury shares *(note 35)*	Capital reserve *(note 36)*	Surplus reserve *(note 36)*	Exchange reserve *(note 36)*	Accumulated losses *(note 36)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2024	429,711	—	5,088,139	8,343	(2,102)	(297,578)	5,226,513
Profit for the period	—	—	—	—	—	46,100	46,100
Exchange differences arising from translation of foreign operations	—	—	—	—	(1,119)	—	(1,119)
Total comprehensive income for the period	—	—	—	—	(1,119)	46,100	44,981
Repurchase of shares *(note 35)*	—	(53,028)	—	—	—	—	(53,028)
Balance at 31 March 2024 (Unaudited)	429,711	(53,028)	5,088,139	8,343	(3,221)	(251,478)	5,218,466

	Attributable to owners of the Company						
	Share capital *(note 34)*	Treasury shares *(note 35)*	Capital reserve *(note 36)*	Surplus reserve *(note 36)*	Exchange reserve *(note 36)*	Accumulated losses *(note 36)*	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2025	429,711	(100,243)	5,098,348	12,761	(4,624)	(122,971)	5,312,982
Profit for the period	—	—	—	—	—	8,518	8,518
Exchange differences arising from translation of foreign operations	—	—	—	—	1,790	—	1,790
Total comprehensive income for the period	—	—	—	—	1,790	8,518	10,308
Recognition of share-based payments *(note 40)*	—	—	5,194	—	—	—	5,194
Balance at 31 March 2025	429,711	(100,243)	5,103,542	12,761	(2,834)	(114,453)	5,328,484

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Operating activities						
(Loss)/profit before tax		(176,940)	(56,159)	159,264	45,513	5,360
Adjustments for:						
Depreciation and amortisation	*11*	146,108	226,754	358,423	85,676	94,063
Loss/(gain) on disposal/written off of property, plant and equipment	*7*	1	346	(403)	(105)	—
Interest income from bank deposits	*10*	(18,262)	(15,437)	(14,239)	(3,297)	(3,921)
Early termination of lease	*7*	—	(79)	(63)	—	—
Interest expenses	*10*	127	217	8,335	153	5,953
Share of results of associates	*18*	—	148	2,131	(164)	1,502
Share-based payment expenses	*40*	—	—	10,209	—	5,194
Change in fair value of financial assets at FVTPL	*8*	(36,227)	(23,268)	(762)	(917)	215
(Reversal of)/provision for impairment losses under expected credit losses ("ECL") model	*9*	(1,057)	10,972	10,166	2,828	(1,038)
Written down of inventories	*11*	8,956	15,743	22,435	1,664	5,260
Operating cash flows before movements in working capital		(77,294)	159,237	555,496	131,351	112,588
Increase in inventories		(156,661)	(325,741)	(200,629)	(161,490)	(16,236)
Decrease/(increase) in trade and other receivables		21,121	(226,715)	(188,447)	(48,011)	24,633
(Increase)/decrease in prepayments		(46,710)	(84,824)	33,635	42,225	(59,070)
Decrease/(increase) in other current assets		1,083	(47,609)	(126,766)	(58,300)	59,750
(Increase)/decrease in restricted cash		(8,063)	(197,747)	136,988	(76,693)	7,048
Increase/(decrease) in trade and other payables		137,227	553,371	(137,336)	113,733	31,603
Increase/(decrease) in contract liabilities		19,865	76,958	(10,064)	3,013	(4,902)
Increase/(decrease) in other current liabilities		8,783	11,726	(5,943)	21,706	412
Increase/(decrease) in deferred income		17,257	(1,913)	(35,872)	(50,730)	(12,826)

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cash (used in)/generated from operations		(83,392)	(83,257)	21,062	(83,196)	143,000
Interest received		18,262	15,437	14,239	3,297	3,921
Income taxes refunded/(paid)		709	(290)	(4,867)	(1,437)	(2,956)
Net cash (used in)/generated from in operating activities		(64,421)	(68,110)	30,434	(81,336)	143,965
Investing activities						
Investment in an associate		—	(3,250)	—	—	(2,842)
Proceeds from disposal of property, plant and equipment		—	149	2,096	184	—
Purchase of property, plant and equipment, intangible assets and right-of-use assets		(1,034,031)	(1,395,236)	(567,941)	(235,310)	(121,184)
Investment in financial assets measured at FVTPL		(2,320,000)	(1,470,000)	—	—	—
Redemption of financial assets measured at FVTPL		566,957	3,008,286	275,783	275,783	—
Deferred income received related to assets		5,620	81,098	35,500	48,174	—
Placement of restricted deposits		(2,290)	(21,810)	(13,217)	—	—
Redemption of restricted deposits		9,050	5,333	10,642	—	3,992
Net cash (used in)/generated from investing activities		(2,774,694)	204,570	(257,137)	88,831	(120,034)

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Financing activities						
Proceeds from bank borrowings		—	3,150	700,000	100,000	325,742
Repayment from bank borrowings		—	—	(8,150)	(3,150)	(100,000)
Repayment of principal of lease liabilities		(4,480)	(7,340)	(12,746)	(3,602)	(883)
Interest paid		(127)	(217)	(7,797)	(153)	(5,610)
Placement of restricted deposits		—	(1,575)	—	—	—
Issuance of shares		3,183,351	—	—	—	—
Payment for repurchase of shares		—	—	(100,243)	(53,028)	—
Net cash generated from/(used in) financing activities		3,178,744	(5,982)	571,064	40,067	219,249
Net increase in cash and cash equivalents		339,629	130,478	344,361	47,562	243,180
Cash and cash equivalents at beginning of year/period		342,586	682,492	811,593	811,593	1,155,456
Effect of exchange rate changes		277	(1,377)	(498)	890	3,428
Cash and cash equivalents at the end of year/period, represented by bank balances and cash		682,492	811,593	1,155,456	860,045	1,402,064

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	*19*	1,326,778	1,286,367	1,244,446	1,227,529
Right-of-use assets	*21*	171,670	174,754	166,697	164,883
Intangible assets	*20*	6,596	9,943	11,077	9,959
Investment in subsidiaries	*17*	434,213	434,213	474,394	1,026,105
Investment in an associate	*18*	—	26,593	24,073	22,959
Deferred tax assets	*22*	20,835	30,422	40,888	41,573
Other non-current assets	*24*	18,416	20,322	6,902	7,202
Financial assets at fair value through profit or loss	*23*	2,805	2,155	2,093	1,877
Total non-current assets		1,981,313	1,984,769	1,970,570	2,502,087
Current assets					
Trade and other receivables	*25*	683,810	2,847,668	4,094,806	3,450,147
Prepayment	*25*	51,399	148,581	3,027	13,145
Inventories	*27*	516,167	418,172	406,458	375,308
Other current assets	*28*	8,333	13,400	58,510	71,721
Financial assets at fair value through profit or loss	*23*	1,789,327	274,959	—	—
Cash and bank balances	*26*	640,070	810,989	850,966	1,072,105
Total current assets		3,689,106	4,513,769	5,413,767	4,982,426
Total assets		5,670,419	6,498,538	7,384,337	7,484,513
Current liabilities					
Trade and other payables	*29*	120,733	827,523	1,092,580	981,043
Contract liabilities	*30*	22,360	99,318	44,839	52,451
Borrowings	*31*	—	—	559,263	586,558
Income tax payables		30,963	30,963	30,963	30,963
Other current liabilities		8,783	20,509	8,792	9,244
Lease liabilities	*32*	—	—	1,885	1,907
Total current liabilities		182,839	978,313	1,738,322	1,662,166
Net current assets		3,506,267	3,535,456	3,675,445	3,320,260
Total assets less current liabilities		5,487,580	5,520,225	5,646,015	5,822,347

	Notes	As at 31 December			As at 31 March
		2022	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities					
Borrowings	*31*	—	—	85,737	265,000
Lease liabilities	*32*	—	7,427	—	—
Contract liabilities	*30*	—	—	44,104	44,104
Other non-current liabilities		—	—	5,734	5,734
Deferred income	*33*	193,825	195,910	174,732	166,117
Total non-current liabilities		193,825	203,337	310,307	480,955
NET ASSETS		5,293,755	5,316,888	5,335,708	5,341,392
Capital and reserves					
Equity attributable to owners of the Company					
Share capital	*34*	429,711	429,711	429,711	429,711
Capital reserve	*36*	4,920,020	4,943,511	4,953,720	4,958,914
Treasury shares	*35*	—	—	(100,243)	(100,243)
Surplus reserve	*36*	8,343	8,343	12,761	12,761
(Accumulated losses)/retained earnings	*36*	(64,319)	(64,677)	39,759	40,249
TOTAL EQUITY		5,293,755	5,316,888	5,335,708	5,341,392

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the "**PRC**") on November 2010. In January 2022, the Company's shares were listed on the Sci-Tech innovation board of the Shanghai Stock Exchange with stock code 688234. Its registered office and the principal place of business activities is located at No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC.

The Group and the Company is principally engaged in research and development, manufacturing and sales of SiC substrates during the Relevant Periods.

Mr. Zong Yanmin is the controlling shareholder of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with all applicable IFRS Accounting Standards which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("**IASB**"). In addition, the Historical Financial Information also complies with includes the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Relevant Periods, consistently throughout the Relevant Periods.

3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

At the date of this report, new standard and amendments to IFRS Accounting Standards that have been issued but are not effective and have not been early adopted by the Group:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS Accounting Standards	Annual Improvement to IFRS Accounting Standards — Volume 11[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after 1 January 2026.

[2] Effective for annual periods beginning on or after 1 January 2027.

[3] Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability. The principal accounting policies are set out below.

(a) Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and

- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts

previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 "Financial Instruments" or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the

consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(e) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statements of financial position of the Company.

(f) Investments in associates

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the

carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When there is objective evidence that the investment in an associate is impaired, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

The Company's investments in associates are accounted for in the financial statements using the equity method.

(g) Revenue recognition

Revenue is recognised to depict the transfer of goods to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer ("**transaction price**").

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

When volume rebates are provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract, rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer.

Further details of the Group's revenue and other income recognition policies are as follows:

Revenue from sale of goods

Revenue from contracts with customers is recognised at the point in time when control of goods is transferred to the customers, generally when the Group has delivered goods to the location specified in the sales contract and the buyer has confirmed the acceptance of the goods.

The credit period granted to customers by the Group is determined based on their credit risk characteristics. The Group does not expect to any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceed one year. As a consequence, there is no significant financing component.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Provision of property management services

Revenue from the provision of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Interest 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 period, when appropriate, to the net carrying amount of the financial asset.

(h) Leasing

Definition of 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 period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months and leases of low-value assets. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statements of financial position.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect

any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(i) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is 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 Historical Financial Information of each entity are measured using that functional currency.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(j) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognised as deferred revenue in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(l) Retirement benefit costs

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service.

(m) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(n) Share-based payment transactions

Equity-settled share-based payments to employees (including directors of the Company) are measured at the fair value of the equity instruments at the grant date. The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. Further details of which are given in note 40 to the Historical Financial Information.

The cost of equity-settled transactions is recognized in expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that period.

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 recognized. 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 recognized as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognized 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 canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding restricted shares is reflected as additional share dilution in the computation of earnings per share.

(o) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(p) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and Buildings	20–30 years
Production equipment	3–10 years
Electronic equipment	3 years
Transportation vehicle	4 years
Office equipment	5 years
Leasehold improvement	3–5 years, or terms of lease contract

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

(q) Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss.

Computer software	3 years
Trademarks	10 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(r) Research and development costs

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(s) Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows of the asset (or the cash-generating unit) 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 (or the cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

(t) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model, whereby changes in fair value, interest income calculated using the effective interest rate method and foreign exchange gains and losses are recognised in profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

Impairment loss on financial assets

The Group recognises a loss allowance for expected credit loss ("**ECL**") (as defined on note 37) on financial assets which are subject to impairment under IFRS 9 "Financial Instruments". The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12

months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognises lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;

- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset 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. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the relevant weighting.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables are each assessed as a separate group. Note receivables are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Related parties

(i) A person or a close member of that person's family is related to the Group if that person:

(a) has control or joint control over the Group;

(b) has significant influence over the Group; or

(c) is a member of key management personnel of the Group or the Company's parent.

(ii) An entity is related to the Group if any of the following conditions apply:

(a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(c) Both entities are joint ventures of the same third party.

(d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(e) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(f) The entity is controlled or jointly controlled by a person identified in (i).

(g) A person identified in (i)(a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(h) 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 Group's parent.

(iii) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

(w) Treasury shares

Own equity instruments which held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the consolidated statements of profit or loss and other comprehensive income on the purchase, sale, issue or cancelation of the Group's own equity instruments.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going 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 revision affects both current and future periods.

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Key sources of estimation uncertainty

Useful lives and estimated impairment on property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for property, plant and equipment whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of value in use and fair value less costs of disposal. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

Useful lives and estimated impairment on intangible assets

The Group's management determines the useful lives and related amortisation charges for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher amortisation charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortisation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for intangible assets whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of value in use and fair value less costs of disposal. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

Provision of ECL for financial assets at amortised cost

The Group calculates ECL for trade and other receivables and cash and cash equivalent under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in Note 37. Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

Fair value measurements for financial assets at FVTPL

The Group has made various investments during the Relevant Periods as set out in note 23. The Group accounts for these financial instruments as financial assets at FVTPL. For those investments with no quoted market prices in an active market, their fair values are estimated by using valuation techniques. These techniques include those further described in Note 39 under the heading "Fair value management". Valuation techniques are certified by independent and recognised business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group's specific data. However, some inputs, such as probability of redemption of preference shares, require management estimates and assumptions, which are reviewed periodically and adjusted if necessary. Should any of the estimates and assumptions be changed, it may lead to a change in the fair value of the financial assets.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Costs is determined on a weighted-average basis and, in case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting period.

6. SEGMENT INFORMATION AND REVENUE

For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable operating segment which is the SiC substrates segment. The segment engages in research and development, manufacturing and sales of SiC substrates. The executive directors of the Company review the financial performance and position for the period of the Group as a whole. Accordingly, no segment information is presented.

The Group's revenue streams are categorised as follows:

— Sales of SiC semiconductor material; and

— Others

An analysis of the Group's revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sales of SiC semiconductor material	326,019	1,085,802	1,473,688	333,325	329,268
Others	91,016	164,894	290,723	92,743	77,085
Contracts with customers	417,035	1,250,696	1,764,411	426,068	406,353

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from contracts with customers by timing of recognition within IFRS 15					
Point in time	417,035	1,250,696	1,762,900	426,068	405,722
Over time	—	—	1,511	—	631
Contract with customers	417,035	1,250,696	1,764,411	426,068	406,353
Revenue from other sources					
Rental income	—	—	3,730	—	1,608

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables *(Note 25)*	138,002	308,783	520,264	529,992
Contract liabilities *(Note 30)*	22,360	99,318	89,254	84,352

The contract liabilities mainly relate to the advance consideration received from customers.

Transaction Price Allocated to Future Performance Obligations

IFRS 15 requires that the Group to disclose the aggregate amount of transaction price that is allocated to each performance obligation that has not yet been satisfied as at year-end. The guidance provides certain practical expedients that limit this requirement and, therefore, for the vast majority of contracts, the Group does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognised at the amount to which the Group has the right to invoice for services performed.

Geographical information

An analysis of the Group's revenue from external customers, based on location of customers and analysed by region, is presented below:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue from external customers					
— Mainland China	364,641	836,316	918,944	282,088	211,254
— Outside Mainland China — other regions and overseas countries	52,394	414,380	845,467	143,980	195,099
	417,035	1,250,696	1,764,411	426,068	406,353

Information about the Group's non-current assets excluding financial assets and deferred tax assets by geographical location of the assets are presented below:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets excluding financial assets and deferred tax assets				
— Mainland China	2,492,699	4,067,890	4,179,251	4,132,430
— Outside Mainland China — other regions and overseas countries	17	13	468	469
	2,492,716	4,067,903	4,179,719	4,132,899

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Company 1	108,344	N/A*	N/A*	N/A*	N/A*
Company 2	58,349	213,437	N/A*	N/A*	N/A*
Company 3	50,753	N/A*	N/A*	N/A*	N/A*
Company 4	N/A*	182,530	308,906	87,355	51,009
Company 5	N/A*	N/A*	336,051	N/A*	62,490
Company 6	N/A*	N/A*	N/A*	66,098	N/A*
Company 7	N/A*	N/A*	N/A*	N/A*	56,954

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Government grant and others	53,100	50,800	60,284	9,992	14,166
Net foreign exchange (loss)/gain	(1,566)	(868)	11,029	1,548	3,819
(Loss)/gain on disposal of property, plant and equipment	(1)	(346)	403	105	—
Gain on early termination of leases	—	79	63	—	—
VAT input tax deduction	—	5,187	17,166	12,075	—
Total	51,533	54,852	88,945	23,720	17,985

8. NET INVESTMENT INCOME/(EXPENSE)

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Change in fair value of financial assets at FVTPL in accordance with IFRS 9	36,227	23,268	762	917	(215)

9. (REVERSAL)/PROVISION OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Impairment losses under ECL model, net of reversal					
Trade and bills receivables	(770)	11,036	10,900	2,831	(820)
Other receivables	(287)	(64)	(734)	(3)	(218)
	(1,057)	10,972	10,166	2,828	(1,038)

10. FINANCE INCOME/(EXPENSE), NET

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest income	18,262	15,437	14,239	3,297	3,921
Interest expenses on borrowings	—	(3)	(7,942)	(22)	(5,914)
Interest expenses on lease liabilities	(127)	(214)	(393)	(131)	(39)
	18,135	15,220	5,904	3,144	(2,032)

11. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging/(crediting):

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Cost of inventories	441,031	1,052,917	1,305,264	332,658	309,371
Depreciation and amortisation	146,108	226,754	358,423	85,676	94,063
Inventory written down	8,956	15,743	22,435	1,664	5,260
Staff costs (including directors' emoluments):					
— Salaries and other benefits	119,683	234,810	265,043	65,678	68,090
— Retirement benefits scheme contributions	11,425	20,904	28,414	7,000	7,413
— Share-based payment expenses	—	—	10,209	—	5,194
Auditors' remuneration	1,300	1,300	1,300	—	—
Short-term leases with application of recognition exemption	552	5,792	4,014	217	1,879

12. INCOME TAX CREDIT

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Current tax					
— PRC Enterprise Income Tax ("**EIT**")	910	501	1,405	216	1,116
— Others	203	911	1,386	153	—
— Over provision in respect of prior year	(2,051)	(18,062)	(47)	—	—
	(938)	(16,650)	2,744	369	1,116
Deferred tax *(Note 22)*	(320)	6,211	(22,505)	(956)	(4,274)
Total income tax credit	(1,258)	(10,439)	(19,761)	(587)	(3,158)

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as "High and New Technology Enterprise" by the relevant government authorities, they are subject to a preferential rate of 15%. For the PRC subsidiaries approved as "Micro and Small Enterprise" by the relevant government authorities, which the annual taxable income that is not more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 12.5% for year ended 31 December 2022 and at the reduced rate of 25% for year ended 31 December 2023 to 2027, with the applicable enterprise income tax rate of 20%.

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended 31 December 2022, 2023, 2024 and three months ended 31 March 2025. On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "**Bill**") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

The income tax expense for the Relevant Periods can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
(Loss)/profit before tax	(176,940)	(56,159)	159,264	45,513	5,360
Tax at the applicable tax rate of 15% *(note)*	(26,541)	(8,424)	23,890	6,827	804
Effect of different tax rates of subsidiaries operating in other jurisdictions	(3,467)	880	1,380	370	874
(Over)/under provision of current tax in prior year/period	(2,051)	(18,062)	(47)	—	—
Tax effect of income not taxable for tax purpose	(220)	—	(2,056)	(348)	(49)
Tax effect of expenses not deductible for tax purpose	866	96	2,932	336	46
Tax effect of share of losses/(profits) of associates	—	22	320	(24)	225
Utilisation of tax losses previously not recognised	—	(8,652)	(16,470)	(8,624)	(30)
Effect of deductible temporary differences and tax losses not recognised as deferred tax asset	47,093	31,039	5,927	4,217	1,226
Effect of superdeduction	(16,938)	(16,397)	(20,155)	(3,341)	(6,254)
Recognition of previously unrecognised tax losses	—	—	(15,482)	—	—
Effect of change on tax rate on deferred tax assets and deferred tax liabilities	—	9,059	—	—	—
Income tax credit	(1,258)	(10,439)	(19,761)	(587)	(3,158)

Note: The applicable tax rate is with reference to the preferential PRC tax rate of 15% as the income deriving entities which are the PRC subsidiaries approved as "High and New Technology Enterprise" by the relevant government authorities under the EIT Law and Implementation Regulation of the EIT Law for the year/period.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during the Relevant Periods are as follows:

Year ended 31 December 2022

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:					
Zong Yanmin	—	360	3,500	132	3,992
Executive directors:					
Zhong Wenqing *(note (a))*	—	3,600	—	132	3,732
Gao Chao	—	1,021	960	81	2,062
Non-executive directors:					
Wang Huan *(note (m))*	—	—	—	—	—
Wu Kunhong *(note (c))*	—	—	—	—	—
Qu Xiaoli *(note (c))*	—	—	—	—	—
Independent non-executive directors:					
Han Li *(note (e))*	120	—	—	—	120
Zhao Xian *(note (e))*	120	—	—	—	120
Li Xiangmin *(note (k))*	120	—	—	—	120
Supervisors:					
Zhang Hongyan	—	214	159	71	444
Song Jian	—	263	—	75	338
Yang Lei *(note (g))*	—	91	—	21	112
	360	5,549	4,619	512	11,040

Year ended 31 December 2023

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:					
Zong Yanmin	—	3,600	—	140	3,740
Executive Directors:					
Zhong Wenqing *(note (a))*	—	1,341	—	131	1,472
Gao Chao	—	1,201	960	98	2,259
Non-executive directors:					
Wang Huan *(note (m))*	—	—	—	—	—
Wu Kunhong *(note (c))*	—	—	—	—	—
Qu Xiaoli *(note (c))*	—	—	—	—	—
Independent non-executive directors:					
Han Li *(note (e))*	180	—	—	—	180
Zhao Xian *(note (e))*	180	—	—	—	180
Li Xiangmin *(note (k))*	180	—	—	—	180
Supervisors:					
Zhang Hongyan	—	187	85	79	351
Song Jian	—	330	—	86	416
Yang Lei *(note (g))*	—	80	7	32	119
	540	6,739	1,052	566	8,897

Year ended 31 December 2024

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:					
Zong Yanmin	—	3,600	300	142	4,042
Executive directors:					
Zhong Wenqing *(note (a))*	—	74	98	10	182
Gao Chao	—	1,209	960	95	2,264
Non-executive directors:					
Wang Huan *(note (m))*	—	—	—	—	—
Huang Zhendong *(note (i))*	—	—	—	—	—
Fang Wei *(note (b))*	—	—	—	—	—
Qiu Yufeng *(note (b))*	230	—	—	—	230
Wu Kunhong *(note (c))*	—	—	—	—	—
Qu Xiaoli *(note (c))*	—	—	—	—	—
Independent non-executive directors:					
Li Xiangmin *(note (k))*	180	—	—	—	180
Liu Hua *(note (d))*	150	—	—	—	150
Li Honghui *(note (d))*	150	—	—	—	150
Han Li *(note (e))*	30	—	—	—	30
Zhao Xian *(note (e))*	30	—	—	—	30
Supervisors:					
Zhang Hongyan	—	416	172	59	647
Song Jian	—	340	226	88	654
Zhou Min *(note (f))*	—	65	100	31	196
Yang Lei *(note (g))*	—	14	—	5	19
Dou Wentao *(note (h))*	—	120	30	35	185
	770	5,838	1,886	465	8,959

Three months ended 31 March 2024 (Unaudited)

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:					
Zong Yanmin	—	900	—	35	935
Executive directors:					
Zhong Wenqing *(note (a))*	—	74	98	10	182
Gao Chao	—	300	—	25	325
Non-executive directors:					
Wang Huan *(note (m))*	—	—	—	—	—
Huang Zhendong *(note (i))*	—	—	—	—	—
Fang Wei *(note (b))*	—	—	—	—	—
Qiu Yufeng *(note (b))*	30	—	—	—	30
Wu Kunhong *(note (c))*	—	—	—	—	—
Qu Xiaoli *(note (c))*	—	—	—	—	—
Independent non-executive directors:					
Li Xiangmin *(note (k))*	45	—	—	—	45
Liu Hua *(note (d))*	15	—	—	—	15
Li Honghui *(note (d))*	15	—	—	—	15
Han Li *(note (e))*	30	—	—	—	30
Zhao Xian *(note (e))*	30	—	—	—	30
Supervisors:					
Zhang Hongyan	—	79	13	16	108
Song Jian	—	70	—	22	92
Zhou Min *(note (f))*	—	10	—	6	16
Yang Lei *(note (g))*	—	14	—	5	19
	165	1,447	111	119	1,842

Three months ended 31 March 2025

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:					
Zong Yanmin	—	900	—	36	936
Executive directors:					
Gao Chao	—	300	—	26	326
Non-executive directors:					
Wang Huan *(note (m))*	—	—	—	—	—
Huang Zhendong *(note (i))*	—	—	—	—	—
Fang Wei *(note (b))*	—	—	—	—	—
Qiu Yufeng *(note (b))*	60	—	—	—	60
Li Wanyue *(note (j))*	—	—	—	—	—
Independent non-executive directors:					
Li Xiangmin *(note (k))*	30	—	—	—	30
Liu Hua *(note (d))*	45	—	—	—	45
Li Honghui *(note (d))*	45	—	—	—	45
Lai Kwok Hung Alex *(note (l))*	30	—	—	—	30
Supervisors:					
Zhang Hongyan	—	114	—	26	140
Song Jian	—	90	—	25	115
Dou Wentao *(note (h))*	—	90	9	25	124
	210	1,494	9	138	1,851

Notes:

(a) Zhong Wenqing resigned as executive directors of the Company on 29 February 2024.

(b) Fang Wei and Qiu Yufeng were appointed as non-executive directors of the Company on 29 February 2024.

(c) Wu Kunhong and Qu Xiaoli resigned as non-executive directors of the Company on 29 February 2024.

(d) Liu Hua and Li Honghui were appointed as independent non-executive directors of the Company on 29 February 2024.

(e) Han Li and Zhao Xian resigned as independent non-executive directors of the Company on 29 February 2024.

(f) Zhou Min was appointed as supervisors of the Company on 29 February 2024 and resigned as supervisors of the Company on 22 August 2024.

(g) Yang Lei resigned as supervisors of the Company on 29 February 2024.

(h) Dou Wentao was appointed as supervisors of the Company on 22 August 2024.

(i) Huang Zhendong was appointed as non-executive directors of the Company on 29 February 2024 and resigned as independent non-executive directors of the Company on 19 February 2025.

(j) Li Wanyue was appointed as non-executive directors of the Company on 19 February 2025.

(k) Li Xiangmin resigned as independent non-executive directors of the Company on 19 February 2025.

(l) Lai Kwok Hung Alex was appointed as independent non-executive directors of the Company on 19 February 2025.

(m) Wang Huan resigned as non-executive directors of the Company on 30 April 2025.

14. FIVE HIGHEST PAID INDIVIDUALS

During the year ended 31 December 2022, 2023 and 2024 and three months ended 31 March 2024 and 2025 the five individuals with the highest emoluments in the Group include 3, 2, 2, 1 (unaudited) and 1 directors of the Company, details of whose remuneration are set out in Note 13 above. The emoluments of the five highest paid individuals during the Relevant Periods were as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries and other benefits	7,873	10,624	11,826	2,787	2,788
Performance-based bonus	5,640	2,520	1,760	—	—
Retirement benefits scheme contributions	473	512	501	120	181
	13,986	13,656	14,087	2,907	2,969

The emoluments of the five highest paid individuals were within the following bands:

	Number of individuals				
	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(Unaudited)	
Nil to RMB1,000,000	—	—	—	5	5
RMB1,000,001 to RMB1,500,000	—	—	—	—	—
RMB1,500,001 to RMB2,000,000	1	1	1	—	—
RMB2,000,001 to RMB2,500,000	1	2	1	—	—
RMB2,500,001 to RMB3,000,000	1	—	1	—	—
RMB3,000,001 to RMB3,500,000	—	1	1	—	—
RMB3,500,001 to RMB4,000,000	2	1	—	—	—
RMB4,000,001 to RMB4,500,000	—	—	1	—	—
	5	5	5	5	5

During the Relevant Periods, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the Relevant Periods.

15. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attribute to owners of the Company is based on the following data:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/earnings for the purpose of calculating basic earnings per share	(175,682)	(45,720)	179,025	46,100	8,518

Number of shares:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(Unaudited)	
Weighted average number of ordinary shares in issue, excluding treasury shares held for restricted share scheme as these shares are not considered outstanding for the purpose of calculating basic earnings per share	426,130,119	429,711,044	428,177,262	429,464,810	427,705,160

(b) Diluted earnings per share

The calculation of the diluted earnings per share attribute to owners of the Company is based on the following data:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(Loss)/earnings for the year/period attributable to owners of the Company and the purpose of calculating diluted earnings per share	(175,682)	(45,720)	179,025	46,100	8,518

The calculation of the diluted earnings per share attribute to owners of the Company is based on the following data:

Number of shares:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(Unaudited)	
Weighted average number of ordinary shares for the purpose of calculating basic earnings per shares	426,130,119	429,711,044	428,177,262	429,464,810	427,705,160
Effect of restricted shares	—	—	48,091	—	153,877
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	426,130,119	429,711,044	428,225,353	429,464,810	427,859,037

16. DIVIDENDS

No dividend was paid or proposed during the Relevant Periods. No final dividends were declared by the Board for the Relevant Periods.

17. INVESTMENTS IN SUBSIDIARIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Investments in subsidiaries				
— Unlisted shares, at cost.	434,213	434,213	474,394	1,026,105

The Company had direct and indirect equity interests in the following principal subsidiaries during the Relevant Periods:

Name of subsidiaries	Place and date of incorporation establishment	Authorised shares capital/ registered capital	Equity interests attributable to the Company as at								Principal activities
			31 December 2022		31 December 2023		31 December 2024		31 March 2025		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
			%	%	%	%	%	%	%	%	
上海天岳半導體材料有限公司 (Shanghai Tianyue Semiconductor Materials Co., Ltd.) (a), (b)*	the PRC/Mainland China, 2 June 2020	RMB900,000,000	100	–	100	–	100	–	100	–	Research and development, manufacturing and sales of SiC substrates
深圳天岳先進科技有限公司 (Shenzhen Tianyue Advanced Technology Co., Ltd.) (a)**,*** .	the PRC/Mainland China, 19 October 2022	RMB100,000,000	100	–	100	–	100	–	100	–	Research and development, manufacturing and sales of SiC substrates
山東天岳新材料技術有限公司 (Shandong Tianyue New Materials Technology Co., Ltd.) (a)* *.	the PRC/Mainland China, 15 November 2017	RMB95,000,000	100	–	100	–	100	–	100	–	Research and development of SiC substrates
濟寧天岳半導體新材料有限公司 (Jining Tianyue Semiconductor New Materials Co., Ltd.) (a), (c) ** . .	the PRC/Mainland China, 5 June 2023	RMB50,000,000	N/A	N/A	100	–	100	–	100	–	Research and development, manufacturing and sales of SiC substrates

Name of subsidiaries	Place and date of incorporation establishment	Authorised shares capital/ registered capital	Equity interests attributable to the Company as at								Principal activities
			31 December 2022		31 December 2023		31 December 2024		31 March 2025		
			Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
			%	%	%	%	%	%	%	%	
北京天岳先進科技有限公司 (Beijing Tianyue Advanced Technology Co., Ltd.) (a) **,***	the PRC/Mainland China, 5 January 2024	RMB20,000,000	N/A	N/A	N/A	N/A	100	–	100	–	Research and development of SiC substrates
SICC GLOBAL 株式會社**	Japan, 8 June 2020	JPY3,300,000,000	100	–	100	–	100	–	100	–	Sales of SiC substrates
上海越服科貿有限公司 (Shanghai Yuefu Technology & Trading Co., Ltd.) (a)*	the PRC/Mainland China, 6 December 2019	RMB10,000,000	100	–	100	–	100	–	100	–	Sales of SiC substrates
Sakura Technologies 株式會社***	Japan, 15 May 2020	JPY30,000,000	–	100	–	100	–	100	–	100	Sales of SiC substrates
上海越聯峰科技有限公司 (Shanghai Yuelianfeng Technology Co., Ltd.) (a)**	the PRC/Mainland China, 22 July 2022	RMB50,000,000	100	–	100	–	100	–	100	–	Research and development and sales of SiC substrates
極領投資有限公司 (Sky Spur Investment Limited)**	Hong Kong, 14 October 2022	USD20,000	–	100	–	100	–	100	–	100	Sales of SiC substrates
Visionary Horizon PTE. Ltd**	Singapore, 2 November 2022	USD100,000	–	100	–	100	–	100	–	100	Investment holding
SICC-Europe-GabH**	Germany, 2 March 2023	EUR25,000	N/A	N/A	–	100	–	100	–	100	Sales of SiC substrates

Notes:

(a) The English names of the subsidiaries registered in the Mainland China of the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

(b) The registered capital of the subsidiary of the Company was increased from RMB400,000,000 to RMB900,000,000 in March 2025.

(c) The subsidiary was formerly known as 濟寧天岳石墨製品有限公司 (Jining Tianyue Graphite Products Co., Ltd.).

All of the subsidiaries adopted 31 December as their financial year end date.

* The statutory financial statements of certain subsidiaries in the Mainland China of the PRC for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable in the PRC and were audited by BDO China Shu Lun Pan Certified Public Accountants LLP.

** No statutory audited financial statements were prepared for certain entities established in Hong Kong, Mainland China, Germany, Singapore, and Japan since their date of incorporation as they are incorporated in a jurisdiction where there are no local statutory audit requirements or exempted from statutory audit requirements.

*** The subsidiary of the Company is under the process of de-registration as at 31 March 2025.

18. INVESTMENTS IN ASSOCIATES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
At beginning of the year/period	—	—	26,593	26,899
Additions	—	3,250	2,842	—
Share of post-acquisition losses	—	(148)	(2,131)	(1,502)
Share of post-acquisition share premium	—	23,491	—	—
Other	—	—	(405)	—
At the end of the year/period	—	26,593	26,899	25,397

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
At beginning of the year/period	—	—	26,593	24,073
Additions	—	3,250	—	—
Share of post-acquisition losses	—	(148)	(2,115)	(1,114)
Share of post-acquisition share premium	—	23,491	—	—
Other	—	—	(405)	—
At the end of the year/period	—	26,593	24,073	22,959

The Group had interests in the following principal associates during the Relevant Periods:

Name of associates	Place of incorporation/ establishment and operation	Authorised shares capital/registered capital	Percentage of ownership interests held by the Group as at				Principal activities
			As at 31 December			As at 31 March	
			2022	2023	2024	2025	
蘇州達波新材科技有限公司 (Suzhou Dabo New Materials Technology Co., Ltd.) .	PRC	RMB12,275,000	N/A	26.48%	26.48%	26.48%	Research and development of semiconductor materials
岱沃(深圳)半導體技術有限責任公司 (Daiwo (Shenzhen) Semiconductor Technology Co., Ltd.)	PRC	RMB 7,105,000	N/A	N/A	40.00%	40.00%	Production and sale of machinery

Note: In June 2025, the Company entered into an agreement with a third party to transfer 2.5% equity interest of Suzhou Dabo New Materials Technology Co., Ltd. at a consideration of RMB15 million.

Aggregate information of associates of the Group that are not individually material:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's associates in the Historical Financial Information.	N/A	26,593	26,899	25,397

	Year ended 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of losses of associates	N/A	(148)	(2,131)	(1,502)

19. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings	Production equipment	Transportation vehicle	Electronic equipment	Office equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Group								
Cost								
As at 1 January 2022	243,697	1,212,406	2,438	2,373	1,129	263,878	—	1,725,921
Additions	254	103,597	92	2,281	220	937,557	15,677	1,059,678
Transferred from construction in progress	53,938	119,922	—	2,709	—	(176,569)	—	—
Disposals/written off	—	—	—	(1)	—	—	—	(1)
As at 31 December 2022 and 1 January 2023	297,889	1,435,925	2,530	7,362	1,349	1,024,866	15,677	2,785,598
Additions	273	322,748	952	2,122	1,826	1,302,546	4,008	1,634,475
Transferred from construction in progress	1,194,662	922,005	26	5,803	—	(2,122,496)	—	—
Disposals/written off	—	(575)	(203)	(111)	—	—	—	(889)
As at 31 December 2023 and 1 January 2024	1,492,824	2,680,103	3,305	15,176	3,175	204,916	19,685	4,419,184
Additions	—	67,481	1,002	930	705	368,672	7,408	446,198
Transferred from construction in progress	229,408	218,936	469	5,845	—	(479,513)	24,855	—
Disposals/written off	—	(6,860)	(498)	—	—	—	—	(7,358)
Exchange difference	—	—	—	6	—	—	—	6
As at 31 December 2024 and 1 January 2025	1,722,232	2,959,660	4,278	21,957	3,880	94,075	51,948	4,858,030
Additions	—	—	198	197	138	50,854	2,417	53,804
Transferred from construction in progress	10,923	30,682	—	—	—	(41,605)	—	—
As at 31 March 2025	1,733,155	2,990,342	4,476	22,154	4,018	103,324	54,365	4,911,834
Depreciation								
As at 1 January 2022	37,577	394,408	840	1,312	520	—	—	434,657
Provided for the year	8,431	124,657	540	1,087	178	—	337	135,230
As at 31 December 2022 and 1 January 2023	46,008	519,065	1,380	2,399	698	—	337	569,887
Provided for the year	24,088	178,418	636	3,963	371	—	3,407	210,883
Eliminated on disposals/written off	—	(92)	(196)	(106)	—	—	—	(394)
As at 31 December 2023 and 1 January 2024	70,096	697,391	1,820	6,256	1,069	—	3,744	780,376
Provided for the year	53,667	266,029	747	5,212	623	—	9,873	336,151
Eliminated on disposal/written off	—	(5,247)	(418)	—	—	—	—	(5,665)
As at 31 December 2024 and 1 January 2025	123,763	958,173	2,149	11,468	1,692	—	13,617	1,110,862
Provided for the period	14,138	67,293	185	1,584	167	—	4,625	87,992
As at 31 March 2025	137,901	1,025,466	2,334	13,052	1,859	—	18,242	1,198,854
Net book value								
As at 31 December 2022	251,881	916,860	1,150	4,963	651	1,024,866	15,340	2,215,711
As at 31 December 2023	1,422,728	1,982,712	1,485	8,920	2,106	204,916	15,941	3,638,808
As at 31 December 2024	1,598,469	2,001,487	2,129	10,489	2,188	94,075	38,331	3,747,168
As at 31 March 2025	1,595,254	1,964,876	2,142	9,102	2,159	103,324	36,123	3,712,980

	Property and buildings	Production equipment	Transportation vehicle	Electronic equipment	Office equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Company								
Cost								
As at 1 January 2022	222,814	917,663	1,937	1,929	1,108	115,520	—	1,260,971
Additions	21,137	290,272	10	2,373	241	204,481	15,677	534,191
Transferred from construction in progress	53,938	119,922	—	2,709	—	(176,569)	—	—
As at 31 December 2022 and 1 January 2023	297,889	1,327,857	1,947	7,011	1,349	143,432	15,677	1,795,162
Additions	273	7,984	263	1,487	272	100,422	3,373	114,074
Transferred from construction in progress	—	38,400	26	5,803	—	(44,229)	—	—
Disposals/written off	—	(575)	(203)	(110)	—	—	—	(888)
As at 31 December 2023 and 1 January 2024	298,162	1,373,666	2,033	14,191	1,621	199,625	19,050	1,908,348
Additions	—	30,927	128	419	688	93,558	6,445	132,165
Transferred from construction in progress	216,893	47,851	469	2,877	—	(292,945)	24,855	—
Disposals/written off	—	(6,860)	—	—	—	—	—	(6,860)
As at 31 December 2024 and 1 January 2025	515,055	1,445,584	2,630	17,487	2,309	238	50,350	2,033,653
Additions	—	—	198	196	138	23,480	620	24,632
Transferred from construction in progress	—	3,376	—	—	—	(3,376)	—	—
As at 31 March 2025	515,055	1,448,960	2,828	17,683	2,447	20,342	50,970	2,058,285
Depreciation								
As at 1 January 2022	36,273	252,999	687	1,033	511	—	—	291,503
Provided for the year	9,736	165,009	421	1,191	187	—	337	176,881
As at 31 December 2022 and 1 January 2023	46,009	418,008	1,108	2,224	698	—	337	468,384
Provided for the year	10,132	135,985	425	3,823	236	—	3,389	153,990
Eliminated on disposals/written off	—	(92)	(196)	(105)	—	—	—	(393)
As at 31 December 2023 and 1 January 2024	56,141	553,901	1,337	5,942	934	—	3,726	621,981
Provided for the year	14,772	143,261	407	4,246	324	—	9,463	172,473
Eliminated on disposal/written off	—	(5,247)	—	—	—	—	—	(5,247)
As at 31 December 2024 and 1 January 2025	70,913	691,915	1,744	10,188	1,258	—	13,189	789,207
Provided for the period	4,327	33,098	86	1,240	92	—	2,706	41,549
As at 31 March 2025	75,240	725,013	1,830	11,428	1,350	—	15,895	830,756
Net book value								
As at 31 December 2022	251,880	909,849	839	4,787	651	143,432	15,340	1,326,778
As at 31 December 2023	242,021	819,765	696	8,249	687	199,625	15,324	1,286,367
As at 31 December 2024	444,142	753,669	886	7,299	1,051	238	37,161	1,244,446
As at 31 March 2025	439,815	723,947	998	6,255	1,097	20,342	35,075	1,227,529

In view of unfavourable operating performance of the Group for the year ended 31 December 2022 and 2023, the Group assessed whether impairment indications for the non-current non-financial assets of the Group existed at 31 December 2022 and 2023. Accordingly, the Group performed impairment assessment for the non-current non-financial assets, which mainly consist of property, plant and equipment, intangible assets (note 20), right-of-use assets (note 21),and prepayments for acquisition of property, plant and equipment (note 24) of the Group for respective years.

For the purposes of impairment testing, the Group estimates the recoverable amount of cash-generating unit ("**CGU**"). The recoverable amounts of the CGU were determined based on the value in use calculation. The value in use was estimated with reference to the cash flow projections based on the financial budgets and forecast approved by the top management. Based on the results of the assessment, the recoverable amounts of non-current non-financial assets exceed the carrying amounts of non-current non-financial assets at the end of year ended 31 December 2022 and 2023. Accordingly, no impairment loss has been provided for the non-current non-financial assets of the Group for the respective years.

20. INTANGIBLE ASSETS

Group

	Software	Trademark	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at 1 January 2022	3,008	—	3,008
Additions	3,049	3,018	6,067
As at 31 December 2022 and 1 January 2023	6,057	3,018	9,075
Additions	6,288	—	6,288
As at 31 December 2023 and 1 January 2024	12,345	3,018	15,363
Additions	12,818	—	12,818
As at 31 December 2024 and 1 January 2025	25,163	3,018	28,181
Additions	433	—	433
As at 31 March 2025	25,596	3,018	28,614
Amortisation			
As at 1 January 2022	865	—	865
Provided for the year	1,438	176	1,614
As at 31 December 2022 and 1 January 2023	2,303	176	2,479
Provided for the year	2,639	302	2,941
As at 31 December 2023 and 1 January 2024	4,942	478	5,420
Provided for the year	4,602	302	4,904
As at 31 December 2024 and 1 January 2025	9,544	780	10,324
Provided for the period	1,925	75	2,000
As at 31 March 2025	11,469	855	12,324
Net book value			
As at 31 December 2022	3,754	2,842	6,596
As at 31 December 2023	7,403	2,540	9,943
As at 31 December 2024	15,619	2,238	17,857
As at 31 March 2025	14,127	2,163	16,290

Company

	Software	Trademark	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
As at 1 January 2022	3,008	—	3,008
Additions	3,049	3,018	6,067
As at 31 December 2022 and 1 January 2023	6,057	3,018	9,075
Additions	6,288	—	6,288
As at 31 December 2023 and 1 January 2024	12,345	3,018	15,363
Additions	5,422	—	5,422
As at 31 December 2024 and 1 January 2025	17,767	3,018	20,785
Additions	433	—	433
As at 31 March 2025	18,200	3,018	21,218
Amortisation			
As at 1 January 2022	865	—	865
Provided for the year	1,438	176	1,614
As at 31 December 2022 and 1 January 2023	2,303	176	2,479
Provided for the year	2,639	302	2,941
As at 31 December 2023 and 1 January 2024	4,942	478	5,420
Provided for the year	3,986	302	4,288
As at 31 December 2024 and 1 January 2025	8,928	780	9,708
Provided for the period	1,476	75	1,551
As at 31 March 2025	10,404	855	11,259
Net book value			
As at 31 December 2022	3,754	2,842	6,596
As at 31 December 2023	7,403	2,540	9,943
As at 31 December 2024	8,839	2,238	11,077
As at 31 March 2025	7,796	2,163	9,959

21. RIGHT-OF-USE ASSETS

Details of the right-of-use assets recognised and movements during the years/period:

Group

	Land use rights	Property and buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
Costs			
As at 1 January 2022	291,330	1,977	293,307
Additions	—	7,451	7,451
As at 31 December 2022 and 1 January 2023	291,330	9,428	300,758
Additions	23,515	19,568	43,083
Disposals	—	(5,042)	(5,042)
As at 31 December 2023 and 1 January 2024	314,845	23,954	338,799
Additions	—	2,198	2,198
Disposals	—	(6,300)	(6,300)
As at 31 December 2024, 1 January 2025 and 31 March 2025	314,845	19,852	334,697
Depreciation			
As at 1 January 2022	39,317	184	39,501
Provided for the year	5,897	3,367	9,264
As at 31 December 2022 and 1 January 2023	45,214	3,551	48,765
Provided for the year	6,367	6,563	12,930
Eliminated on disposals	—	(4,341)	(4,341)
As at 31 December 2023 and 1 January 2024	51,581	5,773	57,354
Provided for the year	6,368	11,000	17,368
Eliminated on disposals	—	(5,476)	(5,476)
As at 31 December 2024 and 1 January 2025	57,949	11,297	69,246
Provided for the period	1,592	2,479	4,071
As at 31 March 2025	59,541	13,776	73,317
Carrying amounts			
As at 31 December 2022	246,116	5,877	251,993
As at 31 December 2023	263,264	18,181	281,445
As at 31 December 2024	256,896	8,555	265,451
As at 31 March 2025	255,304	6,076	261,380

Company

	Land use rights	Property and buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
Costs			
As at 1 January 2022	200,100	—	200,100
Additions	13,548	—	13,548
As at 31 December 2022 and 1 January 2023	213,648	—	213,648
Additions	—	7,427	7,427
As at 31 December 2023, 1 January 2024 and 31 December 2024 and 1 January 2025 and 31 March 2025	213,648	7,427	221,075
Depreciation			
As at 1 January 2022	37,182	—	37,182
Provided for the year	4,796	—	4,796
As at 31 December 2022 and 1 January 2023	41,978	—	41,978
Provided for the year	4,343	—	4,343
As at 31 December 2023 and 1 January 2024	46,321	—	46,321
Provided for the year	4,343	3,714	8,057
As at 31 December 2024 and 1 January 2025	50,664	3,714	54,378
Provided for the period	886	928	1,814
As at 31 March 2025	51,550	4,642	56,192
Carrying amounts			
As at 31 December 2022	171,670	—	171,670
As at 31 December 2023	167,327	7,427	174,754
As at 31 December 2024	162,984	3,713	166,697
As at 31 March 2025	162,098	2,785	164,883

For the years ended 31 December 2022, 2023 and 2024, and the three months ended 31 March 2025 the Group leases various office premises for its operations. Lease contracts are entered into for fixed term of 1.3 years to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and

assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The land use rights of the Group and the Company are located in the Mainland China of the PRC on the lease of 50 years.

Restrictions or covenants on lease

Lease liabilities of RMB3,948,000, RMB15,396,000, RMB3,961,000, and RMB3,078,000 are recognised with related right-of-use assets of RMB5,877,000, RMB18,181,000, RMB8,555,000, and RMB6,076,000 as at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, the Group did not enter into any new leases for leased buildings and machinery and equipment that have not yet commenced.

22. DEFERRED TAXATION

Group

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	56,953	52,536	65,742	69,373
Deferred tax liabilities	(13,314)	(15,108)	(5,809)	(5,166)
	43,639	37,428	59,933	64,207

The followings are the major deferred tax assets and liabilities recognised and movements during the Relevant Periods:

	Impairment allowance	Fair value adjustments of financial assets	Deferred income	Temporary differences on leases	Accelerated tax depreciation	Intergroup unrealised profits	Tax losses	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At as 1 January 2022	2,557	171	48,576	(204)	(7,781)	—	—	—	43,319
(Charged)/credited to profit or loss	1,148	(5,141)	3,682	(454)	1,085	—	—	—	320
As at 31 December 2022 and 1 January 2023	3,705	(4,970)	52,258	(658)	(6,696)	—	—	—	43,639
(Charged)/credited to profit or loss	3,846	4,503	(9,859)	240	(4,941)	—	—	—	(6,211)
As at 31 December 2023 and 1 January 2024	7,551	(467)	42,399	(418)	(11,637)	—	—	—	37,428
(Charged)/Credited to profit or loss	2,645	753	(9,017)	(271)	7,112	4,310	15,481	1,492	22,505
As at 31 December 2024 and 1 January 2025	10,196	286	33,382	(689)	(4,525)	4,310	15,481	1,492	59,933
(Charged)/Credited to profit or loss	634	32	(1,292)	240	271	2,881	675	833	4,274
As at 31 March 2025	10,830	318	32,090	(449)	(4,254)	7,191	16,156	2,325	64,207

Note:

As at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, the Group had unused tax losses of RMB840,558,000, RMB930,975,000, RMB724,905,000 and RMB729,586,000, respectively, available to offset against future profits, and had not been recognised as at 31 December 2022, 2023, 2024 and 31 March 2025, respectively, due to the unpredictability of future profit streams.

Company

The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred tax assets	32,680	37,891	45,971	46,245
Deferred tax liabilities	(11,845)	(7,469)	(5,083)	(4,672)
	20,835	30,422	40,888	41,573

The followings are the major deferred tax assets and liabilities recognised and movements during the Relevant Periods:

	Impairment allowance	Fair value adjustments of financial assets	Deferred income	Temporary differences on leases	Accelerated tax depreciation	Tax losses	Share-based payments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At as 1 January 2022	2,208	171	26,017	—	(7,781)	—	—	20,615
(Charged)/credited to profit or loss	1,220	(5,141)	3,056	—	1,085	—	—	220
As at 31 December 2022 and 1 January 2023	3,428	(4,970)	29,073	—	(6,696)	—	—	20,835
(Charged)/credited to profit or loss	3,686	4,503	313	—	1,085	—	—	9,587
As at 31 December 2023 and 1 January 2024	7,114	(467)	29,386	—	(5,611)	—	—	30,422
(Charged)/Credited to profit or loss	1,120	753	(3,176)	(274)	1,085	9,931	1,027	10,466
As at 31 December 2024 and 1 January 2025	8,234	286	26,210	(274)	(4,526)	9,931	1,027	40,888
(Charged)/Credited to profit or loss	935	32	(1,292)	143	271	-	596	685
As at 31 March 2025	9,169	318	24,918	(131)	(4,255)	9,931	1,623	41,573

23. FINANCIAL ASSETS AT FVTPL

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group and Company				
Financial assets				
Non-current assets				
Financial assets at FVTPL				
— Unlisted equity investments	2,805	2,155	2,093	1,877
Current assets				
Financial assets at FVTPL				
— Wealth management product	1,789,327	274,959	—	—
	1,792,132	277,114	2,093	1,877

24. OTHER NON-CURRENT ASSETS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Prepayment for purchases, acquisition of property, plant and equipment . . .	18,416	111,114	112,651	116,852
Company				
Prepayment for acquisition of property, plant and equipment	18,416	20,322	6,902	7,202

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Trade receivables				
— Third parties	130,402	311,808	528,327	544,507
— Related parties *(note (a))*	14,863	13,227	19,391	13,497
	145,265	325,035	547,718	558,004
Less: loss allowance for trade receivables	(7,263)	(16,252)	(27,454)	(28,012)
	138,002	308,783	520,264	529,992
Bills receivables				
— Commercial	14,887	55,820	48,252	20,682
— Bank	—	8,005	317	869
	14,887	63,825	48,569	21,551
Less: loss allowance for bill receivables	(744)	(2,791)	(2,413)	(1,034)
	14,143	61,034	46,156	20,517
Other receivables				
— Third parties	25,465	24,587	9,363	5,002
— Related parties *(note (a))*	—	—	550	550
	25,465	24,587	9,913	5,552
Less: loss allowance for other receivables	(1,273)	(1,229)	(496)	(278)
	24,192	23,358	9,417	5,274
Trade and other receivables	176,337	393,175	575,837	555,783
Prepayment *(note (c))*	58,719	143,543	39,062	96,824
	235,056	536,718	614,899	652,607

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Trade receivables				
— Third parties	128,887	268,054	479,127	480,871
— Related parties *(note (a))*	14,863	13,227	—	—
— Subsidiaries *(note (b))*	—	400,317	495,927	80,534
	143,750	681,598	975,054	561,405
Less: loss allowance for trade receivables	(7,188)	(14,064)	(24,025)	(24,156)
	136,562	667,534	951,029	537,249
Bills receivables				
— Commercial	14,887	55,820	21,854	16,085
— Bank	—	8,005	4,317	2,676
	14,887	63,825	26,171	18,761
Less: loss allowance for bill receivables	(744)	(2,791)	(1,093)	(804)
	14,143	61,034	25,078	17,957
Other receivables				
— Third parties	3,210	1,297	2,680	2,771
— Subsidiaries *(note (b))*	530,055	2,117,874	3,116,153	2,892,309
	533,265	2,119,171	3,118,833	2,895,080
Less: loss allowance for other receivables	(160)	(71)	(134)	(139)
	533,105	2,119,100	3,118,699	2,894,941
Trade and other receivables	683,810	2,847,668	4,094,806	3,450,147
Prepayment *(note (c))*	51,399	148,581	3,027	13,145
	735,209	2,996,249	4,097,833	3,463,292

Notes:

(a) Details of the trade and other receivables due from related parties are set out in note 43.

(b) During the Relevant Periods, the amounts due from subsidiaries were unsecured, interest free and repayable on demand.

(c) Prepayments mainly consist of money paid to suppliers of inventories.

The Group generally allows a credit period ranging from 60 to 180 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each financial period during the Relevant Periods:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Within 90 days	112,881	263,825	420,264	376,186
91 to 180 days	15,658	38,365	79,558	107,121
181 days to 1 year	9,463	6,593	20,250	46,370
Over 1 year	—	—	192	315
	138,002	308,783	520,264	529,992

Movements in lifetime ECL that have been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended 31 December 2022, 2023, 2024, and the three months ended 31 March 2025:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	3,041	7,263	16,252	27,454
Provided	4,222	8,989	11,278	558
Exchange difference	—	—	(76)	—
At the end of year/period	7,263	16,252	27,454	28,012

The Company generally allows a credit period ranging from 60 to 180 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each financial period during the Relevant Periods:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Within 90 days	111,613	514,761	456,938	380,182
91 to 180 days	15,487	143,547	398,637	109,834
181 days to 1 year	9,462	9,226	86,246	46,918
Over 1 year	—	—	9,208	315
	136,652	667,534	951,029	537,249

Movement in lifetime ECL that has been recognised for trade receivables of the Company in accordance with the simplified approach set out in IFRS 9 for the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of year/period	3,018	7,188	14,064	24,025
Provided	4,170	6,876	9,961	131
At the end of year/period	7,188	14,064	24,025	24,156

26. CASH AND BANK BALANCES/RESTRICTED BANK AND OTHER DEPOSITS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Cash and bank balances *(note (a))*	682,492	811,593	1,155,456	1,402,064
Restricted bank and other deposits				
Portion classified as current assets *(note (b))*	2,356	218,155	83,742	72,702
	684,848	1,029,748	1,239,198	1,474,766

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Cash and bank balances *(note (a))*	637,714	603,911	783,347	1,014,076
Restricted bank and other deposits				
Portion classified as current assets *(note (b))*	2,356	207,078	67,619	58,029
	640,070	810,989	850,966	1,072,105

Notes:

(a) At the end of each reporting period, cash and bank balances of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates which are 0.25%, 0.2%, 0.1% and 0.1% per annum as at 31 December 2022, 2023, 2024 and 31 March 2025, respectively.

(b) As at 31 December 2023, 2024 and 31 March 2025, certain bank deposits with balances of approximately RMB200,103,000, RMB64,317,000 and RMB64,976,000 were pledged to secure bills payables of RMB366,636,000, RMB153,728,000 and RMB236,879,000, respectively.

As at 31 December 2023, 2024 and 31 March 2025, approximately RMB2,080,000, RMB3,801,000, RMB3,801,000, respectively, was restricted and held at a bank in the PRC as a reserve under litigation.

27. INVENTORIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Raw materials	296,892	404,468	497,886	490,549
Work in progress	153,470	204,709	213,339	249,027
Finished goods	97,675	264,601	348,994	336,878
Less: write-downs of inventories	(14,758)	(30,501)	(38,343)	(43,602)
Total	533,279	843,277	1,021,876	1,032,852

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Raw materials	279,780	255,368	167,832	171,284
Work in progress	153,470	71,626	99,739	98,299
Finished goods	97,675	121,679	168,528	141,755
Less: write-downs of inventories	(14,758)	(30,501)	(29,641)	(36,030)
Total	516,167	418,172	406,458	375,308

28. OTHER CURRENT ASSETS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Prepaid VAT	71,544	114,239	231,824	160,230
Prepaid other taxes	—	4,926	9,107	12,094
Prepaid EIT	—	—	2,749	4,223
Others	12	—	5,000	13,311
Total	71,556	119,165	248,680	189,858

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Prepaid VAT	8,333	8,474	45,171	46,473
Prepaid other taxes	—	4,926	8,339	11,937
Others	—	—	5,000	13,311
Total	8,333	13,400	58,510	71,721

29. TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Trade payables				
— Third parties	185,308	702,943	616,865	504,240
— Related parties *(note (a))*	—	492	174	159
	185,308	703,435	617,039	504,399
Bills payable *(note (c))*	—	366,636	153,728	236,879
Other payables				
— Third parties	20,807	26,062	22,357	18,316
— Related parties	115	83	125	—
— Salary and bonus payables	21,934	47,576	43,394	49,174
— Other taxes payable	3,712	4,635	6,005	4,108
	46,568	78,356	71,881	71,598
Total trade and other payables	231,876	1,148,427	842,648	812,876

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Trade payables				
— Third parties	98,095	82,178	105,206	85,061
— Related parties *(note (a))*	—	492	174	—
— Subsidiaries *(note (b))*	842	314,601	787,588	622,251
	98,937	397,271	892,968	707,312
Bills payable				
— Third parties	—	20,394	153,728	228,300
— Subsidiaries *(note (b))*	—	361,591	6,359	—
	—	381,985	160,087	228,300
Other payables				
— Third parties	6,461	20,081	16,339	15,397
— Related parties *(note (a))*	115	83	—	—
— Salary and bonus payables	12,421	25,999	20,895	27,980
— Other taxes payable	2,799	2,104	2,291	2,054
	21,796	48,267	39,525	45,431
Total trade and other payables	120,733	827,523	1,092,580	981,043

Notes:

(a) Details of the trade and other payables due to related parties are set out in Note 43.

(b) During the Relevant Periods, the amounts due to subsidiaries were unsecured, repayable on demand and interest free.

(c) As at 31 December 2023 and 2024 and 31 March 2025, the Group's bill payables of approximately RMB366,636,000, RMB153,728,000 and RMB236,879,000 were secured by certain of the Group's deposits of approximately RMB200,103,000, RMB64,317,000 and RMB64,976,000 respectively.

Payment terms with suppliers are mainly on credit ranging from 30 to 90 days from invoice date. The following is an aging analysis of trade payables presented based on transaction date at the end of each of the reporting period:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Within 90 days	160,752	484,680	268,777	198,800
91 days to 180 days	16,101	185,100	27,126	64,668
181 days to 1 year	1,867	10,912	89,670	19,698
Over 1 year	6,588	22,743	231,466	221,233
	185,308	703,435	617,039	504,399

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Within 90 days	74,704	363,017	399,689	374,663
91 days to 180 days	16,042	3,533	270,855	271,778
181 days to 1 year	1,867	8,549	208,291	18,413
Over 1 year	6,324	22,172	14,133	42,458
	98,937	397,271	892,968	707,312

30. CONTRACT LIABILITIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Current portion				
— Third parties	22,360	99,318	45,150	40,248
Non-current portion				
— Third parties	—	—	44,104	44,104
Total	22,360	99,318	89,254	84,352

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Current portion				
— Third parties	22,360	99,318	44,839	40,233
— Subsidiaries	—	—	—	12,218
	22,360	99,318	44,839	52,451
Non-current portion				
— Third parties	—	—	44,104	44,104
Total	22,360	99,318	88,943	96,555

When the Group receives deposits from customers for the sales of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposits. Changes in contract liabilities primarily relate to the Group's and the Company's performance of services under the contracts. Revenue of RMB2,495,000, RMB22,360,000, RMB14,346,000 , and RMB5,178,000 of the Group were recognised for the years ended 31 December 2022, 2023, 2024, and the three months ended 31 March 2025 that were included in the contract liabilities at the beginning of the relevant years/periods, respectively.

Revenue of RMB2,495,000, RMB22,360,000, RMB14,346,000, and RMB4,868,000 of the Company were recognised for the years ended 31 December 2022, 2023, 2024, and the three months ended 31 March 2025 that were included in the contract liabilities at the beginning of the relevant years/periods, respectively.

31. BORROWINGS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Current portion				
Bank borrowings, unsecured *(note (b))*	—	—	609,263	655,742
Discounted bills *(note (a))*	—	3,150	—	—
	—	3,150	609,263	655,742
Non-current portion				
Bank borrowings, unsecured *(note (b))*	—	—	85,737	265,000
Total borrowings	—	3,150	695,000	920,742
Loan interest at rate per annum in the range of	N/A	0.85%	2.70%–3.10%	1.40%–3.10%

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
On demand or within one year	—	3,150	609,263	655,742
More than one year, but not exceeding two years	—	—	85,737	105,000
More than two years, but not exceeding five years	—	—	—	160,000
	—	3,150	695,000	920,742

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Current portion				
Bank borrowings, unsecured *(note (c))*	—	—	559,263	586,558
Non-current portion				
Bank borrowings, unsecured *(note (c))*	—	—	85,737	265,000
Total borrowings	—	—	645,000	851,558
Loan interest at rate per annum in the range of	N/A	N/A	2.70%–3.10%	1.40%–3.10%

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
On demand or within one year	—	—	559,263	586,558
More than one year, but not exceeding two years	—	—	85,737	105,000
More than two years, but not exceeding five years	—	—	—	160,000
	—	—	645,000	851,558

The carrying amounts of the Group's and the Company's current interest-bearing bank borrowing approximate to their fair values.

Notes:

(a) As at 31 December 2023, other borrowing represented loans arising from discounted bills. The borrowing is guaranteed by the Company, interest bearing at a fixed interest rate at 0.85% per annum and repayable within a year.

(b) At 31 December 2022, 2023 and 2024 and 31 March 2025, the Group had banking facilities to the extent of approximately nil, RMB1,000,000,000, RMB2,430,000,000, and RMB2,430,000,000 respectively. The aforesaid bank loans outstanding as at 31 December 2022, 2023, 2024 and 31 March 2025 were approximately nil, nil, RMB695,000,000 and RMB920,742,000 respectively.

(c) At 31 December 2022, 2023, 2024 and 31 March 2025, the Company had banking facilities to the extent of approximately nil, RMB700,000,000, RMB1,930,000,000 and RMB1,730,000,000 respectively. The aforesaid bank loans outstanding as at 31 December 2022, 2023, 2024 and 31 March 2025 were approximately nil, nil, RMB645,000,000 and RMB851,558,000 respectively.

(d) At 31 December 2022, 2023, 2024 and 31 March 2025, the Company had issued guarantees to banks to secured banking facilities granted to certain subsidiaries to the extent of approximately nil, RMB300,000,000, RMB300,000,000 and RMB100,000,000 respectively. The aforesaid bank loans outstanding as at 31 December 2022, 2023, 2024 and 31 March 2025 were approximately nil, nil, RMB50,000,000 and nil respectively.

32. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's and the Company's lease liabilities at the end of each reporting period:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Within one year	704	45	3,961	3,078
Within a period of more than one year but within two years	3,244	15,111	—	—
Within a period of more than two years but within five years	—	240	—	—
	3,948	15,396	3,961	3,078
Less: Amounts due for settlement within 12 months shown under current liabilities	704	45	3,961	3,078
Amount due for settlement after 12 months shown under non-current liabilities	3,244	15,351	—	—

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Within one year	—	—	1,885	1,907
Within a period of more than one year but within two years	—	7,427	—	—
	—	7,427	1,885	1,907
Less: Amounts due for settlement within 12 months shown under current liabilities	—	—	1,885	1,907
Amount due for settlement after 12 months shown under non-current liabilities	—	7,427	—	—

33. DEFERRED INCOME

Group

	Deferred income related to assets	Deferred income related to income	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	225,133	38,550	263,683
Additions	5,620	39,777	45,397
Release to profit and loss	(18,575)	(3,945)	(22,520)
As at 31 December 2022	212,178	74,382	286,560
Additions	81,098	38,115	119,213
Release to profit and loss	(26,228)	(13,800)	(40,028)
As at 31 December 2023	267,048	98,697	365,745
Additions	35,500	14,790	50,290
Release to profit and loss	(29,926)	(20,736)	(50,662)
As at 31 December 2024	272,622	92,751	365,373
Additions	—	100	100
Release to profit and loss	(7,926)	(5,000)	(12,926)
As at 31 March 2025	264,696	87,851	352,547

Company

	Deferred income related to assets	Deferred income related to income	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2022	134,898	38,550	173,448
Additions	3,120	39,777	42,897
Release to profit and loss	(18,575)	(3,945)	(22,520)
As at 31 December 2022	119,443	74,382	193,825
Additions	9,921	26,205	36,126
Release to profit and loss	(20,241)	(13,800)	(34,041)
As at 31 December 2023	109,123	86,787	195,910
Additions	3,000	11,347	14,347
Release to profit and loss	(15,825)	(19,700)	(35,525)
As at 31 December 2024	96,298	78,434	174,732
Additions	—	100	100
Release to profit and loss	(3,715)	(5,000)	(8,715)
As at 31 March 2025	92,583	73,534	166,117

Note: It mainly comprise incentives provided by local authorities. The amounts received are treated as deferred income and will be released to profit or loss over the estimated useful lives of the underlying property, plant and equipment or over the period. There is no unfulfilled obligation for the recognized income at the end of reporting date for each of the Relevant Periods.

34. SHARE CAPITAL

	Number of ordinary shares	Authorised shares	Issued and paid shares
		RMB'000	*RMB'000*
Group and Company			
Ordinary shares of RMB1.00 each			
As at 1 January 2022	386,739,939	386,740	386,740
Issue of new shares upon A-share IPO *(note (a))*	42,971,105	42,971	42,971
As at 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025, and 31 March 2025	429,711,044	429,711	429,711

Note:

(a) During the year ended 31 December 2022, the Company issued new shares of 42,971,105 shares upon A-share IPO. On 12 January 2022, the Company's shares were listed on the Sci-Tech innovation board of the Shanghai Stock Exchange with stock code 688234.

35. TREASURY SHARES

Group and Company

	As at 31 December						As at 31 March	
	2022		2023		2024		2025	
	Number of shares	*RMB'000*	*Number of shares*	*RMB'000*	*Number of shares*	*RMB'000*	*Number of shares*	*RMB'000*
Balance brought forward	—	—	—	—	—	—	2,005,884	100,243
Repurchase of shares *(note)*	—	—	—	—	2,005,884	100,243	—	—
Balance carried forward	—	—	—	—	2,005,884	100,243	2,005,884	100,243

Note: During the year ended 31 December 2024, the Company has repurchased 2,005,884 shares of A-shares, accounting for 0.47% of the Company's total shares. The implementation of the repurchase meets the requirements of the Company's share repurchase plan and relevant laws and regulations

36. RESERVES

Reserve movement of the Company:

	Capital reserve	Surplus reserve	Retained earnings/ (accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2022	1,755,317	8,343	75,087	1,838,747
Loss for the year	—	—	(139,406)	(139,406)
Capital contribution by shareholders of the Company	3,160,703	—	—	3,160,703
Others	4,000	—	—	4,000
As at 31 December 2022 and 1 January 2023	4,920,020	8,343	(64,319)	4,864,044
Loss for the year	—	—	(358)	(358)
Others *(note i)*	23,491	—	—	23,491
As at 31 December 2023 and 1 January 2024	4,943,511	8,343	(64,677)	4,887,177
Profit for the year	—	—	108,854	108,854
Transferred to surplus reserve	—	4,418	(4,418)	—
Recognition of share-based payments *(note 40)*	10,209	—	—	10,209
As at 31 December 2024 and 1 January 2025	4,953,720	12,761	39,759	5,006,240
Profit for the period	—	—	490	490
Recognition of share-based payments *(note 40)*	5,194	—	—	5,194
As at 31 March 2025	4,958,914	12,761	40,249	5,011,924

Notes:

(i) The amount represents share of post-acquisition share premium of an associate.

Description of the Group's reserves as below:

(a) Capital Reserve:

The amount mainly represents capital contribution in excess of nominal value of share capital.

(b) Surplus reserve:

In accordance with the articles of association of subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(c) Exchange reserve:

The amount represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency of the Group.

(d) (Accumulated loss)/retained earnings:

Cumulative net gains and losses recognised in profit or loss.

37. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of the financial position.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate exposure is spread amongst approved counterparties.

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables that are credit-impaired, the Group determines the ECL on these items collectively based on loss patterns as reflected in the debtors' historical payment pattern. The Group determines the ECL on these items by using a provision matrix as at 31 December 2022, 2023, 2024 and 31 March 2025 within lifetime ECL (not credit impaired) estimated based on the financial quality of debtors and historical credit loss experience,

adjusted as appropriate to reflect current conditions and estimates of future economic conditions with reference to general macroeconomic conditions that may affect the ability of debtors to settle receivables. To measure the ECL, the trade receivables have been grouped into the categories based on share credit risk characteristics and the aging as disclosed in note 25.

Bills and Other receivables

For bills and other receivables, management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12m ECL, unless when there are indicators that the financial asset is credit-impaired, the Group recognises lifetime ECL. The Group recognises lifetime ECL for bills and other receivables when there is evidence indicating (i) there has been significant increase in credit risk since initial recognition; (ii) the asset is credit-impaired but the Group has realistic prospect of recovery; or (iii) the debtor is in severe financial difficulty.

Categories	Description
Other receivables, other than credit impaired	Management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.
Bills receivables, other than credit impaired	Management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.
Credit impaired	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

Cash and bank balances, restricted bank deposits and bills receivables from bank

For the purposes of impairment assessment, cash and bank balances, restricted bank deposits and bills receivables from bank that are subject to impairment are considered to have low credit risk as the counterparties to these items have no historical default record. Accordingly, for the purpose of impairment assessment for these items assets, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for cash and bank balances and restricted bank deposits that are subject to impairment, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various

external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the financial assets that are subject to impairment occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the ECL allowance is insignificant at 31 December 2022, 2023 and 2024 and 31 March 2025.

The following table details the credit risk exposures of the Group's trade receivables which are subject to ECL assessment:

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As at 31 December 2022			
Within 90 days	5%	118,822	5,941
91 to 180 days	5%	16,482	824
181 days to 1 year	5%	9,961	498
		145,265	7,263
As at 31 December 2023			
Within 90 days	5%	277,710	13,885
91 to 180 days	5%	40,384	2,019
181 days to 1 year	5%	6,941	348
		325,035	16,252
As at 31 December 2024			
Within 90 days	5%	442,383	22,119
91 to 180 days	5%	83,745	4,187
181 days to 1 year	5%	21,316	1,066
Over 1 year	30%	274	82
		547,718	27,454
As at 31 March 2025			
Within 90 days	5%	395,985	19,799
91 to 180 days	5%	112,759	5,638
181 days to 1 year	5%	48,810	2,440
Over 1 year	30%	450	135
		558,004	28,012

In view of the credit risk of the debtors, historical payment pattern and forward looking information, the Group considers the expected credit risk for receivables aged within 1 year is 5%. And there is no significant change in credit risk rating of the debtors, historical payment pattern and forward looking information during the Relevant Periods.

The table below details the credit risk exposures of the Group's bills receivables — commercial which are subject to ECL assessment:

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As at 31 December 2022			
Not credit-impaired	5.00%	14,887	744
As at 31 December 2023			
Not credit-impaired	5.00%	55,820	2,791
As at 31 December 2024			
Not credit-impaired	5.00%	48,252	2,413
As at 31 March 2025			
Not credit-impaired	5.00%	20,682	1,034

The table below details the credit risk exposures of the Group's other receivables which are subject to ECL assessment:

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As at 31 December 2022			
Not credit-impaired	5.00%	25,465	1,273
As at 31 December 2023			
Not credit-impaired	5.00%	24,587	1,229
As at 31 December 2024			
Not credit-impaired	5.00%	9,913	496
As at 31 March 2025			
Not credit-impaired	5.00%	5,552	278

The Group makes full provision for a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

38. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities comprising the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Group consists of lease liabilities, borrowings (net of cash and bank balances) and equity attributable to owners of the Company (comprising capital and reserves).

Management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Financial assets				
Financial assets measured at amortised cost	861,185	1,422,923	1,815,035	2,030,549
Financial assets measured at FVTPL	1,792,132	277,114	2,093	1,877
	2,653,317	1,700,037	1,817,128	2,032,426
Financial liabilities				
Financial liabilities at amortised cost	240,894	1,182,848	1,537,744	1,736,022

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Company				
Financial assets				
Financial assets measured at amortised cost	1,323,880	3,658,657	4,945,772	4,522,252
Financial assets measured at FVTPL	1,792,132	277,114	2,093	1,877
	3,116,012	3,935,771	4,947,865	4,524,129
Financial liabilities				
Financial liabilities at amortised cost	126,717	840,463	1,740,207	1,836,573

Financial risk management objectives and policies

The Group's major financial assets and liabilities include restricted bank deposits, trade, bills and other receivables, cash and bank balances, wealth management products, unlisted equity investments, trade, bills and other payables, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk, interest rate risk and price risk. There has been no change in the Group's exposure to these risks or the manner in which it managed and measured the risks during each of the reporting year.

Currency risk

Several subsidiaries of the Company have foreign currency sales, capital expenditure and cash and bank balances, which expose the Group to foreign currency risk.

The subsidiaries are mainly exposed to foreign currency of US$, Japanese yen ("**JPY**"), Euro dollar ("**EUR**"), and Hong Kong dollar ("**HK$**").

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The carrying amounts of the Group's foreign currency denominated monetary assets (trade and other receivables and cash and bank balances) and liabilities (trade and other payables) at the end of each reporting period are summarised as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Assets				
JPY	26,306	34,494	53,986	52,204
US$	21,076	152,492	377,874	315,373
EUR	—	91	—	—
Liabilities				
JPY	7,126	236	2,275	1,855
US$	—	9,875	5,594	1,772
EUR	3,541	2,303	4,065	4,249
HK$	—	—	—	831

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against foreign currencies, the foreign currencies with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit before tax where foreign currencies strengthens 5% against RMB. For a 5% weakening of foreign currencies against RMB, there would be an equal and opposite impact on (loss)/profit before tax.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Group				
Impact on (loss)/profit before tax				
JPY	959	1,713	2,586	2,517
US$	1,054	7,131	18,614	15,680
EUR	(177)	(111)	(203)	(212)
HK$	—	—	—	(42)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the year/period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its restricted bank deposits, cash and bank balances, lease liabilities and borrowings. Borrowing agreements include a mix of fixed and variable rate loans, the exposure in relation to fixed and variable rate agreements is considered to be minimal.

Price risk

The Group is exposed to equity price risk through its financial investments at FVTPL (see Note 23).

No sensitivity analysis have been presented as the effect is insignificant.

Credit risk

As at the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Credit terms are granted to customers who are in good credit reputation. In order to minimise the credit risk, management has designated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors of the Company review the recoverability of each significant trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group has concentration of credit risk as 17%, 21%, 41% and 24%, respectively, of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 64%, 58%, 70% and 58% of the total trade receivables as at 31 December 2022, 2023 and 2024 and 31 March 2025, respectively.

The Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group also expects that there is no significant credit risk associated with amounts due from related parties since counterparties are mainly related parties with good reputation.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and bank balances and unused banking facilities deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk table

	Effective interest rate	On demand or less than one year	One to two years	Two to five years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Group						
As at 31 December 2022						
Trade and other payables	N/A	236,947	—	—	236,947	236,947
Lease liabilities	3.70%	704	3,311	—	4,015	3,948
Total		237,651	3,311	—	240,962	240,895
As at 31 December 2023						
Trade and other payables	N/A	1,151,409	—	—	1,151,409	1,151,409
Borrowings	0.85%	3,153	—	—	3,153	3,150
Lease liabilities	3.65%	45	15,928	—	15,973	15,396
Total		1,154,607	15,928	—	1,170,535	1,169,955
As at 31 December 2024						
Trade and other payables	N/A	838,783	—	—	838,783	838,783
Borrowings	2.70%–3.10%	622,065	86,541	—	708,606	695,000
Lease liabilities	3.45%	4,013	—	—	4,013	3,961
Total		1,464,861	86,541	—	1,551,402	1,537,744
As at 31 March 2025						
Trade and other payables	N/A	808,113	—	—	808,113	808,113
Borrowings	1.40%–3.10%	672,543	110,178	164,413	947,134	920,742
Lease liabilities	3.45%	3,091	—	—	3,091	3,078
Total		1,483,747	110,178	164,413	1,758,338	1,731,933

	Effective interest rate	On demand or less than one year	One to two years	Two to five years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Company						
As at 31 December 2022						
Trade and other payables	N/A	126,717	—	—	126,717	126,717
Total		126,717	—	—	126,717	126,717
As at 31 December 2023						
Trade and other payables	N/A	833,036	—	—	833,036	833,036
Lease liabilities	3.65%	—	7,619	—	7,619	7,427
Total		833,036	7,619	—	840,655	840,463
As at 31 December 2024						
Trade and other payables	N/A	1,093,322	—	—	1,093,322	1,093,322
Borrowings	2.70%–3.10%	571,037	86,541	—	657,578	645,000
Lease liabilities	3.45%	1,905	—	—	1,905	1,885
Total		1,666,264	86,541	—	1,752,805	1,740,207
As at 31 March 2025						
Trade and other payables	N/A	983,078	—	—	983,078	983,078
Borrowings	1.40%–3.10%	602,670	110,178	164,413	877,261	851,558
Lease liabilities	3.45%	1,903	—	—	1,903	1,907
Total		1,587,651	110,178	164,413	1,862,242	1,836,543

Fair value measurement

This note provides information about how the Group determines fair value of the following financial assets that are measured at fair value on a recurring basis.

(i) Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis

Group and Company

Financial assets	31 December 2022	31 December 2023	31 December 2024	31 March 2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products.	1,789,327	274,959	—	—	Level 2	Discounted cash flows model	N/A	N/A
Unlisted equity securities	2,805	2,155	2,093	1,877	Level 3	Net assets	Net assets value	Higher the net assets value, higher the fair value

There were no transfers between levels during the Relevant Periods.

(ii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of financial assets at FVTPL measured at Level 3 fair value measurement are set out as below:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January	2,862	2,805	2,155	2,093
Change in fair value	(57)	(650)	(62)	(216)
At 31 December/31 March	2,805	2,155	2,093	1,877

No sensitivity analysis have been presented as the effect is insignificant.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

40. SHARE-BASED PAYMENT

During the Relevant Periods, the Company launched and adopted a restricted share scheme in 2024 (the "**2024 Restricted Share Scheme**") for the primary purpose of attracting, retaining and motivating the employees of the Group. Under the 2024 Restricted Share Scheme, the directors of the Company may grant up to 5,080,000 restricted shares under the scheme to eligible employees, including the employees of the Group, to obtain ordinary shares of the Company upon vesting.

The 2024 Restricted Share Scheme will be valid and effective for a period of 5 years.

On 3 July 2024, the Group granted 4,080,000 restricted shares to its employees at exercise price of RMB32 per share.

Set out below are details of the movements of the outstanding restricted shares granted under the 2024 Restricted Share Scheme during the Relevant Periods:

	Year ended 31 December 2024		Three months ended 31 March 2025	
	Weighted average exercise price RMB	Number	Weighted average exercise price RMB	Number
Outstanding at the beginning of the year/period	—	—	32	3,900,000
Granted during the year/period	32	4,080,000	32	815,000
Forfeited during the year/period	32	(180,000)	32	(130,000)
Outstanding at the end of the year/period	32	3,900,000	32	4,585,000

Restricted shares granted in July 2024

Subject to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of restricted shares granted in July 2024 will be exercisable respectively. The lock-up periods and the details of the Company's performance appraisal are summarised in the table below:

	Performance target		
	Revenue		Net profit
Unlocking period	Target (Am1)	Target (Am2)	Target (B)
First unlocking period: Commencing from the first trading day after the expiry of the 12-month period from date of grant and ending on the last trading day of the 24-month from the date of grant	Revenue growth compared to 2023 is not less than 100%	Revenue growth compared to 2023 is not less than 50%	Net profit is positive
Second unlocking period: Commencing from the first trading day after the expiry of the 24-month period from date of grant and ending on the last trading day of the 36-month from the date of grant	Revenue growth compared to 2023 is not less than 150%	Revenue growth compared to 2023 is not less than 100%	Net profit is positive and the growth is not less than 100% compared to 2024
Third unlocking period: Commencing from the first trading day after the expiry of the 36-month period from date of grant and ending on the last trading day of the 48-month from the date of grant	Revenue growth compared to 2023 is not less than 200%	Revenue growth compared to 2023 is not less than 150%	Net profit is positive and grows not less than 150% compared to 2024

Indicator	Performance Completion Ratio	Company-Level Attribution Ratio
Revenue (A)	A≧Am1	X=100%
	Am2≤A<Am1	X=50%
	A<Am2	X=0
Net Profit (B)	B≧Bm	Y=50%
	B<Bm	Y=0
Rules for Determining the Company-Level Attribution Ratio Z Value	Company-Level Attribution Ratio Z=X+Y (is greater than or equal to 100%, it is uniformly recognized as 100%).	

Apart from above-mentioned Company's performance appraisal, eligible employees have to fulfill requirement of individual performance appraisal. The number of shares granted will be calculated as: expected number of shares to be granted to particular eligible employees, times Ratio Z and ratio of individual performance appraisal.

The total fair value of the restricted shares granted under the 2024 Restricted Share Scheme during the year ended 31 December 2024 was approximately RMB77,373,000. The fair value was calculated using the Black-Scholes model. The major inputs in the model are as follows:

A Share price at grant date (RMB)	RMB47.95 per share
Expected volatility in the black-out period	31.6163%, 31.9980% and 32.2365% for 12 months, 24 months and 36 months, respectively
Dividend yield	0%
Risk-free rate	1.50%, 2.10% and 2.75% for 12 months, 24 months and 36 months, respectively

Expected volatility was determined by using the historical volatility of Shenwan Semiconductor Index. The risk-free interest rate was based on the 1-year, 2-year, and 3-year deposit benchmark interest rates determined by the People's Bank of China. The variables and assumptions used in computing the fair value of the restricted shares are based on management's best estimate. The value of restricted shares varies with different variables of certain subjective assumptions. Change in variables and assumptions may result in change in fair values of the restricted shares.

Restricted shares granted in March 2025

Subject to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of restricted shares granted in March 2025 will be exercisable respectively. The lock-up periods and the details of the Company's performance appraisal are summarised in the table below:

	Performance target		
Unlocking period	Revenue		Net profit
	Target (Am1)	Target (Am2)	Target (B)
First unlocking period: Commencing from the first trading day after the expiry of the 12-month period from date of grant and ending on the last trading day of the 24-month from the date of grant	Revenue growth compared to 2023 is not less than 150%	Revenue growth compared to 2023 is not less than 100%	Net profit is positive and the growth is not less than 100% compared to 2024
Second unlocking period: Commencing from the first trading day after the expiry of the 24-month period from date of grant and ending on the last trading day of the 36-month from the date of grant	Revenue growth compared to 2023 is not less than 200%	Revenue growth compared to 2023 is not less than 150%	Net profit is positive and the growth is not less than 150% compared to 2024
Third unlocking period: Commencing from the first trading day after the expiry of the 36-month period from date of grant and ending on the last trading day of the 48-month from the date of grant	Revenue growth compared to 2023 is not less than 250%	Revenue growth compared to 2023 is not less than 200%	Net profit is positive and grows not less than 200% compared to 2024

Indicator	Performance Completion Ratio	Company-Level Attribution Ratio
Revenue (A)	A≧Am1	X=100%
	Am2≤A<Am1	X=50%
	A<Am2	X=0
Net Profit (B)	B≧Bm	Y=50%
	B<Bm	Y=0
Rules for Determining the Company-Level Attribution Ratio Z Value	Company-Level Attribution Ratio Z=X+Y (is greater than or equal to 100%, it is uniformly recognized as 100%).	

Apart from above-mentioned Company's performance appraisal, eligible employees have to fulfill requirement of individual performance appraisal. The number of shares granted will be calculated as: expected number of shares to be granted to particular eligible employees, times Ratio Z and ratio of individual performance appraisal.

The total fair value of the restricted shares granted during the three months ended 31 March 2025 was approximately RMB29,427,000. The fair value was calculated using the Black-Scholes model. The major inputs in the model are as follows:

A Share price at grant date (RMB)	RMB65.83 per share
Expected volatility in the black-out period	39.0261%, 36.7661% and 35.1233% for 12 months, 24 months and 36 months, respectively
Dividend yield	0%
Risk-free rate	1.50%, 2.10% and 2.75% for 12 months, 24 months and 36 months, respectively

Expected volatility was determined by using the historical volatility of Shenwan Semiconductor Index. The risk-free interest rate was based on the 1-year, 2-year, and 3-year deposit benchmark interest rates determined by the People's Bank of China. The variables and assumptions used in computing the fair value of the restricted shares are based on management's best estimate. The value of restricted shares varies with different variables of certain subjective assumptions. Change in variables and assumptions may result in change in fair values of the restricted shares.

For the year ended 31 December 2024 and the three months ended 31 March 2025, the Group recognized share-based payment expenses of approximately RMB10,209,000 and RMB5,194,000, respectively.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Borrowings	Lease liabilities	Interest payables (included in other payables)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2022	—	977	—	977
Financing cash flows				
— Repayment of leases liabilities	—	(4,480)	—	(4,480)
— Interest paid on leases liabilities	—	(127)	—	(127)
Non-cash changes				
— New leases	—	7,451	—	7,451
— Interest expense recognised	—	127	—	127
At 31 December 2022 and 1 January 2023	—	3,948	—	3,948
Financing cash flows				
— Proceeds from bank borrowings	3,150	—	—	3,150
— Interest paid on borrowings	—	—	(3)	(3)
— Repayment of lease liabilities	—	(7,340)	—	(7,340)
— Interest paid on lease liabilities	—	(214)	—	(214)
Non-cash changes				
— Early termination of leases	—	(780)	—	(780)
— New leases	—	19,568	—	19,568
— Interest expense recognised	—	214	3	217
At 31 December 2023 and 1 January 2024	3,150	15,396	—	18,546

	Borrowings	Lease liabilities	Interest payables (included in other payables)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024	3,150	15,396	—	18,546
Financing cash flows				
— Proceeds from bank borrowings	700,000	—	—	700,000
— Repayment of bank borrowings	(8,150)	—	—	(8,150)
— Interest paid on borrowings	—	—	(7,404)	(7,404)
— Repayment of lease liabilities	—	(12,746)	—	(12,746)
— Interest paid on lease liabilities	—	(393)	—	(393)
Non-cash changes				
— New leases	—	2,198	—	2,198
— Termination of leases	—	(887)	—	(887)
— Interest expense recognised	—	393	7,942	8,335
At 31 December 2024 and 1 January 2025	695,000	3,961	538	699,499
Financing cash flows				
— Proceeds from bank borrowings	325,742	—	—	325,742
— Repayment of bank borrowings	(100,000)	—	—	(100,000)
— Interest paid on borrowings	—	—	(5,571)	(5,571)
— Repayment of lease liabilities	—	(883)	—	(883)
— Interest paid on lease liabilities	—	(39)	—	(39)
Non-cash changes				
— Interest expense recognised	—	39	5,914	5,953
At 31 March 2025	920,742	3,078	881	924,701

	Borrowings	Lease liabilities	Interest payables (included in other payables)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2023 and 1 January 2024	3,150	15,396	—	18,546
Financing cash flows				
— Proceeds from bank borrowings	100,000	—	—	100,000
— Repayment of bank borrowings	(3,150)	—	—	(3,150)
— Interest paid on borrowings	—	—	(22)	(22)
— Repayment of lease liabilities	—	(3,602)	—	(3,602)
— Interest paid on lease liabilities	—	(131)		(131)
Non-cash changes				
— New leases	—	1,322	—	1,322
— Interest expense recognised	—	131	22	153
At 31 March 2024 (Unaudited)	100,000	13,116	—	113,116

42. CAPITAL COMMITMENTS

The Group has capital commitments under non-cancellable contracts as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Acquisition of property, plant and equipment	13,963	344,998	123,584	134,684
Capital contribution payable to an associate	—	—	2,842	—
	13,963	344,998	126,426	134,684

The Company has capital commitments under non-cancellable contracts as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Acquisition of property, plant and equipment	13,963	24,500	7,547	2,046
Capital contribution payable to subsidiaries	238,000	288,000	308,000	258,000
	251,963	312,500	315,547	260,046

43. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group during the Relevant Periods are as follows:

Names of related parties	Relationship
Suzhou Dabo New Materials Technology Co., Ltd.	Associate of the Company
Jinan Tianye Construction Machinery Co., Ltd. *(Note)*	Controlled by controlling shareholder of the Company
Jining Weishite Information Technology Development Co., Ltd. *(Note)*	Controlled by close family member of the controlling shareholder of the Company
Shandong Tianyi Quartz Products Co., Ltd. *(Note)*	Controlled by close family member of the controlling shareholder of the Company
Private Company and its subsidiaries	Holding over 5% of Company's issued shares

Note: The English names of the related parties registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

In addition to the transactions and balances disclosed in respective notes, the Group had the following significant transactions and balances with related parties during the Relevant Periods:

(a) Related party transactions:

(i) Fee paid to related parties for services/goods

	Year ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Jining Weishite Information Technology Development Co., Ltd.	1,162	37,637	21,953	12,312	509
Jinan Tianye Construction Machinery Co., Ltd.	—	—	30	—	—
Shandong Tianyi Quartz Products Co., Ltd.	34,349	—	—	—	—
	35,511	37,637	21,983	12,312	509

(ii) Revenue from related parties

	Year ended 31 December			Three months ended 31 March	
	2022	**2023**	**2024**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Private Company and its subsidiaries	110,618	18,297	42,099	16,601	13,663
Suzhou Dabo New Materials Technology Co., Ltd.	—	—	1,947	—	2,212
	110,618	18,297	44,046	16,601	15,875

(iii) The Group as lessee

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Short-term leases expenses paid					
Jining Weishite Information Technology Development Co., Ltd.	—	—	3,300	—	1,650
Jinan Tianye Construction Machinery Co., Ltd.	313	297	384	135	229
	313	297	3,684	135	1,879

(b) Related party balances:

As at the end of each reporting period, the Group had balances with related parties as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables				
Private Company and its subsidiaries	14,863	13,227	19,191	10,997
Suzhou Dabo New Materials Technology Co., Ltd.	—	—	200	2,500
	14,863	13,227	19,391	13,497
Prepayment				
Jining Weishite Information Technology Development Co., Ltd.	1,500	—	—	—
Jinan Tianye Construction Machinery Co., Ltd.	249	249	—	—
	1,749	249	—	—
Other receivables				
Jining Weishite Information Technology Development Co., Ltd.	—	—	550	550

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables				
Jining Weishite Information Technology Development Co., Ltd. .	—	492	174	159
Other payables				
Zong Yanmin.	100	50	—	—
Jinan Tianye Construction Machinery Co., Ltd.	15	33	125	—
	115	83	125	—

The related party balances above are all trade in nature.

(c) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during the Relevant Periods were as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Directors' fee, salaries and other benefits	6,247	9,934	9,076	2,416	2,193
Performance-based bonus	4,619	1,352	2,478	13	9
Retirement benefit scheme contributions	565	641	549	162	212
	11,431	11,927	12,103	2,591	2,414

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

44. SUBSEQUENT EVENTS

Other than those disclosed elsewhere in the Historical Financial Information, there are no material subsequent events undertaken by the Group after 31 March 2025 and up to the date of this report.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2025.

(A) UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company prepared in accordance with paragraph 4.29 of the Listing Rules is for illustrative purpose only, and is set forth here to illustrate the effect of the Global Offering on the unaudited consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 as if the Global Offering had taken place on 31 March, 2025.

This unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 or at any future dates following the Global Offering. It is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 as set out in the Accountants' Report on historical financial information of the Group, the text of which is set out in Appendix I to this Prospectus, and adjusted as described below.

	Audited consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025**	**Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 per Share**	
	RMB'000 (Note 1)	*RMB'000 (Note 2)*	*RMB'000*	*RMB (Note 3)*	*HK$ (Note 3 & 4)*
Based on the Offer Price of HK$42.80 H Share	5,312,194	1,765,266	7,077,460	14.89	16.34

Notes:

(1) The unaudited consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 is extracted from the Accountants' Report set out in Appendix I to this Prospectus, which is based on the audited consolidated net assets of our Group attributable to owners of the Company as of 31 March 2025 of approximately RMB5,328,484,000 with an adjustment for intangible assets as of 31 March, 2025 of approximately RMB16,290,000.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$42.80, after deduction of the estimated underwriting fees and other related listing expenditure payable by the Company (excluding the listing expense that have been charged to profit or loss during the Track Record Period), taking into no account of shares which may be issued upon the exercise of the over-allotment option and upon the vesting of restricted shares that have been or may be granted from time to time under the restricted share scheme.

(3) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 per share is calculated based on a total of 475,450,860 shares (representing 429,711,044 shares in issue as of 31 March, 2025, excluding 2,005,884 treasury shares as of 31 March, 2025, adding 47,745,700 offer shares under the Global Offering), assuming that the Global Offering had been completed on 31 March, 2025 but does not take into account of any shares which may be issued upon the exercise of the over-allotment option and upon the vesting of restricted shares that have been or may be granted from time to time under the restricted share scheme.

(4) Certain property interests of the Group as at 31 May, 2025 have been valued by an independent property valuer as mentioned in Appendix III. By comparing the market value of these property interests of RMB1,264,338,000 and the carrying amount of these property interests of RMB1,243,167,000, there is fair value gain of RMB21,171,000 as at 31 May, 2025, which is not reflected in the above consolidated net tangible assets of the Group at 31 March, 2025. The revaluation gain has not been included in the Historical Financial Information as at 31 March, 2025 as set out in Appendix I to this prospectus. If the revaluation gain was recorded in the Group's financial statements, the depreciation of the Group would increase by approximately RMB408,000 for the year ending 31 December, 2025.

(5) For the purpose of this unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 per Share, the amounts stated in Renminbi are converted from or into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.9108. No representation is made that RMB has been, could have been or may be converted into HK$, or vice versa, at that rate.

(6) No adjustment has been made to the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as of 31 March, 2025 to reflect any trading results or other transactions of the Group entered into subsequent to 31 March, 2025.

The following is the text of a report, prepared for the sole purpose of inclusion in this document received from the independent reporting accountants of the Company, BDO Limited, Certified Public Accountants, Hong Kong.

Tel : +852 2218 8288
Fax : +852 2543 1051
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2543 1051
www.bdo.com.hk

香港干諾道中 111 號
永安中心 25 樓

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of SICC Co., Ltd.

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SICC Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") by the directors of the Company (the "**Directors**") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group as at 31 March 2025 and related notes (the "**Unaudited Pro Forma Financial Information**") as set out on II-1 to II-2 of Appendix II of the Company's prospectus dated 11 August 2025 (the "**Prospectus**") in connection with the proposed initial public offering of the H shares of the Company (the "**Proposed Public Offer**"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described on II-1 to II-2 of the Prospectus.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the Proposed Public Offer on the Group's consolidated financial position as at 31 March 2025 as if the Proposed Public Offer had taken place at 31 March 2025. As part of this process, information about the Group's consolidated financial position has been extracted by the Directors from the Group's financial information for the three months ended 31 March 2025, on which an accountants' report set out in Appendix I of the Prospectus has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("**AG 7**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

Our Independence and Quality Management

We have complied with the independence and other ethical requirements of the "Code of Ethics for Professional Accountants" issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements" issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors of the Company have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Public Offer at 31 March 2025 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and

- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma 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:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the Directors on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

BDO Limited
Certified Public Accountants
Hong Kong

11 August 2025

The following is the text of a letter and valuation certificate prepared for the purpose of incorporation in this prospectus received from Asia-Pacific Consulting and Appraisal Limited, an independent property valuer, in connection with its valuation as at 31 May 2025 of the selected property interests of the Group.

CONSULTING & APPRAISAL
亚太評估

Asia-Pacific Consulting and Appraisal Limited
Flat/Rm A, 12/F
Kiu Fu Commercial Building
300 Lockhart Road
Wan Chai
Hong Kong

August 11, 2025

The Board of Directors

SICC CO., LTD.
No. 99, South Tianyue Road,
Huaiyin District,
Jinan City,
Shandong Province,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions to value selected the property interests held by SICC CO., LTD. (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"). We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 31 May 2025 (the "**Valuation Date**").

The selected property interests form part of the Group's non-property activities that has a carrying amount of 15% or more of the Group's total assets and therefore the valuation report of this property interests is required to be included in this prospectus.

Basis of Valuation

Our valuation was carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently, and without compulsion".

Methods of Valuation

Due to the nature of the buildings and structures of the properties and the particular location in which they are situated, there are unlikely to be relevant market comparable sales readily available, the buildings and structures of the properties have been valued by the cost approach with reference to their depreciated replacement costs.

Depreciated replacement cost is defined as "the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and all relevant forms of obsolescence and optimization." It is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements, less deduction for physical deterioration and all relevant forms of obsolescence and optimization. In arriving at the value of the land portion, reference has been made to the sales evidence as available in the locality. The depreciated replacement cost of the property interest is subject to adequate potential profitability of the concerned business. In our valuation, it applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Valuation Assumptions

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Valuation Standards

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Professional Standards published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards issued by the International Valuation Standards Council.

Source of Information

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Document and Title Investigation

We have been shown copies of various title documents including Real Estate Title Certificates and other official permits relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC Legal Advisor — Grandall Law Firm (Shanghai), concerning the validity of the property interests in the PRC.

Area Measurement and Inspection

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out in February 2025 by Ms. Kay Liu who is a member of Certified Public Valuer and has over 10 years' experience in property valuation in the PRC.

Currency

All monetary figures stated in this report are in Renminbi (RMB).

Our valuation certificate is attached below for your attention.

Yours faithfully,
for and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G. D. Cheng
MRICS
Executive Director

Note: David G. D. Cheng is a Chartered Surveyor who has over 20 years' experience in the valuation of assets in the Greater China Region, the Asia-Pacific region, the United States and Canada.

VALUATION CERTIFICATE

Property interests held and occupied by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the Valuation Date
			RMB
A parcel of land, 7 buildings and various structures located in Nos. 1959 and 1989, Feizhou Road, Pudong New Area, Shanghai, The PRC	The property comprises a parcel of land with a site area of approximately 86,797.47 sq.m. and 7 buildings and various ancillary structures erected thereon which were completed in 2023. The 7 buildings have a total gross floor area of approximately 93,896.67 sq.m., include 3 workshops, a warehouse, a guardhouse, a hydrogen station and a power substation. The structures mainly include pools, pipe network, roads and boundary walls. The land use rights of the property have been granted to the Group for a term expiring on 16 December 2070 for industry use.	The property is currently occupied by the Group for production and ancillary purposes.	1,264,338,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Hu Free Trade Zone Lingang (2024) State-Owned Construction Land Use Contract No. 19, the land use rights of a parcel of land with a site area of approximately 86,797.47 sq.m. were contracted to be granted to Shanghai Tianyue Semiconductor Materials Co., Ltd. (上海天岳半導體材料有限公司, "**Shanghai Tianyue**"), for a term of 50 years for industrial use commencing from the land delivery date. The land premium was RMB98,250,000.

2. Pursuant to a Real Estate Title Certificate – Hu（2025）Shi Zi Bu Dong Chan Quan Di No.000135, the land use rights of a parcel of land with a site area of approximately 86,797.47 sq.m. have been granted to Shanghai Tianyue for a term expiring on 16 December 2070 for industry use, and 7 buildings with a total gross floor area of approximately 93,896.67 sq.m. are owned by Shanghai Tianyue.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   Shanghai Tianyue legally owns the building and the land use rights within the scope occupied by the building, within the validity period and for the purposes specified in the Real Estate Title Certificate. Shanghai Tianyue has obtained the Real Estate Title Certificate and is entitled to lawfully possess, use, benefit from, transfer, lease, mortgage, or otherwise dispose of the property within the corresponding validity period, in compliance with the restrictions specified in the Real Estate Title Certificate.

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 into account the 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, 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 and profits tax, sales tax, value-added tax, stamp duty and estate duty. Prospective investors are urged to consult their financial advisers regarding the PRC and other tax consequences of owning and disposing of the H shares.

The PRC Taxation

Tax on Dividends

Individual Investors

According to the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法》) (the "**IIT Law**") promulgated by the SCNPC on September 10, 1980, last amended on August 31, 2018 and implemented on January 1, 2019, and the Implementation Rules of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得税法實施條例》) promulgated by the State Council on January 28, 1994, last amended on December 18, 2018 and implemented on January 1 2019, for individual income including interest, dividend and bonus, are subject to individual income tax with applicable proportional tax rate of 20%. For a foreign individual who is not a resident of the PRC, the receipt of dividends from an enterprise in the PRC is normally subject to individual income tax of 20% unless specifically exempted by the tax authority of the State Council or reduced by relevant tax treaty.

Meanwhile, according to the Notice on Issues Concerning Differentiated Individual Income Tax Policies on Dividends and Bonus of Listed Companies (《關於上市公司股息紅利差別化個人所得税政策有關問題的通知》) jointly issued by the MOF, the STA and the CSRC on September 7, 2015, effective on September 8, 2015, and partially repealed on July 1, 2019, where an individual

holds the shares of a listed company obtained from the public offering and the stock market for more than one year, the dividend and bonus income shall be temporarily exempted from individual income tax. Where an individual obtains shares of a listed company from the public offering and the stock market, if the holding period is within one month (inclusive), the dividend and bonus income shall be included in the taxable income in full; if the holding period is more than one month but less than one year (inclusive), the dividend and bonus income shall be included in the taxable income at the rate of 50%; the aforesaid income shall be subject to individual income tax at a uniform rate of 20%.

According 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》) (the "**Arrangement**") effective 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 person 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, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company. The Fifth Protocol 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〉第五議定書》) (the "**Fifth Protocol to the Arrangement**") effective on December 6, 2019 adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. In addition, the application of the dividend clause of tax treaties is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Treaties (《國家稅務總局關於執行稅收協定股息條款有關問題的通知》).

Enterprise Investors

According to the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法》) (the "**EIT Law**") promulgated by the SCNPC on March 16, 2007, and last amended and implemented on December 29, 2018, and the Implementation Rules of the Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) (the "**Implementation Rules**") promulgated by the State Council on December 6, 2007, last amended on December 6, 2024 and implemented on January 20, 2025, a non-resident enterprise is generally subject to a 10% EIT on

PRC-sourced income, including dividends and bonus received from 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. The tax shall be withheld by the withholding agent from the payment or due payment every time it is paid or due.

The Notice of the State Taxation Administration 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 (《國家税務總局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 and implemented by the SAT on November 6, 2008, further clarified that a PRC resident enterprise is required to withhold EIT at a uniform rate of 10% on dividends of 2008 and onwards that it distributes to H-share holders which are overseas non-resident enterprises. 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復》) issued and implemented by the SAT on July 24, 2009, further provides that PRC-resident enterprises listed within or outside the PRC by issuing stocks (including A shares, B shares and overseas shares) must withhold EIT at a uniform rate of 10% on dividends of 2008 and onwards that it distributes to non-resident enterprise shareholders. Non-resident enterprise shareholders shall follow relevant provisions executed by tax treaty where they need to enjoy the treatment of tax treaty. According to the Arrangement, the PRC government may impose tax on dividends paid by a PRC company to a Hong Kong resident (including natural person and legal person 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, such tax shall not exceed 5% of the total amount of dividends payable by the PRC company.

The Fifth Protocol to the Arrangement adds a criteria for the qualification of entitlement to enjoy treaty benefits. Although there may be other provisions under the Arrangement, the treaty benefits under the criteria shall not be granted in the circumstance where relevant treaty benefits, after taking into account all relevant facts and conditions, are reasonably deemed to be one of the main purposes for the arrangement or transactions which will bring any direct or indirect benefits under this Arrangement, except when the grant of benefits under such circumstance is consistent with relevant objective and goal under the Arrangement. In addition, the application of the dividend clause of tax treaties is subject to the requirements of PRC tax law and regulation, such as the Notice of the State Administration of Taxation on the Issues Concerning the Application of the Dividend Clauses of Tax Treaties (《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》).

Tax Treaties

Non-resident investors residing in countries which have entered into treaties for the avoidance of double taxation with the PRC or residing in Hong Kong or Macau might be entitled to a withholding tax relief on the dividends received from PRC companies. The PRC currently has entered into treaties/arrangements for the avoidance of double taxation with a number of countries and regions including Hong Kong, Macau, Australia, Canada, France, Germany, Japan, Malaysia, the Netherlands, Singapore, the United Kingdom, the United States and etc. Non-PRC resident enterprises entitled to preferential tax rates in accordance with the relevant taxation treaties or arrangements are required to apply to the PRC tax authorities for a refund of the withholding tax in excess of the agreed tax rate, and the refund payment is subject to approval by the PRC tax authorities.

Tax on Gains from Share Transfers

Income Tax

Individual Investors

Under the IIT Law and its Implementation Rules, individuals are subject to individual income tax at a rate of 20% on gains realized on the sale of equity interests in PRC resident enterprises.

According to the Circular on Continuing the Temporary Exemption of Individual Income Tax on Gains from Share Transfers by Individuals (《關於個人轉讓股票所得繼續暫免徵收個人所得税的通知》), which was promulgated by the MOF and the SAT and effective on March 30, 1998, from January 1, 1997, income of individuals from the transfer of shares in listed companies continues to be temporarily exempted from individual income tax. The Circular on Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares 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 MOF, the STA and the CSRC on December 31, 2009 and effective on January 1, 2010, states that income derived by individuals from transfer of shares of 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 Related Issues on Levying Individual Income Tax over the Income Received by Individuals from the Transfer of Restricted Shares 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 by the above three departments on November 10, 2010. As of the Latest Practicable Date, the aforesaid provisions has not expressly specified whether individual income tax would be levied on the transfer of shares of PRC resident enterprises listed on overseas stock exchanges by non-PRC resident individuals.

Enterprise Investors

Under the EIT Law and its Implementation Rules, a non-resident enterprise is generally subject to a 10% EIT on PRC-sourced income, including gains derived from the disposal of shares in a PRC resident enterprise, 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. 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 under relevant tax treaties or agreements for the avoidance of double taxation.

Stamp Duty

According to the Stamp Duty Law of the PRC (《中華人民共和國印花税法》), which was promulgated by the SCNPC on June 10, 2021 and implemented on July 1, 2022, PRC stamp duty is applicable to the entities and individuals that conclude taxable vouchers or conduct securities trading within the territory of the PRC, and the entities and individuals outside the territory of the PRC that conclude taxable vouchers that are used inside China. Therefore, 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 the PRC.

Estate Duty

As of the Latest Practicable Date, no estate duty has been levied by the PRC government under the PRC laws.

MAJOR TAXATION OF OUR COMPANY IN THE PRC

Enterprise Income Tax

According to the EIT Law and the Implementation Rules of the EIT Law, the EIT rate shall be 25%. Enterprises are classified into resident enterprises and non-resident enterprises. A resident enterprise shall pay EIT on its income derived from sources within or outside China, and the EIT rate is 25%. If a non-resident enterprise has an establishment or place of business in the PRC, it shall pay EIT at a rate of 25% on the income derived from China and on the income it earns outside China but is actually connected with such establishment or place of business, and the EIT rate shall be 25%.

Value-added Tax ("VAT")

According to the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例》) promulgated by the State Council on December 13, 1993, last amended and implemented on November 19, 2017, and the Detailed Rules for the Implementation of the Provisional Regulations on Value-added Tax of the PRC (《中華人民共和國增值税暫行條例實施細則》) promulgated by the MOF on December 15, 1993, last amended on October 28, 2011 and implemented on November 1, 2011, all taxpayers in the PRC engaging in the sale of goods, the provision of processing, repairs and replacement services, selling services, intangible assets and real estate and the importation of goods within the territory of the PRC are required to pay VAT. Unless otherwise specified, for the sale of goods, the provision of services, the provision of tangible personal property leasing services or the importation of goods, the tax rate shall be 17.0%.

The Notice of the Ministry of Finance and the State Administration of Taxation on the Adjustment to Value-added Tax Rates (《財政部、國家税務總局關於調整增值税税率的通知》) promulgated by the MOF and the SAT on April 4, 2018, and implemented on May 1, 2018, adjusted the applicable tax rate for VAT. The VAT rates of 17.0% and 11.0% applicable to the taxpayers who have VAT taxable sales activities and imported goods are adjusted to 16.0% and 10.0%, respectively.

According to the Announcement on Relevant Policies for Deepening Value-Added Tax Reform (《關於深化增值税改革有關政策的公告》) promulgated by the MOF, the SAT and the General Administration of Customs on March 20, 2019 and implemented on April 1, 2019, the VAT rates of 16% and 10% for the sale of goods and the importation of goods are adjusted to 13% and 9%, respectively.

FOREIGN EXCHANGE

According to the Foreign Exchange Administration Regulations of the PRC (《中華人民共和國外匯管理條例》) promulgated by the State Council on January 29, 1996 and last amended and implemented on August 5, 2008, payments of current account items, such as profit distributions, interest payments and trade and service related foreign exchange transactions, can be freely convertible into and made in foreign currencies without prior approval from the State Administration of Foreign Exchange, by complying with certain procedural requirements. By contrast, prior approval from or registration with the SAFE or its local branches is required where Renminbi is to be converted into foreign currency and remitted out of China to pay capital account items, such as direct investments, repayment of foreign currency-denominated loans, repatriation of investments and investments in securities outside of China.

According to the Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving Foreign Exchange Administration Policies for 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》) promulgated by the SAFE on February 13, 2015, implemented on June 1, 2015 and partially repealed on December 30, 2019, the bank instead of SAFE can directly handle the foreign exchange registration and approval under domestic and foreign direct investment while SAFE and its branches indirectly supervise the foreign exchange registration and approval under direct investment through the bank.

The Circular of the State Administration of Foreign Exchange on Reforming the Management Method for the Settlement of Foreign Exchange Capital of Foreign-invested Enterprises (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》) (the "**Circular 19**") issued by the SAFE on Mach 30, 2015 and last amended and implemented on March 23, 2023, allows foreign-invested enterprises to make equity investments by using RMB funds converted from foreign exchange capital. Under the Circular 19, the foreign exchange capital in the capital account of foreign-invested enterprises upon the confirmation of rights and interests of monetary contribution by the branch office of the State Administration of Foreign Exchange (or the book-entry registration of monetary contribution by the banks) can be settled at the banks based on the actual operation needs of the enterprises. The proportion of discretionary settlement of foreign exchange capital of foreign-invested enterprises is currently 100%. SAFE can adjust such proportion in due time based on the circumstances of the international balance of payments. In addition, Circular 19 and the Circular of the State Administration of Foreign Exchange 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》) (the "**Circular 16**") issued by the SAFE on June 9, 2016, last amended and implemented on December 4, 2023, provide that foreign-invested enterprises shall not use RMB funds converted from its foreign exchange capital for expenditures beyond its business scope or prohibited by national laws and regulations, securities investment or other investment and wealth management other than banks' principal guaranteed products, granting loans to non-affiliated enterprises, save as the cases expressly permitted in the business scope or constructing or purchasing non-self-use real estate (excluding real estate developer). The Circular of the State Administration of Foreign Exchange on Further Deepening Reforms to Facilitate Cross-border Trade and Investment (Hui Fa [2023] No. 28) (《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》(匯發[2023]28號)) issued and implemented by the SAFE on December 4, 2023 further updates the Circular No. 16 and provides that the use of capital funds of non-financial enterprises, foreign exchange income under foreign debt and RMB funds derived from foreign exchange settlement shall follow the principle of truthfulness and self-use, and 1) it shall not be used directly or indirectly for expenditures prohibited by national laws and regulations; 2) unless otherwise expressly provided, it shall not be used directly or indirectly for investment in securities or other investment and wealth management (except for wealth management products and structured deposits with risk ratings of not higher than Level 2); 3) it shall not be used for the issuance of loans to

non-affiliated enterprises (except for those expressly permitted in the scope of business and the four areas of Lingang New Area of China (Shanghai) Pilot Free Trade Zone, Guangzhou Nansha New Area of China (Guangdong) Pilot Free Trade Zone, Yangpu Economic Development Zone of China (Hainan) Free Trade Port and Beilun District of Ningbo City, Zhejiang Province); 4) it shall not be used for the purchase of non-self-use residential properties (except for enterprises engaged in real estate development and operation and real estate leasing and operation).

On October 23, 2019, the SAFE released the Notice of the State Administration of Foreign Exchange on Further Promoting the Facilitation of Cross-border Trade and Investment (《國家外匯管理局關於進一步促進跨境貿易投資便利化的通知》), which was last amended and implemented on December 4, 2023, canceled the restrictions on the domestic equity investment by non-investment foreign-invested enterprises with their capital funds and allowed non-investment foreign-invested enterprises to make domestic equity investment with their capital funds in accordance with the law on the premise that the Negative List is not violated and the projects invested thereby in China are genuine and compliant.

According to the Circular of the State Administration of Foreign Exchange on Optimizing Foreign Exchange Administration to Support the Development of Foreign-related Business (《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 and implemented by the SAFE on April 10, 2020, eligible enterprises are allowed to make domestic payments by using their capital, foreign credits and the income under capital accounts of overseas listing, with no need to provide the evidentiary materials concerning authenticity of such capital for banks in advance, provided that their capital use shall be authentic and in line with provisions, and conform to the prevailing administrative regulations on the use of income under capital accounts. The concerned banks shall follow the principle of prudential business development to manage and control relevant business risks, and conduct random checks on the facilitation of payment from income under capital accounts afterwards in accordance with relevant requirements.

According to the Notice of the State Administration of Foreign Exchange on Issues Concerning the Foreign Exchange Administration of 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, a domestic company shall, within 15 business days from the date of the end of its overseas listing issuance, register the overseas listing with the local branch office of the State Administration of Foreign Exchange at the place of its establishment. The funds raised by the domestic company from overseas listing may be repatriated or be deposited overseas. The use of such funds shall be consistent with those listed in the prospectus documentation for shares or the prospectus documentation for corporate bonds, circulars to shareholders, resolutions of the Board or the general meetings and other public disclosure documents.

This Appendix summarizes certain aspects of PRC laws and regulations which are relevant to our Company's operations and business. Laws and regulations relating to taxation in the PRC are discussed separately in "Appendix IV — Taxation and Foreign Exchange" to this document. This Appendix also contains a summary of laws and regulatory provisions of the Company Law. The principal objective of this summary is to provide potential investors with an overview of the principal laws and regulatory provisions applicable to our Company. This summary is not intended to include all data which is important to the potential investors. For a discussion of laws and regulations which are relevant to our Company's business, see "Regulatory Overview" in this document.

The PRC Legal System

The PRC legal system is based on the Constitution of the PRC (《中華人民共和國憲法》) (the "**Constitution**"), and is made up of written laws, administrative regulations, local regulations, autonomous regulations and separate regulations, rules and regulations of departments of the State Council, rules and regulations of local governments, laws of special administrative regions and international treaties and other regulatory documents signed by the PRC government. Court decisions do not constitute binding precedents, although they are used for the purposes of judicial reference and guidance.

According to the Constitution and the Legislation Law of the PRC (《中華人民共和國立法法》) (the "**Legislation Law**"), which was last amended by the NPC on March 13, 2023 and became effective on March 15, 2023, the NPC and the SCNPC are empowered to exercise the legislative power of the State. The NPC has the power to formulate and amend basic laws governing criminal and civil matters, state organs and other matters. The SCNPC is empowered to formulate and amend laws other than those required to be enacted by the NPC and to supplement and amend any parts of laws enacted by the NPC during the adjournment of the NPC, provided 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 provinces, autonomous regions and municipalities directly under the Central Government and their respective standing committees may formulate local regulations based on the specific circumstances and actual needs of their respective administrative areas, provided that such local regulations do not contravene any provision of the Constitution, laws or administrative regulations. The people's congresses of cities divided into districts and their standing committees may formulate local regulations on matters such as urban and rural construction and management, environmental protection and historical and cultural protection 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 such

provinces or autonomous regions. Where laws have other stipulations on matters of local regulations formulated by cities divided into districts, such stipulations shall prevail. The local regulations of cities divided into districts or autonomous regions shall be implemented after approval.

The standing committees of the people's congresses of 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 their respective provinces or autonomous regions. People's congresses of national autonomous areas have the power to enact autonomous regulations and separate regulations in the light of the political, economic and cultural characteristics of the nationality (nationalities) in the areas concerned. The ministries and commissions of the State Council, PBOC, National Audit Office and institutions with administrative functions directly under the State Council may formulate rules and regulations within the jurisdiction of their respective departments based on the laws and the administrative regulations, decisions and rulings of the State Council.

The Constitution has supreme legal authority and no laws, administrative regulations, local regulations, autonomous regulations and separate regulations or rules may contravene the Constitution. The authority of laws is greater than that of administrative regulations, local regulations and rules. The authority of administrative regulations is greater than that of local regulations and rules. The authority of the rules enacted by the people's governments of the provinces and autonomous regions is greater than that of the rules enacted by the people's governments of the cities divided into districts within their respective administrative regions.

The NPC has the power to alter or annul any inappropriate laws enacted by the SCNPC, and to annul any autonomous regulations and separate regulations which have been approved by the SCNPC but contravene the Constitution and the Legislation Law; the SCNPC has the power to annul administrative regulations that contravene the Constitution and laws, to annul local regulations that contravene the Constitution, laws and administrative regulations, and to annul autonomous regulations and separate regulations which have been approved by the standing committees of the people's congresses of the relevant provinces, autonomous regions or municipalities directly under the Central Government but contravene the Constitution and the Legislation Law; the State Council has the power to alter or annul any inappropriate ministerial rules and rules of local governments; the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government have the power to alter or annul any inappropriate local regulations enacted or approved by their respective standing committees; the standing committees of the local people's congresses have the power to annul inappropriate rules

enacted by the people's governments at the corresponding level; the people's governments of provinces and autonomous regions have the power to alter or annul any inappropriate rules enacted by the people's governments at a lower level.

According to the Constitution and the Legislation Law, the power to interpret laws is vested in the SCNPC. According to the Decision of the SCNPC Regarding the Strengthening of Interpretation of Laws (《全國人民代表大會常務委員會關於加强法律解釋工作的決議》) passed by the SCNPC on June 10, 1981 and becoming effective on the same date, issues related to the further clarification or supplement of laws and decrees shall be interpreted or provided by the SCNPC through decrees, issues related to the specific application of laws and decrees in a court trial shall be interpreted by the Supreme People's Court, and issues related to the specific application of laws and decrees in the procuratorial work shall be interpreted by the Supreme People's Procuratorate. If there are differences in principle in the interpretation of the Supreme People's court and the Supreme People's Procuratorate, they shall be submitted to the SCNPC for interpretation or decision, and issues related to the specific application of laws and decrees in areas unrelated to judicial and procuratorial work shall be interpreted by the State Council and the competent authorities.

Where the scope of local regulations needs to be further defined or additional stipulations need to be made, the standing committees of the people's congresses of provinces, autonomous regions and municipalities directly under the Central Government which have enacted these regulations shall provide the interpretations or make the stipulations. Interpretation of questions involving the specific application of local regulations shall be provided by the competent departments of the people's governments of provinces, autonomous regions and municipalities directly under the Central Government.

The PRC Judicial System

According to the Constitution and the Law of Organization of the People's Courts of the PRC (《中華人民共和國人民法院組織法》) last amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people's courts are made up of the Supreme People's Court, the local people's courts, and special people's courts. The local people's courts 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 certain people's tribunals based on the status of the region, population and cases. The Supreme People's Court shall be the highest judicial organ. The Supreme People's Court shall supervise the judicial work 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.

According to the Constitution and the Law of Organization of the People's Procuratorate of the PRC (《中華人民共和國人民檢察院組織法》) last amended by the SCNPC on October 26, 2018 and becoming effective on January 1, 2019, the people's procuratorates are the law supervision organs of the state. The Supreme People's Procuratorate shall be the highest procuratorial organ. The Supreme People's Procuratorate shall direct the work of the local people's procuratorates at all levels and of the special people's procuratorates; the people's procuratorates at higher levels shall direct the work of those at lower levels.

The people's courts employ a two-tier appellate system, and 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 courts. 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 or the people's court at the higher level finds any definite errors in a legally effective final judgment or ruling of the people's court at a lower level, or if 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 PRC (《中華人民共和國民事訴訟法》) (the "**Civil Procedure Law**"), last amended by the SCNPC on September 1, 2023 and becoming effective on January 1, 2024, sets forth the requirements for instituting a civil action, the jurisdiction of the people's courts, the procedures to be followed for conducting a civil action and the procedures for enforcement of a civil judgment or order. All parties to a civil action conducted within the PRC must comply with the Civil Procedure Law. Civil cases are generally heard by the courts where the defendants are located. The court of jurisdiction in a civil action may be chosen by the written agreement between the parties, provided that the court is located at a place that has direct connection with the dispute, such as the plaintiff's or the defendant's place of domicile, the place where the contract is performed or signed or the object of the action is located. However, such choice cannot be in conflict with the regulations of grade jurisdictions and exclusive jurisdictions in any case.

A foreign individual, a person without nationality, a foreign enterprise and a foreign organization that institute or respond to proceedings in a people's court are given the same litigation rights and obligations as a PRC citizen, a legal person and other organizations. Should a foreign court limit the civil litigation rights of PRC citizens, legal persons and other organizations, any people's court shall apply the same limitations to the citizens, enterprises and organizations of

such foreign country. A foreign individual, a person without nationality, a foreign enterprise and a foreign organization must engage a PRC lawyer in case he/she or it needs to engage a lawyer for the purpose of initiating actions or defending against litigations at a people's court. In accordance with the international treaties to which the PRC is a signatory or a participant or according to the principle of reciprocity, a people's court and a foreign court may request each other to serve documents, conduct investigation, collect evidence and conduct other actions on its behalf. A people's court shall not accommodate any request made by a foreign court which will result in the violation of sovereignty, security or social and public interests of the PRC.

All parties must comply with legally effective civil judgments and rulings. If any party to a civil action refuses to comply with a judgment or order made by a people's court or an award made by an arbitration tribunal, the other party may apply to the people's court for enforcement within two years. Suspension or disruption of the time limit for applying for such enforcement shall comply with the provisions of the applicable law concerning the suspension or disruption of the time-barring of actions.

When a party applies to a people's court for enforcing an effective judgment or ruling by a people's court against a party who is not located within the territory of the PRC or whose property is not within the PRC, the party may apply to a foreign court with proper jurisdiction for recognition and enforcement of the judgment or ruling. A foreign judgment or ruling may also be recognized and enforced by the people's court according to the PRC enforcement procedures if the PRC has entered into, or acceded to, an international treaty with the relevant foreign country, which provides for such recognition and enforcement, or if the judgment or ruling satisfies the court's examination according to the principle of reciprocity, unless among other exceptions, the people's court finds that the recognition or enforcement of such judgment or ruling will result in a violation of the basic principles of the PRC, its sovereignty or security, or for reasons of social and public interests.

The Company Law, Overseas Listing Trial Measures and Guidelines for Articles of Association of Listed Companies

A joint stock limited company 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 was last amended by the SCNPC on December 29, 2023 and came into effect on July 1, 2024.

The Overseas Listing Trial Measures and its five interpretative guidelines, promulgated by the CSRC on February 17, 2023 and becoming effective on March 31, 2023, are applicable to companies within the PRC that directly or indirectly offer securities overseas or list their securities overseas.

According to the Overseas Listing Trial Measures and its interpretative guidelines, where a domestic company directly offering and listing securities overseas, it shall formulate its articles of association in line with the Guidelines for Articles of Association of Listed Companies (《上市公司章程指引》) (the "**Guidelines for Articles of Association**") which were last amended by the CSRC on March 28, 2025 and became effective on the same date.

Set out below is a summary of the major provisions of the Company Law, the Overseas Listing Trial Measures and the Guidelines for Articles of Association which are applicable to our Company.

General Provisions

"A joint stock limited company" means a corporate legal person incorporated under the Company Law, whose registered capital is divided into shares. The liability of its shareholders is limited to the extent of the shares held by them and the liability of a company is limited to the full value of all the property owned by it.

A company shall conduct its business in accordance with laws and regulations, observe social ethics and business ethics, act in good faith, and be subject to government and public oversight. It may invest in other enterprises. Where any law provides that a company shall not become a capital contributor who has the joint liabilities associated with the debts of the invested enterprises, such provision shall prevail.

Incorporation

A joint stock limited company may be incorporated by promotion or subscription. A joint stock limited company may be incorporated by a minimum of one but not more than 200 promoters, and at least half of the promoters must have residence within the PRC.

The promoters of a joint-stock company incorporated by subscription shall convene an inaugural meeting of the company within 30 days after the share capital has been paid-up and shall notified all subscribers the date of the meeting or make an announcement in this regard 15 days before the meeting. The inaugural meeting shall only be held with the presence of subscribers representing a majority of voting rights. The convening and voting procedures for the inaugural meeting of a joint stock limited company incorporated by promotion shall be stipulated in the

articles of association or the agreement of the promoters. Powers to be exercised at the inaugural meeting include but not limited to the adoption of articles of association and the election of members of the board of directors and the supervisory committee of a company. The aforesaid matters shall be passed by a majority of the voting rights held by subscribers presented at the meeting.

Within 30 days after the conclusion of the inaugural meeting, the board of directors shall apply to the registration authority for registration of the incorporation of the joint stock limited company. A 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

Under the Company Law, shareholders may make capital contributions in cash, or with non-monetary property that may be valued in money and legally transferred, such as contribution in kind or intellectual property rights, land use rights, shareholding or claims.

The Overseas Listing Trial Measures provides that domestic enterprises that are listed overseas may raise funds and distribute dividends in foreign currencies or Renminbi.

Under the Company Law, a joint stock limited company is required to maintain a register of shareholders detailing the following information: (i) the name and domicile of each shareholder; (ii) the class and number of shares subscribed for by each shareholder; (iii) the serial number of shares if issued in paper form; and (iv) the date on which each shareholder acquired the shares.

Allotment and Issue of Shares

All issue of shares of a joint stock limited company shall be based on the principles of fairness and justice. The same class of shares must carry equal rights. Shares issued at the same time and within the same class must be issued on the same conditions and at the same price. It may issue shares at par value or at a premium, but it may not issue shares below the par value.

Domestic enterprises issued and listed overseas shall file with the CSRC in accordance with the Overseas Listing 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 is indirectly 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

Under the Company Law, in the case of a joint stock limited company issuing new shares, resolutions shall be passed at the general meeting in respect of the class and number of new shares, the issue price of the new shares, the commencement and end dates for the issuance of new shares and the class and number of the new shares proposed to be issued to existing shareholders, if any. If no par value stock is issued, more than half of the proceeds from the issuance of shares shall be included into the registered capital. Additionally, if a company intends to make public offering of shares, it is required to complete the registration with the securities regulatory authority of the State Council and announces the documents.

Reduction of Share Capital

A company may reduce its registered capital in accordance with the following procedures prescribed by the Company Law: (i) to prepare a balance sheet and a property list; (ii) a company makes a resolution at the general meeting to reduce its registered capital; (iii) a company shall inform its creditors within 10 days and publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within 30 days after the approval of resolution of reducing registered capital at the general meeting; (iv) the creditors shall have the right to require a company to repay its debts or provide corresponding guarantees within 30 days after receiving the notice or within 45 days after the announcement if the creditors have not received the notice; (v) when a company reduces its registered capital, it shall register the change with a company registration authority in accordance with the law.

When a company reduces its registered capital, it must reduce the amount of capital contribution or shares in proportion to the capital contribution or shares held by the shareholders, unless otherwise prescribed by any law, or agreed upon by all the shareholders of a limited liability company, or as specified in the Articles of Association of a joint stock limited company.

Share Buy-Back

Under the Company Law, a company shall not acquire its own shares, except for any following circumstances:

(i) reducing the registered capital of the company; (ii) merging with other companies that hold the shares of the company; (iii) using the shares for employee stock ownership plans or equity incentives; (iv) with respect to shareholders voting against any resolution adopted at the general meeting on the merger or division of the company, the right to require the company to

acquire the shares held by them; (v) using the shares for the conversion of convertible corporate bonds issued by the company; (vi) as required for maintenance of the corporate value and shareholders' rights and interests of a listed company.

The acquisition of shares of a company for reasons specified in the case of (i) to (ii) above shall be subject to the resolution of the general meeting; the purchase of shares of a company for reasons specified in the case of (iii), (v) and (vi) above shall be subject to the resolution of the Board meeting attended by more than two-thirds of the directors in accordance with the Articles of Association or the authorization from the general meeting.

Following the acquisition of a company's shares by a company in accordance with the above provisions, such shares shall be canceled within 10 days from the date of acquisition in the case of item (i) above; such shares shall be transferred or canceled within six months in the case of items (ii) and (iv) above; the total numbers of share of the Company held by a company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or canceled within 3 years in the case of items (iii), (v) and (vi) above.

Transfer of Shares

Shares held by a shareholder may be transferred according to the law. Under the Company Law, a shareholder of a joint stock limited company should affect a transfer of his/her shares through a legally established stock exchange or by any other means as required by the State Council. Registered shares may be transferred by endorsement of shareholders or by other means stipulated by laws or administrative regulations. After the transfer, a company shall record the name and domicile of the transferee in the register of shareholders. No changes to the shareholder register provided in the foregoing requirement shall be affected during a period of twenty days prior to the convening of the general meeting or five days prior to the record date for a company's distribution of dividends. If any law, administrative regulation, or any provision by the securities regulatory authority of the State Council specifies otherwise for the modification of the register of shareholders of a listed company, such provisions should prevail.

Under the Company Law, shares issued by a company prior to the public offering of shares shall not be transferred within one year from the date on which the shares of a company are listed and traded on a stock exchange. The directors, supervisors and senior management members of the company should 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 should not exceed 25% of the total shares they hold of the company. Shares of a company held by its directors, supervisors and senior management shall not be transferred within one year from the date on which the shares of a company are listed and traded on a stock exchange, nor within half a year after their resignation from their positions with a company.

Where the shares are pledged within the time limit for transfer prescribed by laws or administrative regulations, the pledgee may not exercise the pledge right within the time limit for transfer.

Shareholders

Under the Company Law and Guidelines for Articles of Association, the rights of a shareholder of a company include: (i) to receive dividends and other distributions in proportion to the number of shares held; (ii) to request, convene, preside over, attend and vote in person or appoint a proxy to attend and vote correspondingly on their behalf at general meetings in accordance with the laws; (iii) to supervise the company's operations, and to put forward proposals or raise enquiries; (iv) to transfer, gift or pledge the company's shares held in accordance with the laws, administrative regulations and the Articles of Association; (v) to review and copy the Articles of Association, the register of members, counterfoil of company debentures, minutes of general meetings, resolutions of the Board meetings, resolutions of meetings of the Supervisory Committee, and financial and accounting reports; (vi) shareholders who individually or jointly hold more than 3% of the shares of a company for more than 180 consecutive days may review the accounting books and accounting vouchers of a company in accordance with the law; (vii) in the event of the termination or liquidation of a company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; (viii) shareholders who object to resolutions of merger or division made by the general meeting may request a company to purchase their shares; (ix) other rights conferred by laws, administrative regulations, department rules or the Articles of Association.

The obligations of a shareholder of a company include: (i) to abide by 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 return shares unless prescribed otherwise in laws and administrative regulations; (iv) not to abuse shareholders' rights to infringe upon the interests of a company or other shareholders; not to abuse a company's status as an independent legal entity or the limited liability of shareholders to harm the interests of a company's creditors; (v) to assume other obligations required by laws, administrative regulations and the Articles of Association.

General Meetings

Under the Company Law, the general meeting of a joint stock limited company is made up of all shareholders. The general meeting is the organ of authority of a company, which exercises the following functions and powers: (i) to elect and replace directors and supervisors and to decide on matters relating to the remuneration of directors and supervisors; (ii) to examine and approve reports of the Board; (iii) to examine and approve reports of the Supervisory Committee; (iv) to

examine and approve a company's profit distribution plans and loss recovery plans; (v) to resolve on the increase or reduction of a company's registered capital; (vi) to resolve on the issuance of corporate bonds; (vii) to resolve on the merger, division, dissolution, liquidation or change of corporate form of a company; (viii) to amend the Articles of Association; (ix) other functions and powers specified in provision of the Articles of Association.

Under the Company Law, the annual general meetings are required to be held once every year. An extraordinary general meeting is required to be held within two months after the occurrence of any of the following circumstances: (i) the number of directors is less than the number stipulated in the Company Law or less than two-thirds of the number specified in the Articles of Association; (ii) when the unrecovered losses of a company amount to one-third of the total paid-up share capital; (iii) shareholders individually or jointly holding 10% or more of the company's shares request; (iv) when deemed necessary by the Board; (v) the Supervisory Committee proposes to convene the meeting; (vi) other circumstances as stipulated in the Articles of Association.

The general meeting shall be convened by the Board, and presided over by the chairman of the Board. In the event that the chairman of the Board is incapable of performing or not performing his/her duties, the meeting shall be presided over by the vice chairman. In the event that the vice chairman is incapable of performing or not performing his/her duties, a director nominated by more than half of directors shall preside over the meeting.

If the Board is incapable of performing or is not performing its duties to convene the general meeting, the Supervisory Committee should convene and preside over the general meeting in a timely manner. If the Supervisory Committee fails to convene and preside over the general meeting, shareholders individually or jointly holding 10% or more of the company's shares for 90 days or more consecutively may unilaterally convene and preside over the general meeting.

If the shareholders who individually or jointly hold more than 10% of the shares of the company request to convene an extraordinary general meeting, the Board and the Supervisory Committee should, within 10 days after the receipt of such request, decide whether to hold an extraordinary general meeting and reply to the shareholders in writing.

Notice of general meeting shall state the time and venue of and matters to be considered at the meeting and shall be given to all shareholders 20 days before the meeting. A notice of extraordinary general meeting shall be given to all shareholders 15 days prior to the meeting.

Shareholders who individually or jointly hold more than 1% of the company's shares may put forward interim proposals and submit them to the Board in writing 10 days before the general meeting. The Board shall notify other shareholders within 2 days after receiving the proposal, and submit the interim proposal to the general meeting for consideration.

Under the Company Law, a shareholder may entrust a proxy to attend a general 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/her 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 general meeting.

Under the Company Law, shareholders present at a general meeting have one vote for each share they hold, except the shareholders of classified shares. However, shares held by the company itself are not entitled to any voting rights.

The cumulative voting system may be adopted for the election of directors and supervisors at the general meeting in accordance with the provisions of the Articles of Association or the resolutions of the general meeting. Under the cumulative voting system, each share shall have the same number of voting rights as the number of directors or supervisors to be elected at the general meeting, and shareholders may consolidate their voting rights when casting a vote.

Under the Company Law and the Guidelines for Articles of Association, the passing of any resolution requires affirmative votes of shareholders representing more than half of the voting rights represented by the shareholders who attend the general meeting. Matters relating to merger, division or dissolution of a company, increase or reduction of registered capital, change of corporate form or amendments to the Articles of Association must be approved by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Directors

Under the Company Law, a joint stock limited company should have a Board, which consists of more than three members. The term of office of a director shall be stipulated in the Articles of Association, but each term of office shall not exceed three years. Directors may serve consecutive terms if re-elected.

Board meetings shall be convened at least twice a year. All directors and supervisors shall be notified 10 days before the meeting for every meeting. The Board exercises the following functions and powers: (i) to convene general meetings and report its work to general meetings; (ii) to implement the resolutions of the general meeting; (iii) to decide on a company's business plans and investment plans; (iv) to formulate a company's profit distribution plan and loss recovery plan;

(v) to formulate proposals for the increase or reduction of a company's registered capital and the issue of corporate bonds; (vi) to formulate plans for merger, division, dissolution or change of corporate form of a company; (vii) to decide on the internal management structure of a company; (viii) to decide on the appointment or dismissal of the manager of a company and his/her remuneration; to decide on the appointment or dismissal of the deputy manager and financial officer of a company based on the nomination of the manager and as well as remuneration; (ix) to formulate a company's basic management system; (x) other functions and powers specified in the Articles of Association or granted by the general meeting.

Board meetings shall be held only if more than half of the directors are present. If a director is unable to attend a board meeting, he/she may appoint another director by a power of attorney specifying the scope of the authorization for another director to attend the meeting on his/her behalf. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association, and as a result of which the company suffers serious losses, the directors participating in the resolution shall be liable to compensate the company. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be exempt from such liability.

Under the Company Law, a person may not serve as a director of a company if he/she is: (i) a person without capacity or with restricted capacity; (ii) a person who has 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 has been deprived of political rights due to a crime, where a five-year period has not elapsed since the date of completion of the sentence; if he/she is pronounced for suspension of sentence, a two-year period has not elapsed since the expiration of the suspension period; (iii) a person who was a director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who was personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; (iv) persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and had been closed down by order, and who were personally liable, where less than three years have elapsed since the date of the revocation of the business license of the company or enterprise or the order for closure; and (v) being listed as one of dishonest persons subject to enforcement by the people's court due to his/her failure to pay off a relatively large amount of due debts.

The Board shall have one chairman of the Board, who shall be elected by more than half of all the directors. The chairman of the Board shall exercise the following functions and powers (including but not limited to): (i) to preside over general meetings and convene and preside over Board meetings; (ii) to examine the implementation of resolutions of the Board; (iii) to exercise other powers conferred by the Board.

Supervisors

Under the Company Law, a joint stock limited company may establish a supervisory committee composed of not less than three members. The Supervisory Committee shall comprise shareholder representatives and an appropriate proportion of the Company's employee representatives, of which the proportion of employee representatives shall not be less than one-third and the specific proportion shall be stipulated in the Articles of Association. Employee representatives of the Supervisory Committee shall be democratically elected by the Company's employees at the employee representative assembly, employee general meeting or otherwise. Directors or senior management members may not act concurrently as supervisors.

The Supervisory Committee exercises the following powers: (i) to examine the Company's financial affairs; (ii) to supervise the Directors and senior management members in their performance of their duties and to propose the removal of Directors and senior management members who have violated laws, administrative regulations, the Articles of Association or resolutions of general meetings; (iii) to demand rectification by a director or senior management member when the acts of such persons are harmful to the Company's interests; (iv) to propose the convening of extraordinary general meetings, and to convene and preside over general meetings when the Board fails to perform the duty of convening and presiding over general meetings under the Company Law; (v) to submit proposals to the general meeting; (vi) to initiate legal proceedings against Directors and senior management members in accordance with the Company Law; (vii) other functions and powers specified in the Articles of Association.

Managers and Other Senior Management Members

Under the Company Law, a company should have a manager who is appointed or removed by the Board. The manager is responsible to the Board and exercises his/her functions and powers according to the Articles of Association or the authorization of the Board. The manager attends the meetings of the Board.

According to the Company Law, senior management shall refer to the managers, deputy managers, financial controller, secretary of the Board and other personnel as stipulated in the Articles of Association.

Duties of Directors, Supervisors and Senior Management Members

Directors, supervisors and senior management members of the Company are required under the Company Law to comply with the relevant laws, regulations and the Articles of Association, and owe fiduciary and diligent duties to the Company. Directors, supervisors and senior management members are prohibited from abusing their powers to accept bribes or other illegal income and from misappropriating the Company's properties.

Directors, supervisors and senior management members are prohibited from: (i) embezzling the Company's property or misappropriating the Company's funds; (ii) depositing the Company's funds into accounts under their own names or the names of other individuals; (iii) accepting bribes or any other illegal proceeds by taking advantage of their powers; (iv) accepting and possessing commissions paid by a third party for transactions conducted with the Company; (v) disclosing the Company's secrets without authorization; or (vi) other acts in violation of their fiduciary duty to the Company.

If any director, supervisor or senior management members directly or indirectly concludes a contract or conducts a transaction with the Company, he/she should report the matters relating to the conclusion of the contract or transaction to the Board or general meeting, subject to the approval of the Board or general meeting according to the Articles of Association.

The provisions of the preceding paragraph shall apply if any 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 related parties with any other related-party relationship with the directors, supervisors or senior management members, concludes a contract or conducts a transaction with the Company.

Neither Directors, supervisors nor senior management members may take advantage of their positions to seek any business opportunity that belongs to the Company for themselves or any other person except under the following circumstances: (i) where they have reported to the Board or the general meeting and the matter has been approved by a resolution of the Board or the general 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 or the general meeting and obtains approval by a resolution of the Board or the general 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 serves for himself/herself or for any other person.

A director, supervisor or senior management member who contravenes any laws, administrative regulations or the Articles of Association in the performance of his/her duties, thus causing any loss to the Company, shall be personally liable for the damages to the Company.

Finance and Accounting

Under the Company Law, the Company shall establish its financial and accounting systems according to the 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 and accounting report which shall be audited by an accounting firm in accordance with the law. The financial and accounting report shall be prepared in accordance with the laws, administrative regulations and the regulations of the financial department of the State Council.

A joint stock limited company shall make its financial and accounting reports available at the company for inspection by the shareholders 20 days before the convening of an annual general meeting. A joint stock limited company issuing its shares in public must publish its financial and accounting reports.

When distributing each year's after-tax profits, the Company shall set aside 10% of its profits into its statutory reserve fund. The Company can no longer withdraw statutory reserve fund if its statutory reserve fund has accumulated to more than 50% of the registered capital. If the statutory reserve fund of the Company is insufficient to make up for the losses of the previous years, the current year profits shall be used to make up for the losses before making allocations to the statutory reserve in accordance with the preceding paragraph. After the Company has made an allocation to the statutory reserve fund from its after-tax profit, it may also make an allocation to the discretionary reserve fund from its after-tax profit upon a resolution of the general meeting.

A joint stock limited company may distribute profits in proportion to the number of shares held by its shareholders, except for profit distributions that are not in proportion to the number of shares held in accordance with the provisions of the Articles of Association of the joint stock limited company.

The premium over the nominal value of the shares of a joint stock limited company from the issue of shares, the amount of share proceeds from the issuance of no-par shares that have not been credited to the registered capital and other incomes required by the financial department of the State Council to be treated as the capital reserve fund shall be accounted for as the capital reserve fund of the Company.

The reserve fund of the Company shall be used to make up losses of the Company, expand the production and operation of the Company or increase the capital of the Company. Where the reserve fund 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. When the statutory reserve fund is converted to increase registered capital, the balance of the statutory reserve fund shall not be less than 25% of the registered capital before such conversion.

The company shall not keep accounting books other than those provided by law.

Appointment and Dismissal of Accounting Firms

Pursuant to the Company Law, the engagement or dismissal of an accounting firm responsible for the Company's auditing shall be determined by the general meeting, the Board or the Supervisory Committee in accordance with the Articles of Association. The accounting firm shall be allowed to make representations when the general meeting, the Board or the Supervisory Committee votes on the dismissal of the accounting firm. The Company shall provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false statements.

The Guidelines for the Articles of Association provide that the Company guarantees to provide true and complete accounting vouchers, accounting books, financial and accounting reports and other accounting materials to the engaged accounting firm, and shall not refuse, conceal or make false statements. The audit fee of the accounting firm shall be decided by the general meeting.

Profit Distribution

Where the Company distributes profits to shareholders in violation of the provisions of the Company Law, the shareholders shall return the profits distributed in violation of the provisions to the Company. If losses are caused to the Company, the shareholders, as well as the responsible directors, supervisors and senior management members, shall bear liability for compensation.

Dissolution and Liquidation

According to the Company Law, a company shall be dissolved for the following reasons: (i) the term of business stipulated in the Articles of Association has expired or other events of dissolution specified in the Articles of Association have occurred; (ii) a resolution on dissolution is adopted by the general meeting; (iii) dissolution is required due to the merger or division of the

Company; (iv) the business license is revoked, or the Company is ordered to be closed down or is deregistered in accordance with the law; (v) where the Company encounters serious difficulties in its operation and management, and its continued existence will cause significant losses to the interests of shareholders, and where the issue cannot be resolved through other means, shareholders holding more than 10% of the total shareholders' voting rights of the Company may request the People's Court to dissolve the Company.

If any of the situations as mentioned in the preceding paragraph arises, the 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 general meeting, which must be approved by more than two-thirds of the voting rights held by the shareholders present at the general 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 Articles of Association or it is otherwise elected by the resolution of the general 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.

If 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 request and organize a liquidation group to carry out the liquidation in a timely manner.

The liquidation group shall exercise the following functions and powers during the liquidation period: (i) to liquidate the Company's property and prepare the balance sheet and the list of property; (ii) to notify creditors by sending notices or making public announcements; (iii) to deal with the outstanding business of the Company involved in the liquidation; (iv) to pay all outstanding taxes and taxes arising in the course of liquidation; (v) to liquidate claims and debts; (vi) to distribute the remaining property of the Company after paying off debts; (vii) to participate in civil litigation activities on behalf of the Company.

The liquidation group shall notify the company's creditors within ten days from 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 from the receipt of the notice or within 45 days as of the issuance of the public announcement in the case of failing to receive such notice.

The remaining property of the Company after the payment of liquidation expenses, employees' wages, social insurance expenses and statutory compensation, outstanding taxes and 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 carry out any business activities unrelated to the liquidation. The Company's assets shall not be distributed to the shareholders before the liquidation in accordance with the preceding paragraph.

If the liquidation group, having thoroughly liquidated the Company's assets and having prepared the balance sheet and the inventory of assets, discovers that the Company's assets are insufficient to pay its debts in full, it shall file an application to the 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.

Upon completion of the liquidation, the liquidation group shall prepare the liquidation report to be submitted to the general meeting or the People's Court for confirmation, and submit the liquidation report to the company registration authority to apply for cancellation of the Company's registration.

The members of the liquidation group performing their duties of liquidation are obliged to be loyal and diligent. Any member of the liquidation group who neglects to fulfill his/her liquidation duties and thus causes 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.

Where, after three years since the business license of the Company is revoked, or the Company is ordered to close down or is deregistered, 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 Overseas Listing Trial Measures (《境外上市試行辦法》), where an issuer makes an overseas initial public offering or listing, it shall file with the CSRC within 3 working days after submitting the application documents for overseas issuance and listing. If an issuer issues securities in the same overseas market after overseas issuance and listing, it shall file with the CSRC within 3 working days after the completion of the issuance. If an issuer issues and lists in other overseas markets after overseas issuance and listing, it shall file in accordance with the provisions of Paragraph 1, Article 16 of the Overseas Listing Trial Measures. Moreover, if the filing materials are complete and meet the requirements, the CSRC shall complete the filing within 20 working days from the date of receiving the filing materials, and publicize the filing information through the website. If the filing materials are incomplete or do not meet the requirements, the CSRC shall inform the issuer of the materials to be supplemented within 5 working days after receiving the filing materials. The issuer shall supplement the materials within 30 working days.

Loss of Share Certificates

If the share certificates in registered form are either stolen, lost or destroyed, the shareholders may, in accordance with the public notice procedures set out in the Civil Procedure Law (《民事訴訟法》), apply to the People's Court for a declaration that such certificates will no longer be valid. After the People's Court declared that such certificates would no longer be valid, the shareholders may apply to the Company for the issue of replacement certificates.

Termination of Listing

According to the Overseas Listing Trial Measures (《境外上市試行辦法》), in case of active or compulsory termination of listing, the issuer shall report the specific situation to the CSRC within 3 working days from the date of occurrence and announcement of the relevant matters.

Securities Laws And Regulations

In October 1992, the State Council established the Securities Committee and the CSRC. The Securities Committee was responsible for coordinating the drafting of securities regulations, formulating securities-related policies, planning the development of securities markets, directing, coordinating and supervising all securities-related institutions in China and administering the CSRC. The CSRC was the regulatory arm of the Securities Committee and was responsible for drafting of regulatory provisions of securities markets, supervising securities companies, regulating public issuance of securities by Chinese companies in both domestic and overseas markets,

regulating the trading of securities, compiling securities-related statistics and undertaking research and analysis. On 29 March 1998, the State Council consolidated the above two departments and reorganized the CSRC.

The Provisional Regulations Concerning the Issue and Trading of Shares (《股票發行與交易管理暫行條例》) promulgated by the State Council and effective on 22 April 1993 cover the application and approval procedures for public offerings of shares, trading in shares, the acquisition of listed companies, the deposit, settlement and transfer of listed shares, the disclosure of information with respect to a listed company, investigation and penalties and dispute arbitration.

The Regulations of the State Council Concerning the Domestic Listed Foreign Shares of Joint Stock Limited Companies (《國務院關於股份有限公司境內上市外資股的規定》), which were promulgated by the State Council and came into effect on 25 December 1995, mainly cover the issue, subscription, trading and payment of dividends of domestic listed foreign shares and disclosure of information of joint stock limited companies with domestic listed foreign shares.

The Securities Law (《證券法》), which was last amended by the SCNPC on December 28, 2019 and came into effect on March 1, 2020, provides a series of provisions regulating, among other things, the issue and trading of securities, takeovers by listed companies, stock exchanges, securities companies and the duties and responsibilities of the State Council's securities regulatory authorities in the PRC, and comprehensively regulates activities in the PRC securities market. The Securities Law provides that a domestic enterprise must comply with the relevant provisions of the State Council in issuing securities directly or indirectly outside the PRC or listing and trading its securities outside the PRC. Currently, the issue and trading of foreign issued shares are mainly governed by the 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 (《中華人民共和國仲裁法》) (the "**Arbitration Law**"), last amended by the SCNPC on September 1, 2017 and effective on January 1, 2018, the Arbitration Law is applicable to economic disputes involving foreign parties where all parties have entered into a written agreement to refer the matter to an arbitration committee constituted in accordance with the Arbitration Law. An arbitration committee may, before the promulgation by the PRC Arbitration Association (中國仲裁協會) of arbitration regulations, formulates interim arbitration rules in accordance with relevant regulations under the Arbitration Law and the Civil Procedure Law. Where both parties have agreed to settle disputes by means of arbitration, the people's court will refuse to take legal action brought by a party in the people's court.

Under the Arbitration Law, an arbitral award is final and binding on the parties. If a party fails to comply with an award, the other party may apply to the people's court for enforcement according to the Civil Procedure Law. If evidence demonstrates any of the following circumstances: the parties do not include an arbitration clause in the contract or subsequently fail to reach a written arbitration agreement; the respondent is not properly notified of the appointment of the arbitrator or the arbitration proceedings, or is unable to present its case due to reasons not attributable to the respondent; the composition of the arbitral tribunal or the arbitration procedure is inconsistent with the arbitration rules; the matters decided in the award fall outside the scope of the arbitration agreement or the arbitration commission lacks jurisdiction, the people's court may rule to refuse enforcement. A party seeking to enforce an arbitral award of foreign arbitration commission against the other party who or whose property is not within the PRC shall apply to a foreign court with jurisdiction over the case for recognition and enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognized and enforced by the people's court in accordance with the principles of reciprocity or any international treaty concluded or acceded to by the PRC.

According to the Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的安排》) promulgated by the Supreme People's Court on January 24, 2000 and effective on February 1, 2000, and the Supplementary Arrangement of the Supreme People's Court on Mutual Enforcement of Arbitral Awards between the Mainland and the Hong Kong Special Administrative Region (《最高人民法院關於內地與香港特別行政區相互執行仲裁裁決的補充安排》) promulgated by the Supreme People's Court on November 26, 2020, awards made by PRC arbitral authorities may be applied for enforcement in Hong Kong, and Hong Kong arbitration awards may also be applied for enforcement in the PRC.

This Appendix mainly provides potential investors with an overview of the Articles of Association (The Articles of Association set out in this Appendix shall take effect from the date on which the overseas listed ordinary shares (H shares) issued by the Company are listed on the Hong Kong Stock Exchange). Since the information provided below is only a summary, it does not contain all the information that may be important to potential investors.

Issuance of Shares

The shares of the Company adopt share certificates form. The issue of the Company's shares shall be in an open, fair and impartial manner. Each share of the same category shall have equal rights. For stocks of the same categories issued at the same time, the issue conditions and price for each share shall be the same; the same price shall be paid for each of the shares subscribed by any unit or individuals.

Increase, Decrease and Repurchase of Shares

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws, regulations and securities regulatory rules of the place where the Company's shares are listed subject to respective resolution of the general meeting, by following methods:

(i) public issuance of shares;

(ii) non-public issuance of shares;

(iii) distribution of bonus shares to existing shareholders;

(iv) converting the reserve funds into share capital;

(v) other means approved by the laws, administrative regulations and approved by securities regulatory authorities of the place where the Company's shares are listed.

The Company may reduce its registered capital. The Company shall reduce its registered capital in accordance with the procedures set out in the Company Law and other relevant regulations as well as the Articles of Association.

The Company shall not repurchase its own shares, except in any one of the following circumstances:

(i) to reduce the Company's registered capital;

(ii) to merger with other companies holding the Company's shares;

(iii) to use shares for employee stock ownership plans or equity incentives;

(iv) to acquire the shares of shareholders who have voted against the resolutions on the merger or division of the Company at a general meeting upon their request;

(v) to use the shares for conversion of corporate bonds issued by the Company that could be converted into its share certificates;

(vi) when it is necessary for the Company to preserve its value and its shareholders' interest.

The Company may acquire its own shares by means of public centralized trading or other means that are approved by laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and securities regulatory authorities of the place where the Company's shares are listed. If the Company repurchases its own shares under the circumstances set out in items (iii), (v) and (vi) of the preceding paragraph, it shall be conducted by means of public centralized trading. If the Company repurchases its own shares under the circumstances set out in items (i) and (ii) of the preceding paragraph, resolutions related thereto shall be adopted at a general meeting. If the Company repurchases its own shares under the circumstances set out in items (iii), (v) and (vi) of the preceding paragraph, resolutions related thereto shall be adopted at the Board meeting with more than two-thirds of the directors attending subject to applicable securities regulatory rules of the place where the Company's shares are listed.

After the acquisition of the Company's shares, the Company shall fulfill its information disclosure obligations in accordance with the Securities Law and the securities regulatory rules of the place where the Company's shares are listed.

For A shares, after the Company repurchases its own shares in accordance with the first paragraph of Article 25 of the Articles of Association, if it falls under item (i), the shares shall be canceled within 10 days from the date of repurchase; if it falls under items (ii), (iv), the shares shall be transferred or canceled within 6 months; if it falls under items (iii), (v), or (vi), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and the shares shall be transferred or canceled within 3 years. For H shares, if laws, regulations, and the securities regulatory authorities of the place where the Company's shares are listed have other provisions regarding matters related to share repurchases, those provisions shall prevail.

Financial Assistance Provided for Acquisition of the Company's Shares

The Company or its subsidiaries (including its affiliated companies) shall not, by way of a gift, advance, guarantee, compensation, loans etc., provide any assistance to a person who acquires or intends to acquire the shares of the Company.

Transfer of Shares

The Company's shares may be transferred in accordance with the law, regulations, the securities regulatory rules of the place where the Company's shares are listed, and the Articles of Association. All transfers of the H Shares shall be effected by transfer document in writing in a general or common form or in any other form acceptable to the Board, including the standard transfer form or form of transfer specified by the Hong Kong Stock Exchange from time to time. Such transfer document may only be signed by hand or (where the transferor or transferee is a corporation) stamped with the Company's valid seal. If the transferor or transferee is a recognized clearing house as defined by the relevant provisions that come into effect from time to time according to the laws of Hong Kong or its nominee, the transfer document may be signed by hand or by machine imprint. All transfer documents shall be maintained at the legal address of the Company or such places as the Board may designate from time to time.

The Company does not accept its own shares as the collateral of pledge.

Shares of the Company held by promoters are not allowed to be transferred within 1 year from the date of the establishment of the Company. No transfer of the shares of the Company issued before its public offering of A shares shall be made within 1 year from the date on which the A shares of the Company are listed and traded on the stock exchange. The directors, supervisors and senior management members of the Company shall report to the Company their shareholdings and the changes thereof, and shall not transfer in a given year during their terms of office more than 25% of the total number of shares of the Company held by them; the shares of the Company held by them shall not be transferred within 1 year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their resignations. If the securities regulatory rules of the place where the Company's shares are listed impose additional restrictions on the transfer of the Company's shares, the relevant parties shall also comply with such provisions.

Where a shareholder holding more than 5% of the Company's shares, director, supervisor or senior management member sells the Company's shares or other securities of an equity nature held within 6 months after purchase, or repurchase them within 6 months after sale, the proceeds thus

earned shall belong to the Company, and the Board of the Company shall recover the proceeds, except for the securities companies holding more than 5% of the shares as a result of underwriting the purchase of the remaining shares after the sale and other circumstances specified by CSRC.

The shares or other securities of an equity nature held by directors, supervisors, senior management members and natural person shareholders referred to in the preceding paragraph include the shares or other securities of an equity nature held by their spouses, parents and children, as well as shares or other securities of an equity nature held through the account of others.

If the Board of the Company does not abide by above provisions, shareholders shall have the right to request the Board to do so within 30 days. If the Board of the Company fails to do so within the said period, shareholders shall have the right to file a lawsuit directly with the people's court in their own name for the benefit of the Company. If the Board of the Company does not abide by above provisions, the responsible directors shall be jointly liable according to law.

Shareholders and General Meeting

Shareholders

The Company shall make a register of shareholders in accordance with evidentiary documents provided by the securities registration authorities of the place where the Company's shares are listed. The register of shareholders is sufficient evidence to prove that the shareholders hold the Company's shares. The original register of shareholders of H shares listed in Hong Kong is kept in Hong Kong and is available for inspection by shareholders, but the Company may suspend the registration of shareholders in accordance with applicable laws and regulations and the securities regulatory rules of the place where the Company's Shares are listed. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

When the Company convenes a general meeting, distributes dividends, enters into liquidation and engages in other activities that require determination of identity of a shareholder, the Board or the convenor of a general meeting shall determine the shareholding registration date, and shareholders registered on the register of members after the close of market on such date shall be the shareholders entitled to the relevant interests.

Shareholders of the Company shall enjoy the following rights:

(i) to receive distribution of dividends and other forms of benefits according to the proportion of shares held;

(ii) to legally require, convene, preside over, participate in or authorize proxies to attend the general meeting and exercise corresponding voting rights;

(iii) to supervise the operations of our Company, provide suggestions or submit queries;

(iv) to transfer, grant and pledge the Company's shares held 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;

(v) to read the Articles of Association, the register of shareholders, counterfoil of Company debentures, general meeting minutes, resolutions of Board meetings, resolutions of meetings of the Supervisory Committee and financial and accounting reports;

(vi) to participate in the distribution of the remaining assets of the Company according to the proportion of shares held upon our termination or liquidation;

(vii) to acquire the shares of shareholders who have voted against the resolutions on the merger or division of the Company at a general meeting upon their request;

(viii) other rights stipulate by laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

The Articles of Association, resolutions of the general meeting or resolutions of the Board shall be in compliance with laws and regulations, and shall not deprive or restrict the legal rights of shareholders. The Company shall protect the legitimate rights of shareholders and ensure they are treated fairly.

Where shareholders request for inspection of the relevant information or demand materials as provided for in the previous article, they shall provide the Company with written documents evidencing the class and number of shares in the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information as requested by such shareholder.

If the content of the resolutions at the general meeting and the resolutions of the Board of the Company is in violation of laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, shareholders are entitled to request the people's court to identify them invalid.

If the procedures for convening and voting method at the general meeting and the Board meeting are in violation of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association or the content of the resolutions violates the Articles of Association, shareholders are entitled to request the people's court to revoke such resolutions within 60 days from the date of the resolutions.

If a director or senior management member causes losses to the Company by violating the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association during performance of his/her duties, shareholders who individually or jointly hold more than 1% of the Company's shares for more than 180 consecutive days have the right to request the Supervisory Committee in writing to initiate legal proceedings at the people's court; if a member of the Supervisory Committee causes losses to the Company by violating the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association during performance of his/her duties, shareholders can request the Board in writing to initiate legal proceedings at the people's court.

If the Supervisory Committee or the Board refuses to initiate legal proceedings after receiving the written request from shareholders as stipulated above, or fails to initiate legal proceedings within 30 days since the date of receiving the request, or does not initiate legal proceedings immediately in case of emergency where any delay would cause irreparable losses to the Company's interests, the shareholders as mentioned above have the right to initiate legal proceedings directly at the people's court in their own name for the interests of the Company.

If any person infringes the legitimate rights and interests of the Company and causes losses, the shareholders who individually or jointly hold more than 1% of the Company's shares for more than 180 consecutive days can initiate legal proceedings at the people's court in accordance with the provisions mentioned above.

If a director or a senior management member violates the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association and causes damage to the shareholders' interests, shareholders can initiate legal proceedings at the people's court.

The shareholders of the Company shall assume the following obligations:

(i) to comply with the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association;

(ii) to pay capital contribution as per the shares subscribed for and the method of subscription;

(iii) not to withdraw shares unless in the circumstances stipulated by laws and regulations;

(iv) not to abuse shareholder's rights to harm the interests of the Company or other shareholders; not to abuse the Company's position as a independent legal entity or shareholder's limited liability to harm the interests of the creditors of the Company;

(v) to keep trade secrets of the Company;

(vi) to fulfill 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 any shareholder of the Company abuses his/her shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to the laws. If any shareholder of the Company abuses the Company's position as a independent legal entity or shareholder's limited liability for the purpose of evading repayment of debts, thereby severely damaging the interests of the creditors of the Company, the said shareholder shall bear joint liabilities for the Company's debts.

The shareholders holding more than 5% of the shares carrying voting rights of the Company shall, in the event of a pledge of the shares held by them, report to the Company in writing on the date of such event.

Neither the controlling shareholder nor the actual controller of the Company may prejudice the interests of the Company by taking advantage of his/her related relationship. Anyone who violates this provision and causes any loss to the Company shall be liable for the compensation.

The controlling shareholders and actual controllers of the Company shall bear the fiduciary duty towards the Company and public shareholders. The controlling shareholders shall exercise the rights of the capital contributor in strict accordance with the law. The controlling shareholders shall not prejudice the legitimate rights and interests of the Company and public shareholders by means of profit distribution, asset restructuring, external investment, capital appropriation, loan guarantees, etc., and shall not use their controlling position to prejudice the interests of the Company and public shareholders.

In the event of transactions between the Company and its controlling shareholders or actual controllers for the provision of capital, commodities, labor services, etc., the Company shall strictly follow the decision-making system for related transactions to perform the deliberation process by the Board and the general meeting, and the related directors and related shareholders shall abstain from voting, so as to prevent the controlling shareholders, actual controllers and their related parties from appropriating or transferring the Company's capital, assets and other resources.

General Rules for the General Meeting

The general meeting shall be the authority of the Company and shall exercise the following functions and powers in accordance with the law:

(i) to decide on the operating guidelines and investment plans of the Company;

(ii) to elect and replace the directors and the supervisors who are not employee representatives, and decide on matters relating to the remuneration of the directors and supervisors;

(iii) to consider and approve reports of the Board;

(iv) to consider and approve reports of the Supervisory Committee;

(v) to consider and approve the Company's annual financial budgets and final accounts;

(vi) to consider and approve the Company's profit distribution plans and plans for making up losses;

(vii) to resolve on increase or reduction in the Company's registered capital;

(viii) to resolve on the issuance of corporate bonds;

(ix) to resolve on merger, division, dissolution, liquidation or change of corporate form of the Company;

(x) to amend the Articles of Association;

(xi) to consider and approve transactions between the Company and related parties valued at over RMB30 million and accounting for more than 1% of the latest audited total assets or market value of the Company (except for providing guarantees);

(xii) to resolve on the Company's appointment or removal of accounting firms;

(xiii) to consider and approve the transactions specified in Article 44 of the Articles of Association;

(xiv) to consider and approve the guarantees specified in Article 45 of the Articles of Association;

(xv) to consider the Company's purchase or disposal of material assets within one year which reach over 30% of the latest audited total assets of the Company;

(xvi) to consider and approve matters relating to changes in the use of proceeds raised;

(xvii) to consider equity incentive plan and employee stock ownership plans;

(xviii) to make any resolution regarding the disposition of the Company's core technical secrets or resolution that may have a significant impact on the Company's core technical secrets;

(xix) to consider other matters as required by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association which shall be decided by the general meeting.

The above powers of the general meeting shall not be conferred to the Board or other authority and individual through authorization.

Any transaction of the Company (excluding the provision of guarantee and transactions within the scope of ordinary operations) that meets any of the following criteria shall be submitted to the general meeting for deliberation after being deliberated and approved by the Board:

(i) The total amount of assets involved in the transaction (if the assets involved have both book value and valuation, whichever is higher) accounts for over 50% of the latest audited total assets of the Company;

(ii) The transaction amount accounts for over 50% of the Company's market value;

(iii) The net assets of the transaction subject (such as equity) accounted for over 50% of the Company's market value in the latest accounting year;

(iv) The business income of the transaction subject (such as equity) accounts for over 50% of the audited business income of the Company in the latest accounting year, and exceeds RMB50 million;

(v) The profits generated from the transaction account for more than 50% of the audited net profit of the Company in the latest accounting year, and exceed RMB5 million;

(vi) The net profit of transaction subject (such as equity) accounts for more than 50% of the audited net profit of the Company in the latest accounting year, and exceeds RMB5 million;

(vii) Other trading circumstances stipulated by laws, regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association.

If the data involved in the above index calculation is negative, the absolute value of the data shall be taken.

The above-mentioned transaction amount refers to the transaction amount paid and the debts and expenses assumed. The market value above-mentioned refers to the arithmetic average of the closing market value of the 10 trading days before trading.

Where the transaction arrangement involves consideration that may be paid or received in the future, does not involve a specific amount or is determined according to set conditions, the expected maximum amount is the transaction amount.

For similar transactions related to the transaction subject that occur within a 12-month period, the Company shall apply the aforementioned provisions in accordance with the principle of cumulative calculation. Transactions that have fulfilled the relevant review procedures in accordance with the aforementioned provisions shall no longer be included in the scope of the relevant cumulative calculation.

The following acts of external guarantee of the Company shall be submitted to the general meeting for deliberation and approval after being deliberated and approved by the Board of the Company:

(i) Any guarantee to be provided after the total amount of external guarantees provided by the Company and the subsidiaries it controls has exceeded 50% of the Company's audited net assets in the latest period;

(ii) Any guarantee provided after the total amount of the Company's external guarantees exceeds 30% of the Company's audited total assets in the latest period;

(iii) The guarantee amount of the Company exceeds 30% of the Company's latest audited total assets within one year;

(iv) Any guarantee to be provided for a party whose debt-to-assets ratio exceeds 70%;

(v) The single guarantee for an amount more than 10% of the Company's net assets audited in the latest period;

(vi) The guarantee to be provided to a shareholder, an actual controller and his/her related party;

(vii) Other guarantee circumstances stipulated by laws, regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association which are subject to review and approval by the general meeting.

When the general meeting considers a guarantee proposed for a shareholder, an actual controller and his/her related party, this shareholder or other shareholders controlled by this actual controller shall not vote for the proposal, which shall have the affirmative votes by a majority of votes held by other shareholders attending the general meeting. When the general meeting makes a resolution on the guarantee mentioned in item (iii), it shall be adopted by more than two-thirds of the voting rights held by the shareholders present at the meeting.

Where the Company provides a guarantee for its controlling shareholder(s), actual controller(s) and their related parties, the controlling shareholder(s), actual controller(s) and their related parties shall provide counter guarantee.

Where the Company provides guarantee for a wholly-owned subsidiary, or provides guarantee for a controlling subsidiary and other shareholders of the controlling subsidiary provide guarantee in an equal proportion according to their interests, without prejudice to the interests of the Company, the provisions of items (i), (iv) and (v) above may be exempted. The Company shall summarize and disclose the aforesaid guarantees in its annual report and semi-annual report.

The external guarantee act that is not reviewed and approved by the general meeting of the Company in accordance with the above approval authority and review procedures shall be invalid. Where an external guarantee that violates the approval authority and review procedures causes losses to the company, the relevant entities, such as directors, senior management members and other responsible subjects shall bear compensation liabilities according to law.

General meetings include annual general meetings and extraordinary general meetings. The annual general meeting shall be held once a year within 6 months after the end of the previous accounting year.

The Company shall convene an extraordinary general meeting within 2 months from the date of the occurrence of any of the following circumstances:

(i) The number of directors is less than the minimum quorum specified in the Company Law, or less than two-thirds of the number prescribed in the Articles of Association;

(ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;

(iii) The Shareholders with 10% or more shares of the Company separately or jointly request;

(iv) The Board considers it necessary;

(v) The Supervisory Committee proposes that such a meeting shall be held;

(vi) Other circumstances conferred by the laws, administrative regulations, departmental rules, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Company shall convene a general meeting at its domicile or at other place as may be specified in the notice of general meeting. After the notice of the general meeting is issued, the venue of the on-site meeting of general meeting shall not be changed without justifiable reasons. If it is really necessary to change the venue, the convener shall make a public announcement at least 2 working days before the date of the on-site meeting and explain the reasons. The general meeting shall usually set up a venue and be held in the form of on-site meetings. The Company will also provide online voting methods to facilitate shareholders' participation in general meetings in accordance with the securities regulatory rules of the place where the Company's shares are listed. Shareholders who participate in the general meeting through the above means shall be deemed to be present.

The Company will appoint lawyers to issue legal opinions and make public announcements on the following issues when convening general meetings:

(i) Whether the convening and convening procedures of the meeting comply with laws, administrative regulations and the Articles of Association;

(ii) Whether the qualifications of the participants and conveners are legal and valid;

(iii) Whether the voting procedures and voting results of the meeting are legal and valid;

(iv) Legal opinions on other related issues as requested by the Company.

Convening of General Meetings

The independent director shall have the right to propose to the Board to convene an extraordinary general meeting, which shall be approved by a majority of all independent directors. With respect to the proposal of the independent director requesting the convening of an extraordinary general meeting, the Board shall give written feedback on whether or not to agree to the convening of an extraordinary general meeting within 10 days after receiving the proposal, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after making the resolution of the Board; if the Board does not agree to convene an extraordinary general meeting, it shall state the reasons and make a public announcement.

The Supervisory Committee shall have the right to propose to the Board to convene an extraordinary general meeting, and shall submit such proposal to the Board in writing. The Board shall give written feedback on whether or not to agree to convene an extraordinary general meeting within 10 days after receiving the proposal, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after making the resolution of the Board. Any change to the original proposal in the notice shall be approved by the Supervisory Committee. If the Board does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the proposal, it shall be deemed that the Board is unable or does not perform the duty of convening the general meeting, and the Supervisory Committee may convene and preside over the meeting on its own.

Shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to request the Board to convene an extraordinary general meeting and shall submit such request to the Board in writing. The Board shall provide written feedback on whether or not to agree to convene an extraordinary general meeting within 10 days after receiving the request, in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association. If the Board agrees to convene an extraordinary general meeting, it shall issue a notice convening the general meeting within 5 days after making the resolution of the Board. Any change in the original request

in the notice shall obtain the consent of the relevant shareholders. If the Board does not agree to convene an extraordinary general meeting, or fails to give feedback within 10 days after receiving the request, shareholders who individually or collectively hold more than 10% of the shares of the Company shall have the right to propose to the Supervisory Committee to convene an extraordinary general meeting, and shall submit a request to the Supervisory Committee in writing. If the Supervisory Committee agrees to convene an extraordinary general meeting, it shall issue a notice of convening the general meeting within 5 days after receiving the request, and any change in the original request in the notice shall obtain the consent of the relevant shareholders. If the Supervisory Committee fails to issue a notice of the general meeting within the prescribed time, it shall be deemed that the Supervisory Committee has failed to convene and preside over the general meeting. Shareholders who individually or collectively hold more than 10% of the Company's shares for more than 90 consecutive days may convene and preside over the general meeting by themselves.

If the Supervisory Committee or shareholders decide to convene a general meeting on their own, they shall notify the Board in writing and complete the necessary reports, announcements or filings in accordance with the securities regulatory rules and the provisions of the stock exchange of the place where the Company's shares are listed. Before the announcement of the resolution of the general meeting, the shareholding ratio of the convening shareholders shall not be less than 10%. The Supervisory Committee or convening shareholders shall complete the necessary report or announcement in accordance with the securities regulatory rules and the provisions of the stock exchange of the place where the Company's shares are listed when issuing the notice of general meeting and the announcement of resolutions of general meeting.

The Board and the Secretary to the Board shall cooperate with the general meeting convened by the Supervisory Committee or shareholders themselves. The Board will provide a register of shareholders as at the shareholding registration date. The register of shareholders obtained by the convener shall not be used for any purpose other than convening general meetings.

The Company shall bear the expenses necessary for general meetings convened by the Supervisory Committee or shareholders themselves.

Proposals and Notices of General Meetings

The content of the proposal shall fall within the scope of power of the general meeting, have clear topics and specific resolutions, and comply with the relevant provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

When the Company convenes a general meeting, the Board, the Supervisory Committee and shareholders holding more than 3% of the shares of the Company individually or jointly shall have the right to put forward proposals to the Company. Shareholders who individually or collectively hold more than 3% of the shares of the Company may put forward temporary proposals and submit them to the convener in writing 10 days before the general meeting. The convener shall, issue a supplementary notice of the general meeting announcing the contents of the temporary proposal, within 2 days after receiving the proposal. If the general meeting is postponed due to the publication of supplementary notice of the general meeting in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed, the convening of the general meeting shall be postponed in accordance with the provisions of the securities regulatory rules of the place where the Company's shares are listed.

Except as specified above, the convener shall not modify the proposals listed in the notice of general meeting or add new proposals after sending the notice of general meeting. If the proposal is not specified in the notice of general meeting or does not comply with Article 56 of the Articles of Association, the general meeting shall not vote and make a resolution.

The convener shall notify each shareholder in writing (including announcement) 20 days before the annual general meeting, and the extraordinary general meeting shall notify each shareholder in writing (including announcement) 15 days before the meeting. The date of the meeting shall not be included in the calculation of the commencement period.

The notice of a general meeting includes the following:

(i) The time, place and duration of the meeting;

(ii) The matters and proposals to be discussed at the meeting;

(iii) In plain language: all shareholders have the right to attend the general meeting, and may entrust a proxy in writing to attend the meeting and vote. Such a proxy does not need to be a shareholder of the Company;

(iv) The shareholding registration date of the shareholders entitled to attend the general meeting. The interval between the shareholding registration date of the general meeting and the date of the meeting shall not be more than 7 working days and not less than 2 trading days. Once the shareholding registration date is confirmed, it shall not be changed;

(v) Name and telephone number of the permanent contact person for conference affairs;

(vi) Voting time and voting procedure for networks or other means.

The notice of the general meeting and the supplementary notice shall fully and completely disclose all the specific contents of all proposals. If the matter to be discussed needs the opinion of independent directors, the opinions and reasons of independent directors will be disclosed at the same time when the notice of general meeting or supplementary notice is issued. The start time of voting by network or other means at the general meeting shall not be earlier than 3:00 p.m. on the day before the on-site general meeting , nor later than 9:30 a.m. on the day of the on-site general meeting, and the end time shall not be earlier than 3:00 p.m. on the day of the on-site general meeting.

If the election of directors and supervisors is to be discussed at the general meeting, the notice of the general meeting shall fully disclose the detailed information of the candidates for directors and supervisors, including at least the following contents:

(i) Education background, work experience, part-time job and other personal information;

(ii) Whether there is any relationship with the Company or its directors, supervisors, senior management members, controlling shareholders, actual controllers and shareholders holding more than 5% of the shares;

(iii) Disclosure of the number of shares held in the Company;

(iv) Whether it has been punished by CSRC and other relevant departments and punished by stock exchanges;

(v) Information of other candidates for directors and supervisors required to be disclosed by the securities regulatory rules of the place where the Company's shares are listed.

Except for the election of directors and supervisors by cumulative voting system, each candidate for director and supervisor shall submit a single proposal.

After the notice of the general meeting has been given, the general meeting shall not be postponed or cancelled without justifiable reasons, and the proposals specified in the notice of the general meeting shall not be cancelled. In case of postponement or cancellation, the convener shall send a notice at least 2 working days before the scheduled date and explain the reasons. Where the securities regulatory rules of the place where the Company's shares are listed have special provisions on the procedures for postponing or canceling the general meeting, such provisions shall prevail on the premise of not violating the domestic regulatory requirements.

Holding of General Meetings

The Company's Board and other conveners shall take necessary measures to ensure the normal order of the general meeting. Measures shall be taken to stop any behavior that interferes with the operation of the meeting, provokes troubles and infringes upon the legitimate rights and interests of shareholders, which shall also be reported to the relevant departments for investigation and punishment in a timely manner.

All ordinary shareholders who are lawfully registered as at the shareholding registration date in accordance with the securities regulatory rules of the place where the Company's shares are listed, or their proxies, shall be entitled to attend the general meeting and exercise their voting rights in accordance with relevant laws, regulations, the securities regulatory rules of the place where the Company's shares are listed and the Articles of Association (unless individual shareholders are required to waive their voting rights on certain matters under the securities regulatory rules of the place where the Company's shares are listed). A shareholder may attend and vote at the general meeting in person or by proxy (who does not need to be a shareholder of the Company).

Individual shareholders attending the meeting in person shall present their personal identity cards or other valid certificates or documents that can verify their identity, as well as their stock account card (proof of shareholding); proxies attending the meeting shall present their valid identity cards and the proxy statements from the shareholder. Corporate shareholders shall be represented at the meeting by the legal representative or a proxy authorized by the legal representative.

Legal representatives attending the meeting shall present their personal identity cards or valid documents that can prove its identity as the legal representative; proxies authorized to attend the meeting shall present their personal identity cards, the written proxy statement (with the corporate seal) legally issued by the legal representative of the corporate shareholder and proof of shareholding of the principal.

Shareholders of a partnership enterprise shall be represented at the meeting by the managing partner, the delegate appointed by the managing partner, or a proxy entrusted by the managing partner or the delegate appointed by the managing partner. The managing partner or the delegate appointed by the managing partner attending the meeting shall present their personal identity cards, valid documents that can prove its identity as the managing partner or the delegate appointed by the managing partner, and the proof of shareholding; proxies authorized to attend the meeting shall present their personal identity cards, the written proxy statement (with the partnership enterprise seal) legally issued by the managing partner of the partnership enterprise or the delegate appointed by the managing partner, and proof of shareholding of the principal.

If a shareholder is a Recognised Clearing House (or its proxy(ies)) as defined by the relevant laws and regulations of the place where the Company's shares are listed, such shareholder is entitled to appoint one or more persons or Company representatives as it deems fit to act on its behalf at any meeting (including but not limited to the general meeting and the meeting of creditors); where more than one person is authorized, the letter of authorization shall specify the number and class of shares involving each person so authorized. The letter of authorization should be signed by the authorized officer of the Recognised Clearing House. Such persons so authorized shall be entitled to attend the meeting (who are not required to provide the proof of shareholding, the notarized power of attorney and/or further evidence of his duly authorization), speak at the meeting and exercise their rights on behalf of the Recognised Clearing House (or its proxy(ies)) as if they were individual shareholders of the Company.

The proxy statement to appoint another person to attend the general meeting by a shareholder shall contain the following:

(i) the name of the proxy;

(ii) the number of shares represented by the proxy;

(iii) whether such proxy has any voting rights;

(iv) instruction(s) for voting for or against, or abstaining from voting on each resolution as stated in the agenda of the general meeting;

(v) the date of issuance and expiry of the proxy statement;

(vi) the signature (or seal) of the principal. If the principal is a corporate shareholder or a shareholder of a partnership enterprise, the seal of the corporate entity or the partnership enterprise shall be affixed.

The proxy statement shall indicate whether the proxy may vote at his/her own discretion if the shareholder does not give specific instructions.

Where the instrument appointing a proxy is signed by another person authorised by the principal, the power of attorney or other authorisation documents authorised to be signed shall be notarised. The notarised power of attorney or other authorisation documents and the instrument appointing a proxy shall be kept at the domicile of the Company or at other places designated in the notice of the meeting. If the principal is a legal entity, its legal representative or such person authorised by resolution of its Board and other decision-making body shall attend at the Company's general meeting as a representative. If the principal is a partnership enterprise, its

managing partner or the delegate appointed by the managing partner, or such person authorized by a resolution of the partners' meeting and other decision-making body shall attend the Company's general meeting of shareholders as a representative.

The company shall be responsible for the preparation of the meeting attendance register. The meeting attendance register shall state the name (or name of the entity), personal identification number, residential address, number of shares with voting rights held or represented, name of person being represented (or name of the entity), and other matters of the persons attending the meeting.

The convener and the lawyer engaged by the Company shall jointly verify the legality of shareholders' qualifications according to the register of shareholders provided by the securities registration and settlement institution of the place where the Company's shares are listed and the securities regulatory rules of that place, and record the shareholders' names (or titles) and the number of shares held by them with voting rights. Before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of shares held by them with voting rights, the registration of meeting shall be terminated.

When the general meeting is convened, all the directors, supervisors and the secretary to the Board of the Company shall be present, and the general manager and other senior management members shall attend the meeting. In compliance with the securities regulatory rules of the place where the Company's shares are listed, the aforementioned persons may attend or participate in the meeting via the internet, video, telephone, or other methods with equivalent effect.

The general meeting shall be presided over by the chairman of the Board. Where the chairman of the Board is unable to perform or fails to perform his/her duties, more than half of the directors shall jointly elect a director to preside over such meeting. A general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is unable to perform or fails to perform his/her duties, more than half of the supervisors shall jointly elect a supervisor to preside over such meeting. A general meeting convened by shareholders themselves shall be presided over by a representative elected by the convenor. If when convening a general meeting, the chairman of the meeting is in violation of these rules of procedures causing the general meeting unable to be continued, subject to the agreement by over half of the attending shareholders with voting rights at the general meeting, the general meeting may elect a person as chairman of the meeting and continue with the meeting.

The Company shall formulate the rules of procedure of the general meeting to specify in details the convening and voting procedures of the general meeting, including notice, registration, deliberation of proposal, voting, vote counting, announcement of voting results, formation of

resolutions, minutes, the signing thereof and announcement, as well as the principles of authorization by the general meeting to the Board, of which the contents shall be clear and specific. The rules of procedure of the general meeting shall be an annex to the Articles and shall be formulated by the Board and approved at the general meeting.

The Board and the Supervisory Committee shall give reports on their work in the past year to the general meeting at the annual general meetings. Besides, each independent director shall also make a report on his/her work. The annual work report of independent directors shall be disclosed at the latest when the Company gives notice of its annual general meetings.

The directors, supervisors, senior management members shall make reply and explanation to all queries and proposals of the shareholders at the general meeting.

The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of shares carrying voting rights held by them before voting. The number of shareholders and proxies present in the meeting and the total number of shares carrying voting rights held by them shall be based on the registration for the meeting.

Minutes of the general meeting shall be kept by the secretary to the Board. The minutes shall contain the following details:

(i) time, place, agenda of meetings and names of the conveners;

(ii) the names of the chairman of the meeting, the directors, supervisors, general manager and other senior management members attending or present at the meeting;

(iii) the number of attending shareholders and proxies, their total number of shares with voting rights and the proportion of their shares to the total number of the Company's shares;

(iv) the review procedures, key points of speakers and resolution results of each proposal;

(v) the inquiry opinions or recommendations of shareholders and the replies or elaborations thereon;

(vi) the names of lawyers, vote counters and vote scrutineer;

(vii) other contents being recorded in the minutes in accordance with the requirements of the Articles of Association.

The convenor shall warrant that the contents of the minutes are true, accurate and complete. The directors, supervisors, secretary to the Board, the convenor or their proxies attending the meeting, the chairman of the meeting shall sign on the minutes. The minutes, record of attendance of the shareholders, the proxy statement and valid information on online and other ways of votings shall be kept all together for a period of not less than 10 years. The convenor shall ensure the continuation of the general meeting until a final resolution is reached. In the event of special reasons such as force majeure causing the interruption of the general meeting or no resolution can be made, necessary measures shall be adopted to restore the convening of the general meeting at the earliest possible or to directly terminate the general meeting and make announcement in a timely manner. The convenor shall at the same time report to the branch office of the China Securities Regulatory Commission and the stock exchange at the place where the Company is domiciled.

Voting and Resolutions of General Meeting

Resolutions of the general meeting shall be divided into ordinary and special resolutions. An ordinary resolution of a general meeting shall be passed by over one-half of the voting rights held by the shareholders (including proxies thereof) present at the general meeting. A special resolution of a general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies thereof) present at the general meeting.

The following matters shall require the sanction of an ordinary resolution at a general meeting:

(i) the working reports of the Board and the Supervisory Committee;

(ii) plans for distribution of profits and plans for recovery of losses proposed by the Board;

(iii) the appointment and removal of the members of the Board and the Supervisory Committee and their remuneration and method of payment;

(iv) annual budget plan and final accounts of the Company;

(v) annual reports of the Company;

(vi) other matters except those required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be approved by special resolution.

The following matters shall require the sanction of a special resolution at a general meeting:

(i) the increase or decrease in registered capital of the Company;

(ii) the demerger, spin-off, amalgamation, dissolution and liquidation of the Company;

(iii) amendments to the Articles of Association;

(iv) the purchase and disposal of material assets by the Company within one year or guarantee amount exceeding 30% of the Company's latest audited total assets;

(v) the share incentive schemes;

(vi) other matters required by the laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or the Articles of Association to be approved by special resolutions, and which have been determined by ordinary resolutions at the general meeting to have significant impact on the Company.

Shareholders (including proxies thereof) have the right to speak at general meetings and exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote, unless individual shareholders are required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the Company's shares are listed. When voting, a shareholder (including proxies thereof) who has two or more voting rights is not required to cast all of his/her voting rights either in favor of or against a resolution.

When considering the material matters affecting the interests of minority investors at the general meeting, the votes by minority investors shall be counted separately, and the results of such separate vote counting shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

Shareholders who purchase the voting shares of the Company in violation of the provisions of Clause 1 and Clause 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after the purchase, and such number shall not be counted in the total number of voting shares represented by shareholders attending a general meeting.

In accordance with the applicable laws, regulations and the Hong Kong Listing Rules, if any shareholder is required to abstain from voting on a resolution matter, or any shareholder is restricted to voting only for or only against it, the number of votes cast by or on behalf of such shareholder in violation of the relevant provisions or restrictions shall not be included in the total number of voting shares.

The Board, independent directors, shareholders holding more than 1% of voting shares or investor protection agencies established in accordance with laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed, or requirements of the CSRC may publicly solicit voting rights from shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limit for soliciting voting rights, except for statutory conditions.

The transaction between the Company and the related parties (except for guarantees provided by the Company) with the transaction amount accounting for over 1% of the Company's latest audited total assets or market value, and exceeding RMB30 million, in addition to timely disclosure, the company should provide with an audit or assessment report in respect of the subject matter of the transaction issued by a securities service agency qualified to carry out securities and futures related businesses. The transaction shall obtain the consent of more than half of all independent directors before being submitted to the Board for deliberation, and after being approved by the Board, it shall be submitted to the general meeting for deliberation.

Related transactions related to daily operations may be exempt from audit or assessment. Where otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, such provisions shall prevail.

When the general meeting deliberates on matters related to related transactions, related 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 announcement of the resolution of the general meeting shall fully disclose the voting situation of non-related shareholders. When the general meeting makes a resolution on matters related to related transactions, related shareholders shall take the initiative to abstain from voting and not participate in the voting; related shareholders shall not act as proxies for other shareholders to exercise their voting rights; if related shareholders do not take the initiative to abstain from voting, other shareholders attending the meeting have the right to request related shareholders to abstain from voting. After related shareholders abstain from voting, other shareholders shall vote according to the voting rights they

hold, and pass corresponding resolutions in accordance with the provisions of the Articles of Association; the abstention and voting procedures of related shareholders shall be notified by the chairman of the general meeting and recorded in the minutes.

A resolution of the general meeting on matters related to related transactions shall only be valid if it is approved by more than half of the voting rights held by non-related shareholders present at the general meeting. However, if the related transaction matters involve matters that require adoption by a special resolution as stipulated in the Articles of Association, the resolution of the general meeting shall only be valid if it is approved by more than two-thirds of the voting rights held by non-related shareholders present at the general meeting.

Unless the Company is in a crisis or under any other special circumstances, the Company shall not enter into any contract with a person other than a Director, general manager, and any other senior management member to whom the management of the whole or a significant part of the Company's business is entrusted, except with the approval of the general meeting by a special resolution.

The list of candidates for Directors and Supervisors shall be submitted to the general meeting for voting in the form of a proposal. The following parties have the right to nominate candidates for Directors and Supervisors:

(i) Nomination of candidates for Directors agreed by the Board;

(ii) Nomination of candidates for Shareholder representative Supervisors agreed by Supervisory Committee;

(iii) Shareholders holding individually or collectively more than 3% of the shares of the Company have right to nominate candidates for non-independent Directors and Shareholder representative Supervisors;

(iv) Shareholders holding individually or collectively more than 1% of the shares of the Company have right to nominate candidates for independent Directors;

(v) The employee representative Supervisors are democratically nominated and elected by the Company's employees at the employee representative meetings, employee meetings or otherwise.

In case of the circumstances specified in item (iii) (iv) above, after the Company issues the notice of the general meeting for the election of Directors and Supervisors, Shareholders with nomination rights may, in accordance with the provisions of the Articles of Association, propose

candidates for Directors and Supervisors prior to the convening of general meeting, which shall be submitted to the general meeting for consideration after being reviewed by the Board in accordance with the procedures for amending proposals for the general meeting.

When the general meeting votes on the election of Directors and Supervisors, if any single Shareholder of the Company and his/her parties acting in concert have interest in not less than 30% of shares, a cumulative voting system should be adopted, and where the general meeting elects two or more independent Directors, such system should be adopted as well. The cumulative voting system as mentioned above refers to the system for electing Directors or Supervisors in a general meeting where the voting right of each share shall be equal to the number of Directors or Supervisors to be elected, the voting right owned by a Shareholder may be used in a centralized manner. The Board shall publish an announcement to Shareholders providing information on the biographical details and basic particulars of the candidates for Directors or Supervisors.

Except for the cumulative voting system, all proposals at the general meeting shall be voted on item by item, when there is more than one proposal for a particular matter, voting should be conducted on each of the proposals according to their chronological order of being proposed. Unless the general meeting is adjourned or a resolution cannot be passed due to special reasons such as force majeure, the general meeting will not set aside or refrain from voting on the proposals.

When a proposal is considered in a general meeting, no modification to the proposal will be made, otherwise the relevant change shall be deemed a new proposal and cannot be voted in the current general meeting.

The same voting right may only elect one of the voting methods, on-site, internet or other voting methods. In case of repeat voting by the same voting right, only the first vote is valid.

Voting at the general meeting shall be taken by way of registered poll.

Before voting on a proposal in the general meeting, two Shareholder representatives shall be elected to participate in voting counting and act as scrutineers. Where the matters to be considered are related to the Shareholders, such Shareholders and proxies are not allowed to participate in vote counting and scrutinizing process. When a proposal is voted in a general meeting, the vote counting and scrutinizing process shall be jointly responsible and performed by a lawyer, a Shareholder representative and a Supervisor representative, the voting result should be announced on-site and the voting result of a resolution shall be recorded in the minutes of meeting. A Shareholder of the Company or his/her proxy who has voted through the internet or other voting methods shall be entitled to inspect his/her own voting result through the corresponding voting system.

The closing time of a physical general meeting must not be earlier than that of internet or other methods. The chairman of the meeting shall announce the voting for each proposal and its result, and shall declare whether the proposal has been approved according to the voting. Before announcing the official voting result, the related parties including the Company, vote counting persons, scrutineers, substantial Shareholders and internet service providers involved in the physical general meeting, internet and other voting methods shall have a duty of confidentiality on the voting details.

Shareholders who attend the general meeting in person shall express one of the following indications about the proposal submitted for voting: for, against or abstain. Securities registration and settlement institutions are the nominal holders of shares transacted through the mutual connection mechanism between stock markets in Mainland China and Hong Kong, except for reporting on indications expressed by beneficial Shareholders. Empty, erroneous or illegible ballot papers and uncast ballot papers are deemed as abstained from voting by the voters, and the voting result in respect of the number of shares held by such voters are counted as "abstention".

If the chairman of the meeting has any doubts about the voting result of the submitted resolution, he/she may arrange re-counting of the votes. If the chairman of the meeting does not arrange re-counting of the votes, Shareholders or proxies attending the meeting who dissent from the result announced by the chairman of the meeting shall be entitled to request re-counting of votes immediately after announcement of the voting result, in which case the chairman of the meeting shall immediately arrange re-counting of the votes.

Resolutions of a general meeting shall be announced in a timely manner, the announcement shall set out the number of Shareholders and proxies attending the meeting, the total number of shares held with voting rights and the percentage in the total number of shares of the Company with voting right, method of voting, voting result of each proposal and the details of each resolution which has been passed.

If any proposal has not been passed or modification has been made to a resolution of the preceding general meeting by the current general meeting, a special note should be contained in the resolutions of the general meeting.

After the general meeting has passed the resolutions on the election proposal for Directors and Supervisors, the newly elected Directors and Supervisors shall take office on the date when the election proposal is approved by the general meeting through voting.

When a general meeting has passed resolutions on the distribution of cash dividends, bonus shares or increase in share capital by conversion of capital reserves, the Company shall implement the specific proposal within 2 months after conclusion of the general meeting. If the specific

proposal cannot be implemented within 2 months due to the requirements of laws, regulations and securities regulatory rules of the place where the Company is listed, the implementation date may be adjusted accordingly in compliance with the relevant regulations and as appropriate.

BOARD

Directors

Directors of the Company include executive Directors, non-executive Directors and independent Directors. Non-executive Directors refer to Directors who do not carry out operation and management duties in the Company. Independent Directors refer to Directors who meet the requirements of the Articles of Association. Directors of the Company are natural persons, and a person shall not serve as a Director of the Company if any of the following circumstances applies:

(i) a person who has no capacity or has restricted capacity for civil conduct;

(ii) a person who has been sentenced to criminal punishment for corruption, bribery, embezzlement of property, misappropriation of property or disruption of the socialist market economic order; or has been deprived of political rights because of committing an offence, in each case where less than 5 years have elapsed since the expiration of the execution period;

(iii) a person who is a former director, factory director or manager of a company or an enterprise which was insolvent and liquidated and who was personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(iv) a person who was the legal representative of a company or an enterprise whose business license has been revoked and was ordered to cease its business due to the violation of laws and who is personally liable for the revocation, where less than 3 years have elapsed since the date of the revocation of the business license of such company or enterprise;

(v) a person who has a relatively large amount of personal indebtedness which is overdue and outstanding;

(vi) a person who has been banned from entering the securities market by the CSRC and whose term has not yet expired;

(vii) a person who has been publicly determined by the stock exchange to be unsuitable to serve as a director of a listed company;

(viii) Other contents stipulated by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed.

Any election, appointment or engagement of a Director in violation of aforementioned provisions shall be invalid. If a Director falls under the circumstances stipulated above during his/her term of office, the Board shall remove such Director from his/her office.

The Directors shall be elected or replaced by the general meeting, and on the premise of complying with the relevant laws, regulations and securities regulatory rules of the place where the Company's shares are listed, the Shareholders shall have power by ordinary resolution to remove any Director (including a managing director or any other executive Director) at the general meeting before the expiration of his/her term of office; however such removal shall not prejudice to any claim for damages under any contract by such Director. The term of office of a Director is three years and upon the expiration of the term, it may be renewable upon re-election in accordance with the securities regulatory rules of the place where the Company's shares are listed.

The terms of office of independent Directors shall be the same as that of other Directors of the Company, and upon expiration of the term of office, they may be re-elected for consecutive terms, provided that such terms shall not exceed six years. Any independent Director who has served the Company for six consecutive years shall not be nominated as a candidate for independent Director of the Company within 36 months from the date of the occurrence of such fact. For those who have served as independent Directors prior to the initial public offering and listing, their term of office shall be calculated consecutively. A Director's term of office shall commence from the date on which he/she takes office and up to the expiry of the current term of office of the Board. If, upon the expiry of a Director's term of office, a new Director cannot be elected on a timely basis, before the re-elected Director starts his/her term of office, such Director shall continue to perform his/her duties as Director in accordance with laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the provisions of the Articles of Association. No employee representatives are to be appointed as Directors by the Company. The general manager or any other senior management member can concurrently serve as a Director, but the total number of Directors who hold the positions of the general managers or other senior management members shall not be more than 1/2 of the total number of Directors of the Company.

The Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and shall fulfill the fiduciary obligation to the Company as follows:

(i) not to take advantage of his/her functions and powers to accept bribes or other illegal income, and not to misappropriate the property of the Company;

(ii) not to misappropriate the funds of the Company;

(iii) not to deposit the Company's assets or funds in an account opened in his/her own name or in the name of any other individual;

(iv) not to lend the Company's funds to others or provide guarantees for others with the Company's property in violation of the provisions of the Articles of Association and without the approval of the general meeting or the Board;

(v) not to enter into any contract or transaction with the Company in violation of the provisions of the Articles of Association, or without the approval of the general meeting;

(vi) not to take advantage of his/her position to seek business opportunities that should belong to the Company for himself/herself or others, or engage in business similar to that of the Company for himself/herself or others, without the approval of the general meeting;

(vii) not to accept commissions from the Company's transactions for his/her own benefit;

(viii) not to disclose the secrets of the Company without authorization;

(ix) not to take advantage of his/her affiliation to harm the interests of the Company;

(x) other fiduciary obligations stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The income obtained by a Director in violation of the aforementioned provisions shall be returned to the Company. If it causes any losses to the Company, he/she shall be liable for compensation.

The Directors shall comply with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association, and bear the following responsibilities of diligence to the Company:

(i) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with the requirements of PRC laws, administrative regulations and relevant PRC economic policies and are not beyond the business scope specified in the business license;

(ii) to treat all Shareholders fairly;

(iii) to keep abreast of the Company's business operation and management;

(iv) to sign written confirmations of the Company's periodic reports, to ensure that the information disclosed by the Company is true, accurate and complete;

(v) to provide the status reports and information to the Supervisory Committee truthfully, and not to hinder the Supervisory Committee or Supervisors from exercising their powers;

(vi) other responsibilities of diligence stipulated in laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

A Director who fails to attend two consecutive meetings of the Board in person or to delegate other Directors to attend the meetings on his/her behalf shall be deemed to be incapable of performing his/her duties, and the Board shall propose to the general meeting to remove such Director. Subject to the securities regulatory rules of the place where the Company's shares are listed, a Director who attends a meeting of the Board by internet, video, telephone or other means with equivalent effect shall also be deemed to be attending the meeting in person.

A Director may resign before the expiry of his/her term of office. A Director who resigns shall submit a written resignation report to the Board. The Board shall disclose the relevant resignation within 2 days or within the period required by the securities regulatory rules of the place where the Company's shares are listed. In the event that the Board of the Company falls below the quorum minimum due to a Director's resignation, or in the event that the proportion of independent Directors on the Board of the Company or its specialized committees does not comply with laws, regulations, securities regulatory rules of the place where the Company's shares are listed or the provisions of the Articles of Association due to the resignation of an independent Director, or in the event that there is no accounting professional among the independent Directors,

the resignation report of such Director shall not take effect until the successor fills the vacancy arising from his/her resignation. Before the resignation report takes effect, the resigning Director shall continue to perform his/her duties in accordance with relevant laws, regulations and securities regulatory rules of the place where the Company's shares are listed and the provisions of Articles of Association, unless otherwise provided by laws, regulations and securities regulatory rules of the place where the Company's shares are listed. The Company shall complete the by-election within 60 days from the date when the Director or independent Director submits the resignation and ensure that the composition of the Board and its special committees comply with laws, regulations, securities regulatory rules of the place where the Company's shares are listed and the provisions of Articles of Association. Except as provided above, the resignation of a Director shall come into force upon the delivery of the resignation report to the Board.

Upon a Director's resignation becomes effective or his/her term of office expires, he or she shall complete all of the handover procedures with the Board, and his or her fiduciary obligations to the Company and the Shareholders shall not necessarily be discharged after the expiration of his/her term of office. His/her obligation to maintain the confidentiality of the Company's trade secrets shall remain in effect after the expiration of his/her term of office until such secrets become public information. The duration of the other obligations shall be determined on an equitable basis, depending on the length of time between the occurrence of the event and the departure from office, and the circumstances and conditions under which the relationship with the Company is terminated.

Where it is not prescribed by the Articles of Association or without the lawful authorization of the Board, no Director shall act on behalf of the Company or the Board in his/her personal capacity. Where a Director acts in his/her capacity, such Director shall declare in advance his/her position and identity in circumstances where a third party would reasonably believe that such Director is acting on behalf of the Company or the Board.

A Director who violates laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the provisions of the Articles of Association in the course of performing duties of the Company and causes losses to the Company shall be liable for compensation.

The terms of office, nomination and election procedures, powers and responsibilities of the independent Directors and other related matters shall be implemented in accordance with laws, securities regulatory rules and the relevant regulations of the stock exchange of the place where the Company's shares are listed. There should be three or more independent Directors, and such number shall be no less than one-third of the Board as a whole. Additionally, at least one independent Director shall possess proper professional qualifications or proper accounting or finance-related management expertise as required by the securities regulatory rules of the place

where the Company's shares are listed. One independent Director shall be permanently resident in Hong Kong. All independent Directors shall be independent as required by securities regulatory rules of the place where the Company's shares are listed.

Board

The Company shall establish a Board which shall be accountable to the general meeting.

The Board shall consist of nine Directors, including three Independent Directors. The Board shall have a chairman with no vice chairman.

The Board shall exercise the following functions and powers:

(i) to convene general meetings to present their work reports at such meetings;

(ii) to execute resolutions of the general meetings;

(iii) to decide on the business and investment plans of the Company;

(iv) to prepare the annual financial budgets and final accounts plans of the Company;

(v) to prepare the profit distribution plan and loss makeup plan of the Company;

(vi) to prepare plans for the increase or reduction of the registered capital of the Company, the issuance of bonds or other securities and the listing;

(vii) to formulate plans for material acquisitions, purchase of shares of the Company, or merger, division, dissolution and change of corporate form of the Company;

(viii) to decide on external investment, acquisition and disposal of assets, external guarantee, entrusted financial management, related transactions and external donations within the scope of the Articles of Association and the authorization granted by the general meeting;

(ix) to resolve on the establishment of internal management organizations of the Company;

(x) to appoint or dismiss the Company's general manager and based on the nomination by the Chairman, to appoint or dismiss the secretary to the Board; to appoint or dismiss the Company's deputy general manager, chief financial officer (the financial controller),

chief technology officer and other senior management members (except the secretary to the Board) as nominated by the general manager; and determine their remunerations and rewards and penalties;

(xi) to set up the basic management system of the Company;

(xii) to formulate the proposals for any amendment to the Articles of Association;

(xiii) to manage the disclosure of information by the Company;

(xiv) to propose to general meetings the appointment or change of the accounting firm responsible for the auditing of the Company;

(xv) to listen to the work report of the general manager of the Company and examine the general manager's work;

(xvi) subject to compliance with securities regulatory rules of the place where the Company's shares are listed, to decide on the acquisition of the shares of the Company (due to circumstances provided in the Articles of Association);

(xvii) Other functions and powers authorized by the laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's Shares are listed or the Articles of Association.

The Board of the Company establishes an Audit Committee, a Strategy Committee, a Nomination Committee and a Remuneration and Appraisal Committee. Special committees shall report to the Board and perform their duties in accordance with the Articles of Association and authorization of the Board. Proposals shall be submitted to the Board for consideration and decision. The members of special committees shall be all composed of Directors. Among them, Independent Directors shall be the majority in the Audit Committee, Nomination Committee and Remuneration and Appraisal Committee, and serve as the convener. The convener of the Audit Committee shall be an accounting professional. The Board shall be responsible for formulating the working procedures of special committees and regulating the operation of special committees.

Matters beyond the scope authorized by the general meeting shall be submitted to the general meeting for consideration and decision.

The Board of the Company shall explain the non-standard auditing opinions on the financial reports of the Company issued by a certified public accountant to the general meeting.

The Board shall formulate the rules of procedures of the Board meetings to ensure the implementation of the general meeting's resolutions, improve the work efficiency and guarantee scientific decision-making. These rules shall specify the procedures for the convening of and voting at the Board meetings, and shall be appended to the Articles of Association. They shall be drafted by the Board for approval by the general meeting.

The Board shall determine the authority of external investment, acquisition and disposal of assets, asset mortgage, external guarantee, entrusted financial management, related transactions, external donations, and establish strict review and decision-making procedures; major investment projects shall be reviewed by relevant experts and professionals and reported to the general meeting for approval.

Except as otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, any transaction entered into by the Company (excluding the provision of guarantees) that meets the relevant criteria shall be submitted to the Board for consideration. Except as otherwise provided by the securities regulatory rules of the place where the Company's shares are listed, when the relevant criteria for the transaction matters are not met, the decision shall be made by the general manager.

When the Board considers transactions, related transactions, external guarantees and borrowings, it should establish strict review and decision-making procedures; Major investment projects exceeding the above authority shall be reviewed by relevant experts and professionals and submitted to the general meeting for approval.

The external guarantee that are not considered and approved by the Board in accordance with the approval authority and review procedures shall be invalid. Where any external guarantee considered and approved in violation of the approval authority or review procedures causes a loss to the Company or the shareholders, the related Directors, senior management members or any other person held liable shall bear the liability for damages in accordance with the laws.

General Manager and Other Senior Management Members

The Company has one general manager, whom shall be appointed or dismissed by the Board.

The general manager, deputy general manager, chief financial officer (the financial controller), chief technology officer and secretary to the Board are senior management members of the Company.

The circumstances of disqualification of Directors prescribed in the Articles of Association shall also be applicable to senior management members.

The fiduciary duties and duties of diligence of the Directors as contained in the Articles of Association shall also be applicable to senior management members.

The general manager shall be accountable to the Board and exercise the following functions and powers:

(i) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board, and to report his/her works to the Board;

(ii) to organize the implementation of the Company's annual business plans and investment plans;

(iii) to decide on transaction matters below the standards that require submission to the Board for consideration as stipulated in Article 115 to the Articles of Association;

(iv) to draft plans for the establishment of the Company's internal management organization;

(v) to draft the Company's basic management system;

(vi) to formulate the specific rules and regulations of the Company;

(vii) to recommend or propose to the Board appointment or dismissal of deputy general manager, chief financial officer (the financial controller), chief technology officer and other senior management members (except the secretary to the Board);

(viii) to decide on the appointment or dismissal of management personnel other than those required to be appointed or dismissed by the Board;

(ix) to convene and preside over the general manager's office meetings;

(x) to exercise the functions and powers stipulated in the work rules of the general manager;

(xi) to exercise other functions and powers conferred by the Articles of Association or the Board.

The general manager shall attend the Board meetings.

If any senior management member has violated the provisions of any laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association while performing his/her duties and causing losses to the Company, he/she shall be liable for compensation.

Senior management members of the Company shall perform their duties honestly, and protect the best interests of the Company and all the shareholders. Senior management members of the Company shall be liable for compensation in accordance with the laws for any damage caused to the interests of the Company and public shareholders as a result of their failure to perform duties honestly or violation of their fiduciary duties.

SUPERVISORY COMMITTEE

Supervisors

The circumstances of disqualification of Directors prescribed in the Articles of Association shall also be applicable to the Supervisors. No Director, general manager, or other senior management member shall concurrently hold the position of a Supervisor.

The term of office of each Supervisor shall be a period of three years, renewable upon re-election.

If the term of office of a Supervisor expires but reelection is not made responsively or if any Supervisor resigns during his/her term of office so that the membership of the Supervisory Committee falls short of the quorum, the said Supervisor shall continue performing the duties as Supervisor pursuant to laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association until a new Supervisor is elected.

Supervisors shall not use the associated relationship to damage the interests of the Company; otherwise, they shall be liable for compensation for any loss incurred to the Company.

If a Supervisor has violated the provisions of any laws, administrative regulations, departmental rules, securities regulatory rules of the place where the Company's shares are listed or the Articles of Association while performing his/her duties and causing losses to the Company, he/she shall be liable for compensation.

Supervisory Committee

The Company shall have a Supervisory Committee. The Supervisory Committee shall consist of three Supervisors. The Supervisory Committee shall appoint a chairman, who shall be elected by more than half of all Supervisors.

The chairman of the Supervisory Committee shall convene and preside over a meeting of the Supervisory Committee; If the chairman of the Supervisory Committee is unable or fails to perform his/her duties, a Supervisor selected by more than one half of all Supervisors shall convene and preside over the meeting of the Supervisory Committee.

The Supervisory Committee shall consist of shareholder representatives and an appropriate proportion of the Company's employee representatives and the percentage of employee representatives shall not be less than one-third. The employee representatives of the Supervisory Committee shall be elected by employees of the Company at the employee representatives' meeting, employee meeting or otherwise democratically.

The Supervisory Committee shall exercise the following functions and powers:

(i) to review the periodic reports of the Company prepared by the Board and propose written examination suggestions;

(ii) to review the Company's financial position;

(iii) to supervise the conducts of the Directors and senior management members in discharge of their duties and to advise on the dismissal of any Director or senior management member who is in breach of laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed, the Articles of Association or resolutions of the general meetings;

(iv) to demand any Director or senior management member who acts in a manner which is harmful to the Company's interest to rectify such behavior;

(v) to propose to convene an extraordinary general meeting, and to convene and preside over the general meetings where the Board fails to perform its duty to do so as required by the Company Law;

(vi) to submit proposals to the general meetings;

(vii) to initiate legal proceedings against any Director or senior management member according to Article 189 of the Company Law;

(viii) to investigate into unusual operation of the Company and if necessary, to engage an accounting firm, a law firm or other professional institutions to assist in its work at the expenses of the Company;

(ix) other functions and powers provided by laws, regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Supervisory Committee may require Directors and senior management members to submit reports on the performance of their duties. The Directors and senior management members shall provide true information and data to the Supervisory Committee and not interfere with the Supervisory Committee or Supervisors in the exercise of their functions and powers.

The meeting of the Supervisory Committee shall be held at least once every six months. A Supervisor may propose to convene an extraordinary meeting of the Supervisory Committee. A notice of the regular meeting of the Supervisory Committee shall be given in ten days prior to the convening of such meeting, and notice of the extraordinary meeting of the Supervisory Committee shall be given in five days prior to the convening of such meeting.

Resolutions made by the Supervisory Committee shall be approved by more than half of the members of the Supervisory Committee.

FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDITING

Financial and Accounting Systems

The Company shall establish financial and accounting systems according to laws, administrative regulations, the regulations stipulated by the relevant authorities and securities regulatory rules of the place where the Company's shares are listed. The Company shall adopt the Gregorian calendar year for its fiscal year, i.e. the fiscal year shall be from January 1 to December 31 every year.

The Company shall submit and disclose its annual reports to the CSRC and the stock exchange in the place where the Company's shares are listed within four months from the end of each fiscal year, and its interim reports to the relevant branch office of the CSRC and the stock exchange in the place where the Company's shares are listed within two months from the end of the first half of each fiscal year. If the securities regulatory authorities of the place where the Company's shares are listed provide otherwise, such provisions shall prevail.

The above-mentioned annual and interim reports shall be prepared in accordance with relevant laws, administrative regulations and the provisions of securities regulatory authorities and the stock exchange in the place where the Company's shares are listed.

The Company will not establish account books other than the statutory account books. The assets of the Company shall not be deposited in any personal account.

Profit Distribution

The Company is required to withdraw 10% of its profits into its statutory reserve fund when distributing each year's after-tax profits. When the cumulated amount of the statutory reserve fund of the Company has reached 50% or more of its registered capital, no further withdrawal is required. Where the statutory reserve fund of the Company is insufficient to make up the losses of the Company for the preceding year, profits of the current year shall be applied to make up the losses before any allocation to the statutory reserve fund in accordance with the provisions in the preceding paragraph.

Subject to a resolution of the general meeting, after withdrawal has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund. After making up of losses and appropriation to reserve funds, balance of the profit after tax shall be distributed to shareholders in proportion to their shareholdings, unless otherwise stipulated in the Articles of Association. If the general meeting violates the above provisions and profits are distributed to the shareholders before the Company makes up for losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned by such shareholders to the Company. No profit shall be distributed in respect of the shares of the Company which are held by the Company. The Company shall appoint one or more collection agents for H shareholders in Hong Kong. The collection agents shall collect on behalf of the relevant H shareholders the dividends distributed and other funds payable by the Company in respect of the H shares, and hold such monies in their custody pending payment to the H shareholders concerned. The collection agents appointed by the Company shall meet the requirements of the laws, regulations and the securities regulatory rules of the place where the Company's shares are listed.

Reserve funds of the Company are used for recovering losses of the Company and expanding scale of operation of the Company or conversion into its capital, but capital reserve fund shall not be used for making up the Company's losses. When the statutory reserve funds are converted into capital, the remaining balance of such reserve fund must not be less than 25% of its registered capital before such conversion.

After the profit distribution plan has been resolved at the general meeting, or a specific plan has been formulated by the Board based on the conditions and caps of the interim dividends for the next year which have been considered and approved by the annual general meeting, the Board shall complete dividend (or share) distributions within two months. If it is not possible to implement the specific profit distribution plan within two months due to the provisions of laws, regulations, and the securities regulatory rules of the place where the Company's shares are listed, the implementation date of the specific plan may be adjusted in accordance with such provisions and the actual situation.

The Company shall implement a continuous and stable profit distribution policy. The profit distribution of the Company attaches importance to providing investors with reasonable and stable investment returns while also taking into account the Company's long-term and sustainable development.

The Company may distribute dividends in cash, stocks, a combination of cash and stocks, or any other manner permitted by laws and regulations. The cash dividends shall take precedence over the share dividends. Where the conditions of cash dividends are met, profit distribution shall be carried out in form of cash dividends.

Internal Audit

The Company shall implement an internal audit system and have professional audit staff, for the carrying out of internal audit and supervision on the financial revenues and expenditures and economic activities of the Company.

The internal audit system of the Company and the duties of the auditing staff shall be subject to the approval of the Board. The officer in charge of audit shall be accountable to the Board and report his work to the same.

Appointment of an Accounting Firm

The Company shall engage an accounting firm that complies with the laws, regulations, and securities regulatory rules of the place where the Company's shares are listed to audit the financial statements of the Company, verify the net assets and offer other relevant consulting services. The term of service shall be one year, which is renewable upon expiry of the term.

The appointment, removal, or non-renewal of an accounting firm by the Company must be passed by the general meeting by way of an ordinary resolution, and the Board shall not appoint an accounting firm before the decision is made by the general meeting.

The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any rejection, concealment or falsehood.

The remuneration or method of determining remuneration of an accounting firm shall be decided by the general meeting.

In the event of removal or non-renewal of appointment of an accounting firm, the Company shall notify the accounting firm 30 days in advance. The accounting firm shall be entitled to make representations when the resolution regarding the removal of the accounting firm is considered at the general meeting of the Company. Where the accounting firm resigns, it shall make clear to the general meeting whether there is any impropriety on the part of the Company.

Merger, Division, Capital Increase and Reduction, Dissolution and Liquidation

Merger, Division, Capital Increase and Reduction

The merger of the company may take the form of either merger by absorption or merger by new establishment. In case of merger by absorption, a company absorbs any other company and the absorbed company is dissolved. In case of merger by new establishment, two or more companies merge into a new one and the parties to the merger are dissolved.

If the company is involved in a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. Within 10 days from the date of adoption of the merger resolution, the company shall notify its creditors and within 30 days it shall make an announcement on media platforms that meet the criteria set by the CSRC, the National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (**http://www.sse.com.cn**), and the HKEXnews website of the Hong Kong Stock Exchange (**https://www.hkexnews.hk**). Where there are other requirements imposed by the securities regulatory rules of the place where the company's shares are listed, such requirements shall prevail. A creditor may, within 30 days from the date of receipt of the written notice or, if he/she did not receive a written notice, within 45 days from the date of the announcement, require the company to pay its debt in full or to provide commensurate security. Where there are other requirements imposed by the securities regulatory rules of the place where the company's shares are listed, such requirements shall prevail.

When the company is merged, the claims and debts of each party to the merger shall be succeeded to by the company surviving the merger or the new company established subsequent to the merger.

If the company is divided, its property shall be divided accordingly. When the company is divided, it shall prepare a balance sheet and a property list. Within 10 days from the date of adoption of the resolution on the division, the company shall notify its creditors and within 30 days it shall make an announcement on media platforms that meet the criteria set by the CSRC, the National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (**http://www.sse.com.cn**), and the HKEXnews website of the Hong Kong Stock Exchange (**https://www.hkexnews.hk**). Where there are other requirements imposed by the securities regulatory rules of the place where the company's shares are listed, such requirements shall prevail. The surviving companies shall be jointly liable for the pre-division debts of the company, unless provided otherwise in a written agreement on debt repayment reached between the company and a creditor prior to the division.

If the company needs to reduce its registered capital, it must prepare a balance sheet and a list of its property. The company shall notify its creditors within 10 days from the date of adoption of the resolution to reduce its registered capital and shall publish a public announcement on media platforms that meet the criteria set by the CSRC, the National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (**http://www.sse.com.cn**), and the HKEXnews website of the Hong Kong Stock Exchange (**https://www.hkexnews.hk**) within 30 days from the date of such resolution. Creditors shall, within 30 days of receiving written notice, or within 45 days of the date of the public announcement for those who have not received written notice, be entitled to require the company to pay its debts in full or to provide a corresponding security. Where there are other requirements imposed by the securities regulatory rules of the place where the company's shares are listed, such requirements shall prevail.

The registered capital of the company after the reduction shall not be less than the statutory minimum amount.

If a change occurs in the company's registered particulars due to its merger or division, the change shall be registered with the company's registrar in accordance with the laws. If the company is dissolved, de-registration of the company shall be carried out in accordance with the laws. If a new company is established, registration of the establishment of such company shall be carried out in accordance with the laws. The increase or reduction of registered capital of the company shall be registered with the company registrar in accordance with the laws.

Dissolution and Liquidation

The company shall be dissolved for the following reasons:

(i) the term of business specified in the Articles of Association has expired or any other cause for dissolution specified in the Articles of Association has occurred;

(ii) the general meeting resolves to dissolve the company;

(iii) dissolution is necessary as a result of the merger or division of the company;

(iv) the company has its business license revoked, is ordered to close down or revoked in accordance with the laws;

(v) serious difficulties arise in the operation and management of the company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10 percent of all shareholders' voting rights may petition the people's court to dissolve the company.

In case of circumstances described in item (i) above, the company may continue to exist by amending the Articles of Association. Amendments to the Articles of Association pursuant to the preceding paragraph shall be subject to the approval of shareholders representing two-thirds or above of the voting rights present at the general meeting. If the company is dissolved pursuant to items (i), (ii), (iv) or (v) above, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arises. The liquidation committee shall be composed of persons determined by the directors or the general meeting. If the company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition the people's court to designate relevant persons to form a liquidation committee and carry out the liquidation.

The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and make announcements on media platforms that meet the criteria set by the CSRC, the National Enterprise Credit Information Publicity System, the website of the Shanghai Stock Exchange (**http://www.sse.com.cn**), and the HKEXnews website of the Hong Kong Stock Exchange (**https://www.hkexnews.hk**) within 60 days. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the notice or, if they did not receive a notice, within 45 days from the date of the announcement. Where there are other requirements imposed by the securities regulatory rules of the place where the company's shares are listed, such requirements shall prevail.

When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

During the claim declaration period, the liquidation committee shall not pay any debts to creditors.

After the liquidation committee has liquidated the company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the people's court for confirmation. The company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the company's debts shall be distributed by the company to the shareholders in proportion to the shares they hold.

During liquidation, the company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the company's property and prepared a balance sheet and property list, discovers that the company's property is insufficient to pay its debts in full, it shall apply to the people's court for a declaration of bankruptcy in accordance with the laws. After the people's court has ruled to declare the company bankrupt, the liquidation committee shall turn over the liquidation matters to the people's court.

Following completion of the liquidation of the company, the liquidation committee shall prepare a liquidation report, submit the same to the general meeting or the people's court for confirmation, submit the same to the company registrar, apply for cancellation of the company's registration and publicly announce the company's termination.

Where the company is declared bankruptcy in accordance with the laws, it shall implement bankruptcy liquidation in accordance with the relevant laws relating to bankruptcy of enterprise.

Amendment to the Company's Articles of Association

The company shall amend the Articles of Association if:

(i) provisions of the Articles conflict with the Company Law or related laws, administrative regulations and the securities regulatory rules of the place where the company's shares are listed after such laws are amended;

(ii) a change occurs in the company's situation and such change is inconsistent with the matters stated herein;

(iii) the general meeting decides to amend the Articles.

Amendments to the Articles adopted by resolution of the general meeting that are subject to approval by the competent authorities shall be submitted to the competent authorities for approval. If an amendment to the Articles involves a registered particular of the company, registration of the change shall be carried out in accordance with the laws.

The Board shall amend the Articles of Association in accordance with the resolution of the general meeting on the amendment to the Articles and the approving opinion of relevant competent authorities.

Amendments to the Articles that are required to be disclosed under the laws, regulations and the securities regulatory rules of the place where the company's shares are listed shall be announced in accordance with relevant requirements.

A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

In November 2010, our predecessor was established under the name of SICC Materials Co., Ltd. (山東天岳先進材料科技有限公司) as a limited liability company under the laws of the PRC. On November 17, 2020, our predecessor was converted from a limited liability company to a joint stock limited company and was renamed as SICC Co., Ltd. (山東天岳先進科技股份有限公司). Our Company completed the listing of our A Shares on the STAR Market (stock code: 688234) on January 12, 2022. As of the Latest Practicable Date, the registered capital of the Company was RMB429,711,044.

Our registered office is located at No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC, and our principal place of business in Hong Kong is at Room 503, 5th Floor, Tung Wai Commercial Building, 109–111 Gloucester Road, Wanchai, Hong Kong. Our Company has been registered as a non-Hong Kong company in Hong Kong under Part 16 of the Companies Ordinance on March 11, 2025 with the Registrar of Companies in Hong Kong. Ms. Leung Sau Fong (梁秀芳) has been appointed as our agent for the acceptance of service of process in Hong Kong whose correspondence address is Unit 1301, 13/F., Wing Tuck Commercial Centre, 177–183 Wing Lok Street, Sheung Wan, Hong Kong.

As we are established in the PRC, our corporate structure and Articles of Association are subject to the relevant laws and regulations of the PRC. A summary of the relevant provisions of our Articles of Association is set out in "Appendix VI — Summary of the Articles of Association". A summary of certain relevant aspects of the laws and regulations of the PRC is set out in "Appendix V — Summary of Principal Legal and Regulatory Provisions."

2. Changes in Share Capital of Our Company

Save as disclosed below, there has been no alteration in the share capital of the Company within two years immediately preceding the date of this prospectus.

A repurchase mandate for the repurchase of A Shares for the purpose of our Company's employee stock ownership plans or equity incentives was approved by the 21st meeting of the first session of the Board convened on November 27, 2023 ("**Repurchase Mandate**"). The Repurchase Mandate was valid for 6 months from the date of approval of the repurchase mandate by the Board and has expired on May 26, 2024. A total of 2,005,884 A Shares were repurchased under the Repurchase Mandate, which are held under our Company's stock repurchase account and do not carry any shareholders' rights, including but not limited to voting rights at the Shareholders' meeting and dividend rights. Any of such repurchased A Shares not used for purpose of our

Company's employee stock ownership plans or equity incentives within 36 months after the completion of the repurchase shall be canceled. As of the Latest Practicable Date, the Company has not cancelled any of such repurchased A Shares.

3. Changes in Share Capital of Our Subsidiaries

A summary of the corporate information and the particulars of our subsidiaries are set out in Appendix I to this prospectus.

The following sets out the changes in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus:

SICC Europe GmbH

On October 4, 2023, SICC Europe GmbH was incorporated as a limited liability company in Germany with a registered capital of EUR25,000.

Beijing Tianyue

On January 5, 2024, Beijing Tianyue was incorporated as a limited liability company in the PRC with a registered capital of RMB20 million.

On June 23, 2025, Beijing Tianyue submitted simplified deregistration application to the Administration for Market Regulation of Beijing Haidian District.

VH Investment Inc.

On April 15, 2024, VH Investment Inc. was incorporated as a limited liability company in the BVI with a registered capital of with an authorized share capital of 50,000 shares with USD1.00 each and an issued share capital of 850 shares with USD1.00 each.

SICC Malaysia Holdings Inc.

On April 17, 2024, SICC Malaysia Holdings Inc. was incorporated as a limited liability company in Malaysia with a registered capital of with an authorized share capital of 50,000 shares with USD1.00 each and an issued share capital of 1,700 shares with USD1.00 each.

Shanghai Tianyue

On April 15, 2025, the registered capital of Shanghai Tianyue was increased from RMB400 million to RMB900 million.

Shenzhen Tianyue

On June 9, 2025, Shenzhen Tianyue completed the voluntary deregistration process at Shenzhen Municipal Administration for Market Regulation.

Shanghai Zhuhuan

On June 16, 2025, Shanghai Zhuhuan was incorporated as a limited liability company in the PRC with a registered capital of RMB1 million.

Saved as disclosed above, there has been no alteration in the share capital of our subsidiaries during the two years immediately preceding the date of this prospectus.

4. Resolutions Passed by Our Shareholders' General Meeting in Relation to the Global Offering

At the general meeting of the Shareholders held on February 19, 2025, our Shareholders resolved to approve, among other things, the following resolutions:

(a) the issuance by our Company of H Shares with a nominal value of RMB1.0 each and such H Shares be listed on the Stock Exchange;

(b) the number of H Shares to be issued before the exercise of the Over-allotment Option shall not be more than 15% of the total issued share capital of our Company as enlarged by the Global Offering, and granting the Underwriters the Over-allotment Option of no more than 15% of the number of H Shares issued pursuant to the Global Offering;

(c) authorization of the Board and its authorized person to handle relevant matters relating to, among other things, the Global Offering, the issue and listing of the H Shares; and

(d) subject to the completion of the Global Offering, the conditional adoption of the Articles of Association, which shall become effective on the Listing Date and the authorization of the Board to amend the Articles of Association in accordance with relevant laws and regulations and upon the request from the Stock Exchange and relevant PRC regulatory authorities.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of Material Contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this prospectus that are or may be material to our business:

(a) a cornerstone investment agreement dated August 6, 2025 entered into among our Company, Guoneng Environmental Protection Investment Group Co., Limited (國能環保投資集團有限公司), China International Capital Corporation Hong Kong Securities Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Haitong International Securities Company Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$50,000,000;

(b) a cornerstone investment agreement dated August 7, 2025 entered into among our Company, Mirae Asset Securities (HK) Limited, China International Capital Corporation Hong Kong Securities Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited, Haitong International Securities Company Limited and BOCI Asia Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of the Hong Kong dollar equivalent of US$15,000,000;

(c) a cornerstone investment agreement dated August 7, 2025 entered into among our Company, SDG Asset Management (HK) Limited, China International Capital Corporation Hong Kong Securities Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of HKD100,000,000;

(d) a cornerstone investment agreement dated August 7, 2025 entered into among our Company, H&T Intelligent Control International Co., Limited (和而泰智能控制國際有限公司), China International Capital Corporation Hong Kong Securities Limited, CITIC Securities (Hong Kong) Limited, CLSA Limited and Haitong International Securities Company Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of HKD80,000,000;

(e) a cornerstone investment agreement dated August 7, 2025 entered into among our Company, Mr. Lan Kun (蘭坤), China International Capital Corporation Hong Kong Securities Limited, CITIC Securities (Hong Kong) Limited and CLSA Limited, with respect to a subscription of H Shares at the Offer Price in the aggregate amount of HKD50,000,000; and

(f) the Hong Kong Underwriting Agreement.

2. Intellectual Property Rights

(a) Trademarks

As at the Latest Practicable Date, we had registered the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of registration	Registered Owner	Class	Registration number	Registration date	Expiry date
1.		PRC	our Company	9	63444208	2024.03.07	2034.03.06
2.		PRC	our Company	40	63445094	2022.12.07	2032.12.06
3.		PRC	our Company	3	65908706	2023.11.07	2033.11.06
4.		PRC	our Company	3	63433380	2023.06.21	2033.06.20
5.		PRC	our Company	9	10535552	2023.04.21	2033.04.20
6.		PRC	our Company	9	10203920	2023.01.28	2033.01.27
7.		PRC	our Company	1	63443069	2022.12.21	2032.12.20
8.		PRC	our Company	1	35657665	2020.03.14	2030.03.13
9.		PRC	our Company	11	35651539	2019.12.14	2029.12.13
10.		PRC	our Company	40	35646662	2019.11.28	2029.11.27
11.		PRC	our Company	42	35651566	2019.11.28	2029.11.27
12.		PRC	our Company	1	35673104	2019.10.07	2029.10.06
13.		PRC	our Company	38	35670970	2019.10.07	2029.10.06

No.	Trademark	Place of registration	Registered Owner	Class	Registration number	Registration date	Expiry date
14.	天岳 TIANYUE	PRC	our Company	14	35656607	2019.09.07	2029.09.06
15.	天岳 TIANYUE	PRC	our Company	3	35656583	2019.09.07	2029.09.06
16.	SICC	PRC	our Company	9	32794741	2019.06.14	2029.06.13
17.	SICC	Hong Kong	our Company	9	302093238	2011.11.22	2031.11.21

(b) Copyrights

As of the Latest Practicable Date, our Group had registered the following software copyrights which we consider to be material to our business:

No.	Software name	Place of registration	Registered owner
1.	Industrial Internet SiC Raw Material Quality Inspection System V1.0 (工業互聯網碳化硅製備原料質量檢測系統V1.0)	PRC	our Company
2.	Internet-based Automatic Inspection and Control System for Industrial Products V1.0 (基於互聯網的工業產品自動檢測控制系統V1.0)	PRC	our Company
3.	Industrial Internet SiC Manufacturing Process Integration Management System V1.0 (工業互聯網碳化硅製備工藝綜合管理系統V1.0)	PRC	our Company
4.	Industrial Powder Automatic Ratio Calculator V1.0 (工業粉料全自動主料配比計算軟件V1.0)	PRC	our Company
5.	Industrial Equipment Automatic Voltage Control Software V1.0 (工業設備自動調壓控制軟件V1.0)	PRC	our Company
6.	Intelligent Manufacturing Process Control System for SiC Equipment V1.0 (碳化硅製備智能製造生產工序控制系統V1.0)	PRC	our Company

No.	Software name	Place of registration	Registered owner
7.	Intelligent control system for automatic temperature regulation of industrial facilities V1.0 (工業設施自動調溫的智能控制系統V1.0)	PRC	our Company
8.	Industrial Internet SiC Preparation Temperature Control System V1.0 (工業互聯網碳化硅製備溫度實時調控系統V1.0)	PRC	our Company
9.	Industrial Powder Formulation Measuring and Proportioning Software V1.0 (工業粉料配方計量配比軟件V1.0)	PRC	our Company
10.	Industrial Powder Formulation R&D Proportioning Data Analysis System V1.0 (工業粉料配方研發配比數據分析系統V1.0)	PRC	our Company
11.	Real-time monitoring software for industrial environment automated cleaning devices V1.0 (工業環境自動清潔裝置實時監管軟件V1.0)	PRC	our Company
12.	Intelligent Manufacturing SiC Equipment Automatic Voltage Regulation Control System V1.0 (智能製造碳化硅製備自動化調壓控制系統V1.0)	PRC	our Company
13.	Intelligent Manufacturing SiC Equipment Automated Cleaning Software V1.0 (智能製造碳化硅製備設備自動化清潔軟件V1.0)	PRC	our Company
14.	Industrial Internet Automatic Temperature Control System for SiC Equipment V1.0 (工業互聯網碳化硅製備自動調溫控制系統V1.0)	PRC	our Company
15.	Industrial Internet Design Showroom Equipment Design System V1.0 (工業互聯網設計展廳設備設計系統V1.0)	PRC	our Company
16.	Industrial Internet Intelligent Monitoring Data Service Platform V1.0 (工業互聯網智能監測數據服務平台V1.0)	PRC	our Company

No.	Software name	Place of registration	Registered owner
17.	Industrial Internet Power Production Data Real-time Monitoring Software V1.0 (工業互聯網電力生產數據實時監控軟件V1.0)	PRC	our Company
18.	Internet-based Intelligent Fault Repair System for Industrial Equipment V1.0 (基於互聯網的工業設備智能化故障檢修系統V1.0)	PRC	our Company
19.	Internet-based Industrial Equipment Temperature Detection and Control Platform V1.0 (基於互聯網的工業設備溫度自動檢測調控平台V1.0)	PRC	our Company
20.	Internet-based industrial equipment running environment intelligent temperature control software V1.0 (基於互聯網的工業設備運行環境智能調溫控制軟件V1.0)	PRC	our Company
21.	Industrial Equipment Robot Automatic Cleaning Control System V1.0 (工業設備機器人自動清潔控制系統V1.0)	PRC	our Company
22.	Remote Quality Monitoring and Control Platform for Industrial Internet Products V1.0 (工業互聯網產品遠程質量監測控制平台V1.0)	PRC	our Company
23.	Internet-based Industrial Automation Inspection Data Analysis and Control Software V1.0 (基於互聯網的工業自動化檢測數據分析控制軟件V1.0)	PRC	our Company
24.	Industrial equipment operation process automatic inspection management system V1.0 (工業設備運行流程自動檢測管理系統V1.0)	PRC	our Company
25.	Internet-based Automatic Signal Detection and Reception System for Industrial Equipment V1.0 (基於互聯網的工業設備信號自動檢測接收系統V1.0)	PRC	our Company

No.	Software name	Place of registration	Registered owner
26.	Industrial Internet SiC Equipment Production Process Management System V1.0 (工業互聯網碳化硅製備生產工藝管理系統V1.0)	PRC	our Company
27.	Industrial Internet SiC Production Integrated Application Software V1.0 (工業互聯網碳化硅製備生產綜合應用軟件V1.0)	PRC	our Company
28.	Industrial Equipment Temperature Control Automatic Commissioning Management System V1.0 (工業設備溫度控制全自動調試管理系統V1.0)	PRC	our Company
29.	Intelligent Manufacturing Equipment Operation Safety Real-time Monitoring System V1.0 (智能製造設備運行安全實時監管系統V1.0)	PRC	our Company
30.	Industrial Regulator Intelligent Integrated Control Management System V1.0 (工業調壓閥智能一體化控制管理系統V1.0)	PRC	our Company
31.	Internet-based Temperature Monitoring and Automatic Control System for Industrial Equipment V1.0 (基於互聯網的工業設備溫度監測自動調控系統V1.0)	PRC	our Company
32.	Industrial Internet Fault Detection and Analysis System V1.0 (工業互聯網故障自動檢測分析系統V1.0)	PRC	our Company
33.	Industrial Equipment Intelligent Voltage Regulator Management System V1.0 (工業設備智能穩壓調壓管理系統V1.0)	PRC	our Company
34.	Intelligent Manufacturing Installation Automation Commissioning Management System V1.0 (智能製造裝置安裝自動化調試管理系統V1.0)	PRC	our Company

No.	Software name	Place of registration	Registered owner
35.	Intelligent Manufacturing Device Operation System V1.0 (智能製造裝置運行智能化控制操作系統V1.0)	PRC	our Company
36.	Intelligent Manufacturing SiC Preparation Powder Automatic Proportioning Software V1.0 (智能製造碳化硅製備粉料自動化配比軟件V1.0)	PRC	our Company
37.	Industrial Powder Processing Data Proportioning Simulation Experiment Analysis System V1.0 (工業粉料加工數據配比模擬實驗分析系統V1.0)	PRC	our Company
38.	Industrial Equipment Operating Environment Automatic Pressure Regulation Inspection System V1.0 (工業設備運行環境自動調壓檢測系統V1.0)	PRC	our Company
39.	Internet-based Industrial Facilities Automation Inspection and Control System V1.0 (基於互聯網的工業設施自動化檢測控制系統V1.0)	PRC	our Company
40.	Industrial Powder Automatic Ratio Optimization Evaluation System V1.0 (工業粉料全自動配比優化評估系統V1.0)	PRC	our Company
41.	Fully Automatic Voltage Regulation and Energy Saving Evaluation Software for Industrial Equipment V1.0 (工業設備全自動調壓節能評估軟件V1.0)	PRC	our Company
42.	Industrial Internet SiC Preparation Process Automation Control System V1.0 (工業互聯網碳化硅製備工藝自動控制系統V1.0)	PRC	our Company
43.	Internet-based Industrial Automatic Batching Inspection and Control System V1.0 (基於互聯網的工業自動配料檢測控制系統V1.0)	PRC	our Company
44.	Industrial Powder Proportioning System V1.0 (工業粉料配比精準配置系統V1.0)	PRC	our Company

No.	Software name	Place of registration	Registered owner
45.	Intelligent Manufacturing SiC Equipment Digital Processing Production Supervision System V1.0 (智能製造碳化硅製備數字化加工生產監管系統V1.0)	PRC	our Company
46.	Intelligent Manufacturing Automatic Cleaning and Dust Control System V1.0 (智能製造自動清潔防塵管理系統V1.0)	PRC	our Company
47.	Intelligent Manufacturing Device Operation Fault Maintenance Management System V1.0 (智能製造裝置運行故障維護管理系統V1.0)	PRC	our Company
48.	Industrial Automatic Cleaning Remote Monitoring System V1.0 (工業全自動清潔遠程監測系統V1.0)	PRC	our Company
49.	Industrial Internet-based Material Automation Proportioning System V1.0 (基於工業互聯網的物料自動化配比系統V1.0)	PRC	our Company
50.	Intelligent Manufacturing Line Safe Operation Automatic Inspection System V1.0 (智能製造流水線安全運行自動檢測系統V1.0)	PRC	our Company
51.	Safe and Integrated Storage Management System for SiC Raw Materials V1.0 (碳化硅製備原材料安全綜合存儲管理系統V1.0)	PRC	our Company
52.	Intelligent Manufacturing Equipment Automatic Voltage Regulation Control System V1.0 (智能製造設備自動化調壓控制系統V1.0)	PRC	our Company
53.	SiC Material Wear Resistance Automatic Inspection System V1.0 (碳化硅製備材料耐磨性自動檢測系統V1.0)	PRC	our Company
54.	Industrial Internet SiC Preparation Automatic Batching Control System V1.0 (工業互聯網碳化硅製備自動化配料控制系統V1.0)	PRC	our Company

No.	Software name	Place of registration	Registered owner
55.	Industrial Internet SiC Equipment Manufacturing Automation System V1.0 (工業互聯網碳化硅製備製造自動操作系統V1.0)	PRC	our Company
56.	Intelligent Manufacturing Equipment Maintenance and Cleaning Integrated Management System V1.0 (智能製造設備養護清潔綜合管理系統V1.0)	PRC	our Company
57.	Internet-based Automatic Proportioning Management System for Industrial SiC Equipment V1.0 (基於互聯網的工業碳化硅製備自動配比管理系統V1.0)	PRC	our Company
58.	Intelligent Manufacturing SiC Equipment Automatic Inspection Management System V1.0 (智能製造碳化硅製備自動化檢測管理系統V1.0)	PRC	our Company
59.	Internet-based Industrial Equipment Operation and Control System V1.0 (基於互聯網的工業設備運行控制系統V1.0)	PRC	our Company
60.	Intelligent Manufacturing SiC Preparation Powder Automatic Proportioning Formula Recording Software V1.0 (智能製造碳化硅製備粉料自動配比配方記錄軟件V1.0)	PRC	our Company
61.	SiC Long Crystal Project Intelligent Management Software V1.0 (碳化硅長晶工程智能管理軟件V1.0)	PRC	our Company
62.	Real-time automated analysis and monitoring system for the operation process of multiple long crystal equipments V1.0 (多台長晶設備運行過程的實時自動化分析監控系統V1.0)	PRC	our Company
63.	SiC long crystal electronic equipment quality testing and analysis platform V1.0 (碳化硅長晶電子設備質量檢測分析平台V1.0)	PRC	our Company

(c) Patents

As of the Latest Practicable Date, we had registered the ownership of and/or had the right to use the following patents which we consider to be or may be material to our business:

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
1.	A high-quality SiC substrate and its preparation method and semiconductor device (一種高品質碳化硅襯底及其製備方法和半導體器件)	our Company	Invention patent	PRC	ZL202410586417.4
2.	A SiC substrate with high uniformity and its preparation method and semiconductor device (一種高均匀性的碳化硅襯底及其製備方法和半導體器件)	our Company	Invention patent	PRC	ZL202410579039.7
3.	A SiC stripper based on laser fracturing and its processing method (一種基於鐳射致裂的碳化硅剝離片及加工方法)	our Company	Invention patent	PRC	ZL202211724333.X
4.	A SiC seed crystal and a SiC single crystal wafer and single crystal ingot made therefrom (一種碳化硅籽晶及由其制得的碳化硅單晶片、單晶錠)	our Company	Invention patent	PRC	ZL202210257397.7
5.	A kind of SiC monowafers and seed crystals with uniform crystalline quality (一種結晶品質均匀的碳化硅單晶片及籽晶)	our Company	Invention patent	PRC	ZL202210005971.X
6.	A low dislocation density SiC substrate and its preparation method (一種低位錯密度的碳化硅襯底及其製備方法)	our Company	Invention patent	PRC	ZL202110947945.4

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
7.	SiC crystals with annular morphology, preparation method thereof and substrate thereof (具有環形形貌的碳化硅晶體及其製備方法和制得的襯底)	our Company	Invention patent	PRC	ZL202110950669.7
8.	A kind of SiC crystal with few small corner grain boundaries, substrate and its preparation method (一種小角晶界少的碳化硅晶體、襯底及其製備方法)	our Company	Invention patent	PRC	ZL202110948698.X
9.	A method for blocking the inward slip of edge dislocations in SiC crystals and their crystals (一種阻擋碳化硅晶體邊緣位錯向內滑移的方法及其晶體)	our Company	Invention patent	PRC	ZL202110947961.3
10.	A method and crystal for blocking inward extension of small corner grain boundaries at the edge of a SiC crystal (一種阻擋碳化硅晶體邊緣小角晶界向內延伸的方法及晶體)	our Company	Invention patent	PRC	ZL202110948718.3
11.	A treatment method and device for improving the quality of SiC backing (一種提高碳化硅襯底質量的處理方法及裝置)	our Company	Invention patent	PRC	ZL202110750303.5
12.	A SiC substrate with high surface cleanliness and its cleaning method (一種表面清潔度高的碳化硅襯底及其清潔方法)	our Company	Invention patent	PRC	ZL202110750285.0

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
13.	A SiC crystal, a seed crystal used therein, and a method of preparing the seed crystal (一種碳化硅晶體、其使用的籽晶及籽晶的製備方法)	our Company	Invention patent	PRC	ZL202110691438.9
14.	A high quality SiC substrate and its preparation method (一種高品質碳化硅襯底及其製備方法)	our Company	Invention patent	PRC	ZL202110546515.1
15.	A SiC crystal and its preparation method (一種碳化硅晶體及其製備方法)	our Company	Invention patent	PRC	ZL202110484763.8
16.	A reactor element for preparing crystals by the PVT method and a method of use and application thereof (一種用於PVT法製備晶體的反應器元件及其使用方法和應用)	our Company	Invention patent	PRC	ZL202110482795.4
17.	A high quality SiC crystal growing method and device (一種高品質碳化硅晶體的生長方法及裝置)	our Company	Invention patent	PRC	ZL202110200873.7
18.	A preparation method and growth device for N-type SiC crystals (一種N型碳化硅晶體的製備方法及生長裝置)	our Company	Invention patent	PRC	ZL202011637816.7
19.	SiC substrate, ingot and its preparation method (碳化硅襯底、晶錠及其製備方法)	our Company	Invention patent	PRC	ZL202011349480.4

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
20.	A crucible, device and application for N-type SiC monocrystal growth (一種N型碳化硅單晶生長用坩堝、裝置及應用)	our Company	Invention patent	PRC	ZL202011344171.8
21.	A SiC backing dislocation recognition method and system (一種碳化硅襯底位錯自動識別方法及系統)	our Company	Invention patent	PRC	ZL202011279607.X
22.	A SiC monocrystalline ingot, backing and its preparation method (一種碳化硅單晶錠、襯底及其製備方法)	our Company	Invention patent	PRC	ZL202011344165.2
23.	SiC crystals, ingots, and preparation methods thereof (碳化硅晶片、晶錠及其製備方法)	our Company	Invention patent	PRC	ZL202011344157.8
24.	SiC crystals, ingots, and preparation methods thereof (碳化硅晶片、晶錠及其製備方法)	our Company	Invention patent	PRC	ZL202011349487.6
25.	A SiC monocrystal and its production method and application (一種碳化硅單晶及其生產方法和應用)	our Company	Invention patent	PRC	ZL202011344150.6
26.	A preparation method of high quality SiC monocrystal and SiC monocrystal (一種高質量碳化硅單晶的製備方法及碳化硅單晶)	our Company	Invention patent	PRC	ZL202011257244.X

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
27.	A preparation method of high quality SiC monocrystal and SiC monocrystal (一種高質量碳化硅單晶的製備方法及碳化硅單晶)	our Company	Invention patent	PRC	ZL202011255128.4
28.	A dislocation identification method for SiC crystals and SiC crystals with applications (一種碳化硅晶片的位錯識別方法及碳化硅晶片與應用)	our Company	Invention patent	PRC	ZL202011003137.4
29.	A method and device for growing SiC crystals (一種碳化硅晶體生長方法及裝置)	our Company	Invention patent	PRC	ZL202010956155.8
30.	A method and device for detecting the resistivity of high purity SiC crystals (一種高純碳化硅晶體電阻率的檢測方法和裝置)	our Company	Invention patent	PRC	ZL202010777544.4
31.	A SiC monocrystal and its PVT production method and application (一種碳化硅單晶及其PVT法生產方法和應用)	our Company	Invention patent	PRC	ZL202010664355.6
32.	Thermal radiation reflection device for producing SiC monocrystals and its preparation method and application (生產碳化硅單晶用熱輻射反射裝置及其製備方法與應用)	our Company	Invention	PRC	ZL202010663166.7

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
33.	A crystal cutting process optimization method and device (一種晶體切割工藝優化方法及裝置)	our Company	Invention patent	PRC	ZL202010461911.X
34.	A high quality SiC monocrystal preparation method and its device (一種高質量碳化硅單晶的製備方法及其裝置)	our Company	Invention patent	PRC	ZL202010361772.3
35.	A method and equipment for predicting the overall temperature field in a SiC single crystal furnace (一種預測碳化硅單晶爐內整體溫度場的方法及設備)	our Company	Invention patent	PRC	ZL202010322263.X
36.	A method of processing SiC crystals (一種碳化硅晶體的加工方法)	our Company	Invention patent	PRC	ZL202010270072.3
37.	A high quality n-type SiC and its preparation method (一種高質量n型碳化硅及其製備方法)	our Company	Invention patent	PRC	ZL202010236876.1
38.	A high quality SiC monocrystal, substrate and its efficient preparation method (一種高質量碳化硅單晶、襯底及其高效製備方法)	our Company	Invention patent	PRC	ZL201911368211.X
39.	A device for preparing monocrystals and a method for preparing SiC monocrystals (一種製備單晶的裝置和碳化硅單晶的製備方法)	our Company	Invention patent	PRC	ZL201911370512.6

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
40.	A SiC monocrystal, a substrate and its preparation method (一種碳化硅單晶、襯底及其製備方法)	our Company	Invention patent	PRC	ZL201911368201.6
41.	A large-size SiC monocrystal, a substrate, a method of preparation and a device for use (一種大尺寸碳化硅單晶、襯底及製備方法和使用的裝置)	our Company	Invention patent	PRC	ZL201911349995.1
42.	A doped SiC monocrystal, a backing, and a method of preparing the same and a device for use thereof (一種摻雜碳化硅單晶、襯底及製備方法和使用的裝置)	our Company	Invention patent	PRC	ZL201911349956.1
43.	A kind of long crystal furnace for PVT method of preparing monocrystal and its application (一種用於PVT法製備單晶的長晶爐及其應用)	our Company	Invention patent	PRC	ZL201911347904.0
44.	A crystal growth prediction method and device (一種晶體生長預測方法及裝置)	our Company	Invention patent	PRC	ZL201911033270.1
45.	A method and system for detecting SiC defects (一種碳化硅缺陷的檢測方法和系統)	our Company	Invention patent	PRC	ZL201910951137.8
46.	Preparation of SiC monocrystals and their applications (碳化硅單晶的製備裝置及其應用)	our Company	Invention patent	PRC	ZL201911032080.8

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
47.	High-quality and high-purity semi-insulating SiC monocrystal, substrate and its preparation method (高質量高純半絕緣型碳化硅單晶、襯底及其製備方法)	our Company	Invention patent	PRC	ZL201910631401.X
48.	A method and device for detecting large size microtubes in semiconductor SiC substrates (一種檢測半導體碳化硅襯底中大尺寸微管的方法及裝置)	our Company	Invention patent	PRC	ZL201910477578.9
49.	A SiC single crystal and its PVT long crystal method (一種碳化硅單晶及其PVT長晶方法)	our Company	Invention patent	PRC	ZL201910344555.0
50.	A SiC crystal and its preparation method (一種碳化硅晶體及其製備方法)	our Company	Invention patent	PRC	ZL201910324913.1
51.	A method for polishing SiC monolithic wafers (一種碳化硅單晶片磨拋方法)	our Company	Invention patent	PRC	ZL201910001876.0
52.	An adjustable heat field structure for preparation of SiC monocrystals (一種用於製備碳化硅單晶的可調節熱場結構)	our Company	Invention patent	PRC	ZL201811303468.2
53.	A method to improve the uniformity of temperature field distribution during the growth of SiC monocrystal (一種提高碳化硅單晶生長過程中溫度場分佈均勻度的方法)	our Company	Invention patent	PRC	ZL201811302534.4

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
54.	A high quality SiC crystal preparation method and its device (一種高品質碳化硅晶體的製備方法及其裝置)	our Company	Invention patent	PRC	ZL201811303446.6
55.	A SiC monocrystal growing device (一種碳化硅單晶生長裝置)	our Company	Invention patent	PRC	ZL201811302583.8
56.	A method of growing high-purity SiC monocrystals (一種高純碳化硅單晶的生長方法)	our Company	Invention patent	PRC	ZL201811303457.4
57.	A SiC monocrystal growing method (一種碳化硅單晶生長方法)	our Company	Invention patent	PRC	ZL201811302567.9
58.	A method of preparing a SiC chemical mechanical polishing solution with improved pH stability (一種製備pH穩定性提高的碳化硅化學機械拋光液的方法)	our Company	Invention patent	PRC	ZL201811303464.4
59.	An improved SiC monocrystal growth device and its application in SiC monocrystal growth (一種改良的碳化硅單晶生長裝置及在碳化硅單晶生長中的應用)	our Company	Invention patent	PRC	ZL201811302533.X
60.	A high quality single crystal SiC and its preparation method (一種高質量單晶碳化硅及其製備方法)	our Company	Invention patent	PRC	ZL201811303459.3
61.	SiC monocrystal continuous growing methods (碳化硅單晶的連續長晶方法)	our Company	Invention patent	PRC	ZL201811302584.2

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
62.	A method to improve the quality of continuously grown SiC monocrystals (一種提高連續生長碳化硅單晶品質的方法)	our Company	Invention patent	PRC	ZL201811303469.7
63.	A method to improve the growth quality of PVT SiC monocrystals (一種提高PVT法碳化硅單晶生長質量的方法)	our Company	Invention patent	PRC	ZL201811303465.9
64.	A large-size high-purity SiC monocrystal, monocrystal substrate and its preparation method (一種大尺寸高純碳化硅單晶、單晶襯底及其製備方法)	our Company	Invention patent	PRC	ZL201811204726.1
65.	A rapid preparation method for high flatness and low damage to monocrystalline SiC substrate (一種高平整度、低損傷單晶碳化硅襯底的快速製備方法)	our Company	Invention patent	PRC	ZL201811205285.7
66.	A high purity SiC monocrystalline backing (一種高純碳化硅單晶襯底)	our Company	Invention patent	PRC	ZL201811204666.3
67.	A high quality semi-insulating SiC monocrystal and backing doped with a small amount of vanadium (一種摻雜少量釩的高質量半絕緣型碳化硅單晶及襯底)	our Company	Invention patent	PRC	ZL201811204690.7
68.	Thermal field structure of a growing SiC monocrystal (一種生長碳化硅單晶的熱場結構)	our Company	Invention patent	PRC	ZL201811204668.2

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
69.	A high flatness, low damage large diameter monocrystalline SiC backing (一種高平整度、低損傷大尺寸單晶碳化硅襯底)	our Company	Invention patent	PRC	ZL201811205291.2
70.	A method of preparing high quality semi-insulating SiC monocrystalline substrates (一種製備高質量的半絕緣型碳化硅單晶襯底的方法)	our Company	Invention patent	PRC	ZL201811205277.2
71.	Preparation of high-quality semi-insulating SiC monocrystals doped with a small amount of vanadium and a substrate (摻雜少量釩的高質量半絕緣型碳化硅單晶及襯底的製備方法)	our Company	Invention patent	PRC	ZL201811204702.6
72.	A method of preparing high-purity semi-insulating SiC monocrystals (一種高純半絕緣型碳化硅單晶的製備方法)	our Company	Invention patent	PRC	ZL201711121551.3
73.	A growth method for suppressing carbon inclusions defects in SiC monocrystals (一種抑制碳化硅單晶中碳包裹體缺陷的生長方法)	our Company	Invention patent	PRC	ZL201710520916.3
74.	A method of preparing a high-purity semi-insulating SiC substrate (一種高純半絕緣型碳化硅襯底的製備方法)	our Company	Invention patent	PRC	ZL201710019521.5

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
75.	A seed crystal shaft and a method of growing SiC in liquid phase (一種液相生長碳化硅的籽晶軸及方法)	our Company	Invention patent	PRC	ZL201610505971.0
76.	A device and method for growing SiC crystals by liquid phase method (一種液相法生長碳化硅晶體的裝置及方法)	our Company	Invention patent	PRC	ZL201610480812.X
77.	A kind of liquid-phase growing SiC seed crystal shaft device (一種液相生長碳化硅籽晶軸裝置)	our Company	Invention patent	PRC	ZL201610462617.4
78.	A method for detecting the step width on the surface of SiC crystals (一種碳化硅晶體表面臺階寬度的檢測方法)	our Company	Invention patent	PRC	ZL201610464045.3
79.	A method for liquid phase epitaxy of SiC crystals in multiple crucibles (一種多坩堝液相外延碳化硅晶體的方法)	our Company	Invention patent	PRC	ZL201610463988.4
80.	A method and device for growing high-purity semi-insulating SiC monocrystals (一種生長高純半絕緣型碳化硅單晶的方法及裝置)	our Company	Invention patent	PRC	ZL201510223992.9
81.	A method and device for corrosion of SiC crystals (一種碳化硅晶片腐蝕的方法和裝置)	our Company	Invention patent	PRC	ZL201410116764.7

No.	Patent	Patent owner	Patent category	Place of registration	Patent number
82.	A mechanical polishing solution for SiC and a method of mechanical polishing using the same (一種碳化硅用機械拋光液及採用其進行機械拋光的方法)	our Company	Invention patent	PRC	ZL201410112684.4
83.	A method and device for grinding the end face of SiC crystals (一種磨削碳化硅晶體端面的方法及裝置)	our Company	Invention patent	PRC	ZL201410036092.9
84.	A method and equipment for cutting large diameter SiC monocrystals using diamond wire (一種利用金剛石線切割大尺寸碳化硅單晶的方法和設備)	our Company	Invention patent	PRC	ZL201310728631.0
85.	Surface polishing method for large diameter and high hardness 6H-SiC monolithic wafers (大尺寸高硬度6H-碳化硅單晶片的表面拋光方法)	our Company	Invention patent	PRC	ZL200610043816.8
86.	Dicing method for large diameter SiC single crystals (大尺寸碳化硅單晶的切割方法)	our Company	Invention patent	PRC	ZL200510044587.7

(d) Domain names

As at the Latest Practicable Date, we owned the following domain names which we consider to be or may be material to our business:

No.	Domain Name	Registered Owner	Expiry Date
1.	sicc.cc	our Company	2027.11.03
2.	shanghaiyuefu.cn	Shanghai Yuefu	2027.11.07

Save as aforesaid, as of the Latest Practicable Date, there were no other trade or service marks, patents, intellectual or industrial property rights which were material in relation to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Disclosure of interests of Directors, Supervisors and Chief Executive of the Company

Save as disclosed below, immediately following the completion of the Global Offering (assuming that (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing), so far as our Directors are aware, none of our Directors, Supervisors or chief executive has any interests or short positions in our Shares, underlying Shares and debentures of our Company or its 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 and short positions which he or she is 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 recorded in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

(a) Interest in our Company

Name	Position	Nature of interest [1]	Number and class of Shares/underlying Shares	Approximate percentage of shareholding in the total issued Shares immediately prior to the Global Offering	Approximate percentage of shareholding in the total issued Shares immediately after the Global Offering [2]
Mr. Zong	Chairman of the Board, executive Director and general manager	Beneficial owner	129,302,726 A Shares	30.09%	27.08%
		Interest in controlled corporation	38,038,884 A Shares [3]	8.85%	7.12%
Mr. Gao Chao	Executive Director and chief technology officer	Beneficial owner	35,000 A Shares [4]	0.008%	0.007%

Notes:

(1) All interests stated are long position.

(2) The calculation is based on the assumption that (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(3) As of the Latest Practicable Date, Mr. Zong, as the sole executive and general partner of each of Shanghai Maiming and Shanghai Zhuao, was responsible for management and exercising the voting rights attaching to the Shares held by each of Shanghai Maiming and Shanghai Zhuao, in accordance with the partnership agreement entered into among the general and limited partners of each of Shanghai Maiming and Shanghai Zhuao, respectively. Therefore, Mr. Zong was deemed to be interested in the 23,133,000 A Shares and 12,900,000 A Shares held by Shanghai Maiming and Shanghai Zhuao, respectively. By virtue of Part XV of the SFO, interest in controlled corporation also includes the 2,005,884 A Shares repurchased by our Company as treasury shares as of the Latest Practicable Date.

(4) Represents Mr. Gao Chao's entitlement to receive up to 35,000 A Shares if and upon the vesting of restricted Shares granted to him under the 2024 Restricted Share Incentive Scheme, subject to the conditions (including vesting conditions) of those restricted Shares.

2. Disclosure of Interests of Substantial Shareholders

(a) Interests in our Company

For information on the persons who will, immediately following the completion of the Global Offering and assuming that (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing, having or be deemed or taken to have interests or short positions in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or directly or indirectly be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company, see the section headed "Substantial Shareholders".

(b) Interests of the Substantial Shareholders of Other Members of Our Group

As of the Latest Practicable Date, save as disclosed in the section headed "Substantial Shareholders", our Directors are not aware of any other person (other than our Directors, Supervisors or chief executive of our Company) who will, immediately following the completion of the Global offering and assuming that (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date

and Listing, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

3. Service Contracts

We have entered into a service contract or appointment letter with each of our Directors and Supervisors. The principal particulars of these service contracts and appointment letters comprise (a) the term of the service; (b) subject to termination in accordance with their respective term; and (c) a dispute resolution provision. The service contracts and appointment letters may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations from time to time.

Save as disclosed above, none of the Directors or Supervisors has or is proposed to have a service contract with any member of our Group (other than contracts expiring or determinable by the relevant employer within one year without the payment of compensation (other than statutory compensation)).

4. Director's and Supervisors' Remuneration

Save as disclosed in the section headed "Directors, Supervisors and Senior Management" and Note 13 to "Appendix I — Accountants' Report" for the three years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025, none of our Directors or Supervisors received other remunerations or benefits in kind from us.

5. Disclaimers

Saved as disclosed in this Prospectus:

(a) none of our Directors, Supervisors or any of the parties listed in "— E. Other Information — 4. Qualifications and Consents of Experts" below is:

(i) interested in our promotion, or in any assets which, within the two years immediately preceding the date of this document, have been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to our Company;

(ii) materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;

(b) save in connection with the Hong Kong Underwriting Agreement and the International Underwriting Agreement, none of the parties listed in "— E. Other Information — 4. Qualifications and Consents of Experts" below:

(i) is interested legally or beneficially in any shares in any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of our Group;

(c) none of our Directors or Supervisors is 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 taken as a whole;

(d) none of our Directors or Supervisors or their close associates or any shareholders of our Company who to the knowledge of our Directors owns more than 5% of our issued share capital has any interest in our top five customers or suppliers; and

(e) none of our Directors or Supervisors is a director or employee of a company that has an interest in the share capital of our Company which, once the H Shares are listed on the Stock Exchange, would have to be disclosed pursuant to Divisions 2 and 3 of Part XV of the SFO.

D. OUR 2024 RESTRICTED SHARE INCENTIVE SCHEME

The following is a summary of the principal terms of the 2024 Restricted Share Incentive Scheme as approved by the annual general meeting for the year 2023 of the Company dated May 17, 2024 (the "**2024 Restricted Share Incentive Scheme**"). The terms of the 2024 Restricted Share Incentive Scheme are not subject to the provisions of Chapter 17 of the Listing Rules as they do not involve any grant of restricted Shares by our Company after the Listing. The terms of the 2024 Restricted Share Incentive Scheme are summarized as below:

(i) Purpose

The purpose of the 2024 Restricted Share Incentive Scheme is to further establish and enhance the Company's long-term incentive mechanism, attract and retain outstanding talents, motivate our employees and effectively align the interests of Shareholders, the Company, and our employees, facilitating the long-term and sustainable development of our Group.

(ii) Administration

The 2024 Restricted Share Incentive Scheme shall be subject to decisions of the Shareholders' general meeting, administration of the Board and the supervision of the Supervisory Committee.

(iii) Selected participants

Selected participants under the 2024 Restricted Share Incentive Scheme are core technology and business talents who are important for the Company's future operation and development, including foreign employees while excluding independent Directors, Supervisors and any person prohibited by Article 8 of the Measures for the Administration of Equity Incentives of Listed Companies to be eligible participants.

The selected participants shall be employed by the Company or its subsidiaries at the time the relevant restricted Shares are granted and during the assessment period of the 2024 Restricted Share Incentive Scheme.

(iv) Source and maximum number of Shares

The restricted Shares to be granted under the 2024 Restricted Share Incentive Scheme shall be A Shares repurchased by our Company from the secondary market from time to time, and/or A Shares to be issued by our Company to the selected participants. Each restricted Share granted represents the right to purchase one A Share within the agreed period at the grant price. The maximum number of restricted Shares that can be granted under 2024 Restricted Share Incentive Scheme is 5,080,000 A Shares, representing approximately 1.18% of the total issued share capital at the time of adoption of the 2024 Restricted Share Incentive Scheme.

(v) Term of the scheme

The Restricted Share Incentive Schemes shall be effective from the date of grant of the restricted Shares under the 2024 Restricted Share Incentive Scheme up to the date when the restricted Shares granted have all been vested or lapsed, provided that the term of the 2024 Restricted Share Incentive Scheme shall not exceed 60 months (as the case may be).

(vi) Grant of the restricted Shares

The grant date shall be a trading day and shall be determined by the Board. Our Company shall grant and announce the restricted Shares to be granted to selected participants under the first tranche of grant within 60 days after the date of approval of the 2024 Restricted Share Incentive

Scheme by the Shareholders' general meeting. Failure to complete the procedures within such time will result in termination of the 2024 Restricted Share Incentive Scheme and lapse of the restricted Shares that have not been granted. The grant date for the reserved restricted Shares shall be determined by the Board within 12 months after the approval date of the 2024 Restricted Share Incentive Scheme by the Shareholders' meeting. The period during which the grants of equity incentives are prohibited, as specified under the Measures for the Administration of Equity Incentives of Listed Companies, shall not be included in the calculation of the abovementioned 60-day period.

The grant price of the restricted Shares shall be RMB32.00, subject to any adjustment pursuant to the terms of the 2024 Restricted Share Incentive Scheme. Restricted Shares restricted Shares granted shall not be transferred or used for debt guarantee or payment.

Among the maximum 5,080,000 restricted A Shares which could be granted under the 2024 Restricted Share Incentive Scheme, 4,895,000 A Shares have been granted. 185,000 A Shares are reserved quota for further grant to selected participants, the names of which shall be determined within 12 months upon approval of the 2024 Restricted Share Incentive Scheme by the Shareholders' general meeting of our Company. As of the Latest Practicable Date, all of the reserved quota of 185,000 A Shares has been automatically lapsed as no grantee was further identified by end of such period pursuant to the terms of the 2024 Restricted Share Incentive Scheme.

(vii) Grant conditions

The selected participants are entitled to be granted restricted Shares under the 2024 Restricted Share Incentive Scheme only if the following conditions were met:

(a) with respect to the Company, none of the following circumstances having occurred:

(1) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to the Company's accountant's report for the most recent fiscal year;

(2) an audit report with an adverse opinion or a disclaimer of opinion has been issued by the certified public accountants with respect to the internal control report contained in accountant's report for the most recent fiscal year;

(3) the Company has not distributed dividends in accordance with the laws and regulations, our Articles of Association or our public commitment within the most recent 36 months after its listing;

(4) applicable laws and regulations prohibit the implementation of any share incentive scheme; or

(5) any other circumstances recognized by the CSRC.

(b) with respect to the grantee, none of the following circumstances having occurred:

(1) the grantee has been regarded as an inappropriate person by the Shanghai Stock Exchange within the most recent 12 months;

(2) the grantee has been regarded as an inappropriate person by the CSRC or its dispatched office within the most recent 12 months;

(3) the grantee has received administrative penalties or prohibited from entering into the securities market by the CSRC or its dispatched office within the most recent 12 months as a result of any material non-compliance with relevant laws and regulations;

(4) the grantee is not qualified to serve as a director or senior management according to the PRC Company Law;

(5) the grantee is prohibited from participating in any share incentive plan of listed companies according to applicable laws and regulations; or

(6) any other circumstances recognized by the CSRC.

(viii) Vesting conditions and schedule

The selected participants granted under the 2024 Restricted Share Incentive Scheme will only be vested if the following conditions were met:

(a) the conditions set out under paragraph (vii) above are fulfilled;

(b) the relevant grantee has been employed with the Group for more than 12 months before any vesting date; and

(c) the applicable annual performance assessment targets of the Company and performance appraisal requirements of the relevant grantee as set out under the 2024 Restricted Share Incentive Scheme are achieved.

The restricted Shares granted shall be vested in accordance with the following vesting schedule, subject to satisfaction of the above vesting conditions:

Vesting schedule	Vesting period	Vesting percentage
The first period of vesting	From the first trading day after the 12-month anniversary from the date of grant to the last trading day before the 24-month anniversary of the date of grant	30%
The second period of vesting	From the first trading day after the 24-month anniversary from the date of grant to the last trading day before the 36-month anniversary of the date of grant	30%
The third period of vesting	From the first trading day after the 36-month anniversary from the date of grant to the last trading day before the 48-month anniversary of the date of grant	40%

The vesting of the restricted Shares granted shall be on a trading day within the term of the 2024 Restricted Share Incentive Scheme, which shall not fall in the following periods, (i) 15 days before the publication of any annual report and interim report, (ii) five days before the publication of any quarterly report, earnings forecast and preliminary earnings estimate, (iii) the period starting from the date of any significant price-sensitive incident till the date of its publication; and (iv) any other period prohibited by the CSRC and Shanghai Stock Exchange.

(ix) Lock-up for Directors and the senior management team

The annual transferable Shares for a grantee who is a Director or senior management member during his or her employment shall not exceed 25% of the total Shares he or she holds. No Share can be transferred within six months after termination of his or her employment. Income gained through sale of Shares within six months of the purchase or purchase of Shares within six months of the sale shall belong to the Company and will be forfeited by the Board. Any sale of Shares is also subject to the relevant requirements under applicable laws.

(x) Outstanding restricted Shares granted

As of the Latest Practicable Date, the number of outstanding restricted Shares granted under the 2024 Restricted Share Incentive Scheme was 4,895,000, representing approximately 1.03% of the issued Shares immediately following the completion of the Listing (assuming that (i) the

Over-allotment Option is not exercised, (ii) no new Shares are issued under our 2024 Restricted Share Incentive Scheme and (iii) no changes to our issued and outstanding shares between the Latest Practicable Date and the Listing). As of the Latest Practicable Date, all of the reserved quota of 185,000 restricted A Shares has been automatically lapsed as no grantee was further identified by end of the period as specified in the terms of the 2024 Restricted Share Incentive Schemes. As of the Latest Practicable Date, the Company has repurchased an aggregate of 2,005,884 A Shares, which were held in the repurchase stock account established in the name of the Company and were expected to be used for employee stock ownership plans or equity incentives. The Company has not issued or had any imminent plan to issue any new A Shares for such purpose.

The following table sets forth the number of outstanding restricted Shares granted to Directors, senior management or connected persons of our Company under the 2024 Restricted Share Incentive Schemes:

Name of grantee	Position in our Company	Date of grant	Number of restricted Shares granted	Grant Price	Vesting period	Approximate percentage of issued Shares immediately after completion of the Global Offering [1]
Mr. Gao Chao . . .	Executive Director and chief technology officer	March 27, 2025	35,000	RMB32.00	30%, 30% and 40% of the restricted Shares granted under the 2024 Restricted Share Incentive Scheme will vest in each of the three vesting periods that occur between the first trading day after the 12-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant, respectively.	0.01%
Ms. You Ying. . . .	Chief financial officer	March 27, 2025	150,000	RMB32.00		0.03%

Notes:

(1) The calculation is based on the assumption that (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under the 2024 Restricted Share Incentive Scheme, and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

The table below sets forth the details of outstanding restricted Shares granted to other grantees (excluding Directors, senior management and connected persons of our Company) under the 2024 Restricted Share Incentive Schemes:

Number of grantees[2]	Date of grant	Number of restricted Shares granted	Grant Price	Vesting period	Approximate percentage of issued Shares immediately after completion of the Global Offering[1]
80.	July 3, 2024	4,080,000	RMB32.00	30%, 30% and 40% of the restricted Shares granted under the 2024 Restricted Share Incentive Scheme will vest in each of the three vesting periods that occur between the first trading day after the 12-month anniversary from the date of grant and the last trading day up to the 48-month anniversary of the date of grant, respectively.	0.85%
28.	March 27, 2025	630,000	RMB32.00		0.13%

Notes:

(1) The calculation is based on the assumption that (i) the Over-allotment Option is not exercised, (ii) no new Shares are issued under the 2024 Restricted Share Incentive Scheme, and (iii) no other changes are made to the issued share capital of our Company between the Latest Practicable Date and Listing.

(2) The grantees are key technology and business personnel of our Group, neither of whom is a Director, Supervisor or connected person of our Company. None of the grantees have been individually granted an aggregate number of underlying Shares exceeding 1.0% of the Company's total share capital.

(3) As of the Latest Practicable Date, an aggregate of 310,000 restricted Shares granted to five employees are expected to lapse in accordance with the terms of the 2024 Restricted Share Incentive Scheme due to termination of employment of the relevant grantee, subject to consideration and approval of the Board.

Upon full vesting of the outstanding restricted Shares granted under the 2024 Restricted Share Incentive Scheme (assuming new A Shares will be issued for the vesting of all the outstanding restricted Shares and A Shares in the repurchase account of the Company will not be utilized), the issued and outstanding shareholding of the Shareholders immediately following completion of the Listing will be diluted by approximately 0.96%. The impact on earnings per Share for the three months ended March 31, 2025 upon full vesting of the outstanding restricted

Shares granted under the 2024 Restricted Share Incentive Scheme (assuming A Shares will be issued for the vesting of all the outstanding restricted Shares and A Shares in the repurchase account of the Company will not be utilized) is minimal, as the diluted weighted average outstanding shares only increased from 427,705,160 to 427,859,037 for the three months ended March 31, 2025, which brought minimal dilutive effect as compared to the total Shares in issue.

E. OTHER INFORMATION

1. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to impose on our Company or our subsidiaries.

2. Litigation

Save as disclosed in the sections headed "Business" and "Financial Information" in this prospectus, no member of our Group is engaged in any litigation, arbitration or claim of material importance, and no litigation, arbitration or claim of material importance is known to our Directors to be pending or threatened by or against our Company that would have a material adverse effect on our Company's results of operations or financial condition.

3. Joint Sponsors

The Joint Sponsors have made an application on our behalf to the Listing Committee for the listing of, and permission to deal in, our H Shares in issue, our H Shares to be issued pursuant to the Global Offering (including any H Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option). All necessary arrangements have been made to enable the securities to be admitted into CCASS.

Each of the Joint Sponsors satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. Pursuant to the engagement letter entered into between the Company and the Joint Sponsors, we have agreed to pay the Joint Sponsors a total fee of US$500,000 to act as the sponsors of our Company in connection with the proposed listing on the Hong Kong Stock Exchange.

4. Qualifications and Consents of Experts

The qualifications of the experts who have given opinions or advice in this Prospectus are as follows:

Name	Qualification
China International Capital Corporation Hong Kong Securities Limited	A licensed corporation to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 4 (advising on securities), type 5 (advising on futures contracts) and type 6 (advising on corporate finance) regulated activities as defined under the SFO
CITIC Securities (Hong Kong) Limited	A licensed corporation under the SFO for type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities (subject to a licensing condition) under the SFO
BDO Limited	Certified Public Accountants under Professional Accountant Ordinance (Chapter 50 of the Laws of Hong Kong) and Registered Public Interest Entity Auditor under Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)
Grandall Law Firm (Shanghai)	PRC legal adviser
King & Wood Mallesons	Legal adviser as to U.S. export control and sanctions law
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.	Independent industry consultant
Asia-Pacific Consulting and Appraisal Limited	Independent property valuer

Each of the experts named above has given and has not withdrawn its consent to the issue of this Document with the inclusion of its report, letter, and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

As of the Latest Practicable Date, none of the experts named above has any shareholding interest in our Company or any of our subsidiaries 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.

5. Binding Effect

This Prospectus shall have the effect, if an application is made pursuant to this Document, 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.

6. Bilingual Document

The English language and Chinese language versions of this Prospectus are being published separately, in reliance upon the exemption provided by section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and Chinese language version of this Prospectus, the English language version shall prevail.

7. Compliance Adviser

Our Company has appointed Somerley Capital Limited as its compliance adviser in compliance with Rule 3A.19 of the Listing Rules.

8. Preliminary Expenses

The Company did not incur material preliminary expenses for the purpose of the Listing Rules.

9. No Material Adverse Change

Our Directors confirm that, up to the date of this Prospectus, there has been no material adverse change in our financial or financial position since March 31, 2025.

10. Promoters

The promoters of our Company comprised all of the 41 then Shareholders of our Company as at November 17, 2020 before our conversion into a joint stock limited liability company.

No.	Name
1	Zong Yanmin (宗艷民)
2	Guozhai Equity Investment Fund (Jinan) Partnership (Limited Partnership) (國材股權投資基金(濟南)合夥企業(有限合夥))
3	Liaoning Zhongde Industrial Equity Investment Fund Partnership (Limited Partnership) (遼寧中德產業股權投資基金合夥企業(有限合夥))
4	Habo Technology Venture Capital Co., Ltd. (哈勃科技創業投資有限公司)
5	Shanghai Maiming Enterprise Management Center (Limited Partnership) (上海麥明企業管理中心(有限合夥))
6	Liaoning Zhengwei No. 1 High-Tech Equity Investment Fund Partnership (Limited Partnership) (遼寧正為一號高科技股權投資基金合夥企業(有限合夥))
7	Shanghai Zhuao Enterprise Management Center (Limited Partnership) (上海鑄傲企業管理中心(有限合夥))
8	Liaoning Haitong New Energy Low Carbon Industrial Equity Investment Fund Co. Ltd. (遼寧海通新能源低碳產業股權投資基金有限公司)
9	Guangzhou Zhonghai Taichang Investment Partnership (Limited Partnership) (廣州眾海泰昌投資合夥企業(有限合夥))
10	Zhenjiang Zhigui Investment Center (Limited Partnership) (鎮江智硅投資中心(有限合夥))
11	Shanghai Jinpu Guodiao M&A Equity Investment Fund Partnership (Limited Partnership) (上海金浦國調併購股權投資基金合夥企業(有限合夥))
12	Guangdong Green Home Equity Investment Partnership (Limited Partnership) (廣東綠色家園股權投資合夥企業(有限合夥))

No.	Name
13	Shenzhen Capital Group Co., Ltd. (深圳市創新投資集團有限公司)
14	Shenzhen Huiyou Chuangjia Venture Capital Partnership (Limited Partnership) (深圳市惠友創嘉創業投資合夥企業(有限合夥))
15	Guo Xisheng (郭西省)
16	Guangdong Ruichen Equity Investment Partnership (Limited Partnership) (廣東睿晨股權投資合夥企業(有限合夥))
17	Qingdao Tieyue Investment Partnership (Limited Partnership) (青島鐵岳投資合夥企業(有限合夥))
18	Advanced Micro-Fabrication Equipment Inc. China (中微半導體設備(上海)股份有限公司)
19	Ningbo Meishan Free Trade Port Zone Cloudwing Venture Capital Partnership (Limited Partnership) (寧波梅山保稅港區雲翼創業投資合夥企業(有限合夥))
20	Advanced Manufacturing Industry Investment Fund II (Limited Partnership) (先進製造產業投資基金二期(有限合夥))
21	Andai Huizhi Equity Investment Fund (Huzhou) Partnership (Limited Partnership) (安岱匯智股權投資基金(湖州)合夥企業(有限合夥))
22	Ningbo Meishan Free Trade Port Zone Qingxin Chengming Enterprise Management Consulting Partnership (Limited Partnership) (寧波梅山保稅港區青芯誠明企業管理諮詢合夥企業(有限合夥))
23	Shanghai Guoce Technology Manufacturing Equity Investment Fund Partnership (Limited Partnership) (上海國策科技製造股權投資基金合夥企業(有限合夥))
24	Shenzhen Huiyou Chuangxiang Venture Capital Partnership (Limited Partnership) (深圳市惠友創享創業投資合夥企業(有限合夥))
25	Guangdong Green Technology Bank Equity Investment Partnership (Limited Partnership) (廣東綠技行股權投資合夥企業(有限合夥))

No.	Name
26	Wanxiang Venture Capital., Ltd. (萬向創業投資股份有限公司)
27	Zibo Innovation Capital Venture Capital Co. Ltd. (淄博創新資本創業投資有限公司)
28	Shanghai Gunstone Enterprise Management Partnership (Limited Partnership) (上海袞石企業管理合夥企業(有限合夥))
29	Haitong Innovative Securities Investment Co. Ltd. (海通創新證券投資有限公司)
30	Qingdao Yuanchuang Energy Saving and Environmental Protection Venture Capital Fund Partnership (Limited Partnership) (青島源創節能環保創業投資基金合夥企業(有限合夥))
31	Ningbo Yunyi Venture Capital Partnership (Limited Partnership) (寧波雲翊創業投資合夥企業(有限合夥))
32	Qingdao Huajin Equity Investment Fund Partnership (Limited Partnership) (青島華錦股權投資基金合夥企業(有限合夥))
33	Jinan Shunxing Equity Investment Partnership (Limited Partnership) (濟南舜興股權投資合夥企業(有限合夥))
34	Pan Ocean Vision II New Technology Investment (Tianjin) Partnership (Limited Partnership) (泛海願景二期新科技投資(天津)合夥企業(有限合夥))
35	Shenzhen Xingchuangrong Investment Partnership (Limited Partnership) (深圳市星創融投資合夥企業(有限合夥))
36	Hunan Xiaoxiang Hairun Private Equity Fund Partnership (Limited Partnership) (湖南瀟湘海潤私募股權基金合夥企業(有限合夥))
37	Shangrong (Ningbo) Investment Center (Limited Partnership) (尚融(寧波)投資中心(有限合夥))
38	Nanjing Jinpu Xinchao Venture Capital Partnership (Limited Partnership) (南京金浦新潮創業投資合夥企業(有限合夥))

No.	Name
39	Nanjing Jinpu Xinchao Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (南京金浦新潮新興產業股權投資基金合夥企業(有限合夥))
40	Jiaxing Yuxin Venture Capital Partnership (Limited Partnership) (嘉興鈺鑫創業投資合夥企業(有限合夥))
41	Zhuzhou Juzhi Times Private Equity Fund Partnership (Limited Partnership) (株洲聚時代私募股權基金合夥企業(有限合夥))

Save as disclosed in this prospectus, within the two years immediately preceding the date of this Prospectus, no cash, securities or benefit has been paid, allotted or given, or is proposed to be paid, allotted or given to the promoters named above in connection with the Global Offering or the related transactions described in this prospectus.

11. Taxation of Holders of H Shares

Hong Kong stamp duty, currently charged at the ad valorem rate of 0.10% on the higher of the consideration for or the market value of the H Shares, will be payable by the purchaser on every purchase and by the seller on every sale of any Hong Kong securities, including H Shares (in other words, a total of 0.20% is currently payable on a typical sale and purchase transaction involving H Shares). In addition, a fixed stamp duty of HK$5.00 is currently payable on any instrument of transfer of H Shares. Where one of the parties is a resident outside Hong Kong and does not pay the ad valorem duty due by it, the duty not paid will be assessed on the instrument of transfer (if any) and will be payable by the transferee. If no stamp duty is paid on or before the due date, a penalty of up to 10 times the duty payable may be imposed.

12. Miscellaneous

Save as disclosed in this Prospectus:

(a) within the two years preceding the date of this Prospectus: (i) we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash; and (ii) no commissions, discounts, brokerage fee or other special terms have been granted in connection with the issue or sale of any shares of our Company;

(b) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;

(c) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;

(d) there are no arrangements under which future dividends are waived or agreed to be waived;

(e) there are no procedures for the exercise of any right of pre-emption or transferability of subscription rights;

(f) there have been no interruptions in our business which may have or have had a significant effect on our financial position in the last 12 months;

(g) there are no restrictions affecting the remittance of profits or repatriation of capital by us into Hong Kong from outside Hong Kong;

(h) save for the A Shares of our Company that are listed on the STAR Market, and save for the H Shares to be issued in connection with the Global Offering no part of the equity or debt securities of our Company, if any, is currently listed on or dealt in on any stock exchange or trading system, and no such listing or permission to list on any stock exchange other than the Stock Exchange is currently being or agreed to be sought;

(i) all necessary arrangements have been made to enable the H shares to be admitted into CCASS for clearing and settlement; and

(j) our Company has no outstanding convertible debt securities or debentures.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) the written consents referred to in "Appendix VII — Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts"; and

(b) a copy of each of the material contracts referred to in "Appendix VII — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts".

DOCUMENTS AVAILABLE ON DISPLAY

Electronic copies of the following documents will be available on display on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.sicc.cc** during a period of 14 days from the date of this prospectus:

1. the Articles of Association;

2. the Accountant's Report prepared by BDO Limited, the text of which is set forth in Appendix I to this prospectus;

3. the audited consolidated financial statements of our Company for the three financial years ended December 31, 2022, 2023 and 2024 and the three months ended March 31, 2025;

4. the report from BDO Limited on the unaudited pro forma financial information of our Group, the text of which is set forth in Appendix II to this Prospectus;

5. the material contracts in "Appendix VII — Statutory and General Information — B. Further Information about our Business — 1. Summary of Material Contracts";

6. the written consents referred to in "Appendix VII — Statutory and General Information — E. Other Information — 4. Qualifications and Consents of Experts";

7. the service contracts referred to in "Appendix VII — Statutory and General Information — C. Further Information about our Directors, Supervisors and Senior Management — 3. Service Contracts";

8. the legal opinions issued by Grandall Law Firm (Shanghai), our PRC Legal Advisor, in respect of, among other things, the general corporate matters and the property interests of our Group under PRC law;

9. the legal opinion issued by King & Wood Mallesons, our legal adviser as to U.S. export control and sanctions law, in respect of, among other things, the U.S. export control and sanctions law;

10. the valuation report relating to certain property interest of our Group prepared by Asia-Pacific Consulting and Appraisal Limited, the text of which is set out in Appendix III to this prospectus;

11. the industry report issued by Frost & Sullivan, the summary of which is set forth in the section headed "Industry Overview" in this prospectus; and

12. a copy of the following PRC laws, together with their unofficial English translations:

    - the PRC Company law;

    - the Securities Law; and

    - the Trial Measures for the Administration Related to the Overseas Securities Offering and Listing by Domestic Companies.

SICC

SICC CO., LTD.

山東天岳先進科技股份有限公司

國浩律師(上海)事務所
GRANDALL LAW FIRM (SHANGHAI)

上海市静安区山西北路99号苏河湾中心MT25-28楼 邮编：200085
25-28/F, Suho Centre, 99 North Shanxi Road, Jing'an District, Shanghai, China
T. +86 21 52341668 F. +86 21 52341670
E. grandallsh@grandall.com.cn W. www.grandall.com.cn

August 11, 2025

The Board of Directors
SICC CO., LTD. (山東天岳先進科技股份有限公司) (the "Company")
No. 99, South Tianyue Road
Huaiyin District, Jinan City
Shandong, PRC

Dear Sirs/Madams,

We, Grandall Law Firm (Shanghai), as the Company's legal adviser as to PRC laws in connection with the Company's proposed global offering and the proposed listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), refer to the prospectus of the Company dated August 11, 2025 (the "**Prospectus**").

We hereby give, and confirm that we have not withdrawn, our consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, qualifications, confirmations and opinions in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus.

We also consent to a copy of this letter and our PRC legal opinions being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VIII to the Prospectus.

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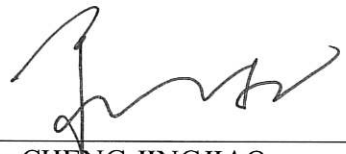
For and on behalf of
Grandall Law Firm (Shanghai)



Name: CHENG JINGJIAO
Title: Partner

FROST & SULLIVAN
沙利文

上海市静安区南京西路1717号
会德丰国际广场2504室
2504 Wheelock Square
1717 Nanjing West Road
Shanghai 200040, China
Tel: 86 (21) 6407 5836
Fax: 86 (21) 3209 8500
www.frost.com

August 11, 2025

The Board of Directors
SICC CO., LTD. (山東天岳先進科技股份有限公司) (the "Company")
No. 99, South Tianyue Road
Huaiyin District, Jinan City
Shandong, PRC

Dear Sirs/Madams,

We, Frost & Sullivan (Beijing) Inc.,Shanghai Branch Co., as the industry consultant in connection with the Company's proposed global offering and the proposed listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), refer to the prospectus of the Company dated August 11, 2025 (the "**Prospectus**").

We hereby give, and confirm that we have not withdrawn, our consent to the issue of the Prospectus by the Company with the inclusion therein of all references to our name, qualifications, confirmations, opinions and reports in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus.

We also consent to our industry report and this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VIII to the Prospectus.

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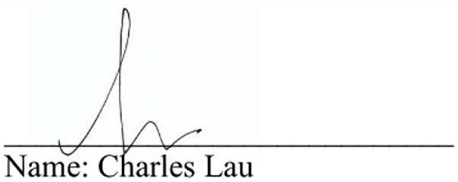
FROST & SULLIVAN
沙利文

上海市静安区南京西路1717号
会德丰国际广场2504室
2504 Wheelock Square
1717 Nanjing West Road
Shanghai 200040, China
Tel: 86 (21) 5407 5836
Fax: 86 (21) 3209 8500
www.frost.com

For and on behalf of
Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.



Name: Charles Lau
Title: Executive Director

CONSULTING & APPRAISAL
亞太評估

August 11, 2025

The Board of Directors
SICC CO., LTD. (山東天岳先進科技股份有限公司) (the "Company")
No. 99, South Tianyue Road
Huaiyin District, Jinan City
Shandong, PRC

Dear Sirs/Madams,

We, Asia-Pacific Consulting and Appraisal Limited, as the Company's property valuer in connection with the Company's proposed global offering and the proposed listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), refer to the prospectus of the Company dated August 11, 2025 (the "**Prospectus**").

We hereby give, and confirm that we have not withdrawn, our consent to the issue of the Prospectus by the Company, with the inclusion therein of extracts from our property valuation report dated the date hereof, and all references to our name, qualifications, confirmations and opinions in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus.

We also consent to a copy of the valuation report relating to certain property interests of the Company and its subsidiaries (the "**Group**") and this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VIII to the Prospectus.

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For and on behalf of
Asia-Pacific Consulting and Appraisal Limited

David G.D. Cheng
MRICS
Executive Director

金杜律师事务所
KING&WOOD
MALLESONS

August 11, 2025

The Board of Directors
SICC CO., LTD. (山東天岳先進科技股份有限公司) (the "Company")
No. 99, South Tianyue Road
Huaiyin District, Jinan City
Shandong, PRC

Dear Sirs/Madams,

We, King & Wood Mallesons, as the legal adviser as to U.S. export control and sanctions laws to the Company in connection with the Company's proposed global offering and the proposed listing of its H shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), refer to the prospectus of the Company dated August 11, 2025 (the "**Prospectus**").

We hereby give, and confirm that we have not withdrawn, our consent to the issue of the Prospectus by the Company, with the inclusion therein of all references to our name, qualifications, confirmations and opinions in the form and context in which they respectively appear in the Prospectus.

We hereby consent to you releasing this letter to the Registrar of Companies in Hong Kong and the Stock Exchange and referring to it in the Prospectus.

We also consent to a copy of our legal opinion in respect of U.S. export control and sanctions laws and this letter being made available on display as described in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VIII to the Prospectus.

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For and on behalf of
King & Wood Mallesons

Name: Dai Menghao
Title: Partner