



瀚天天成电子科技（厦门）股份有限公司  
Epiworld International Co., Ltd.

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

Stock Code : 2726

**2025** ANNUAL REPORT

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# Corporate Information

## BOARD OF DIRECTORS

### Executive Directors

Dr. Zhao Jianhui (趙建輝) (*Chairman of the Board*)

Ms. Pan Menghan (潘夢菡)

Ms. Bai Liting (白麗婷)

### Non-Executive Directors

Mr. Fang Wei (方偉)

Mr. Su Ping (蘇平)

Ms. Xie Jieping (謝潔平)

### Independent Non-Executive Directors

Dr. Kang Junyong (康俊勇)

Dr. Liao Yi (廖逸)

Dr. Su Xinlong (蘇新龍)

## AUDIT COMMITTEE

Dr. Su Xinlong (蘇新龍) (*Chairman*)

Dr. Liao Yi (廖逸)

Mr. Su Ping (蘇平)

## REMUNERATION COMMITTEE

Dr. Kang Junyong (康俊勇) (*Chairman*)

Dr. Liao Yi (廖逸)

Dr. Su Xinlong (蘇新龍)

## NOMINATION COMMITTEE

Dr. Liao Yi (廖逸) (*Chairman*)

Dr. Kang Junyong (康俊勇)

Ms. Pan Menghan (潘夢菡)

## STRATEGY COMMITTEE

Dr. Zhao Jianhui (趙建輝) (*Chairman*)

Dr. Kang Junyong (康俊勇)

Dr. Su Xinlong (蘇新龍)

## SUPERVISORY COMMITTEE

Mr. Wu Guoyi (吳國屹) (*Chairman*)

Mr. Li Kaixi (李凱希)

Mr. Qian Weining (錢衛寧)

## REGISTERED OFFICE

No. 198-1, East 2nd Road  
Tongxiang High-tech City  
Torch Hi-tech Zone  
Xiamen, Fujian  
PRC

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 198-1, East 2nd Road  
Tongxiang High-tech City  
Torch Hi-tech Zone  
Xiamen, Fujian  
PRC

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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Hong Kong

## Corporate Information

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#### Computershare Hong Kong Investor Services Limited

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### AUDITOR

#### BDO Limited

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6th Floor  
61 East Nanjing Road  
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Shanghai  
PRC

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

### HONG KONG LEGAL ADVISER

#### Jingtian & Gongcheng LLP

Suites 3203-3207  
32/F, Edinburgh Tower  
The Landmark  
15 Queen's Road Central  
Hong Kong

### COMPLIANCE ADVISER

#### Rainbow Capital (HK) Limited

Office No. 710, 7/F  
Wing On House  
71 Des Voeux Road Central  
Hong Kong

### AUTHORIZED REPRESENTATIVES

Dr. Zhao Jianhui (趙建輝)  
Ms. Wong Wai Yee, Ella

### COMPANY SECRETARY

Ms. Wong Wai Yee, Ella

### PRINCIPAL BANK

#### Industrial and Commercial Bank of China Limited, Xiamen Siming Branch

No. 270, Lujiang Road  
Siming District  
Xiamen, Fujian  
PRC

### STOCK CODE

02726

### COMPANY'S WEBSITE

<https://www.epiworld.com.cn/>

# Financial Summary

## FINANCIAL PERFORMANCE HIGHLIGHTS

	Year ended December 31			
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	440,691	1,142,502	974,316	<b>765,333</b>
Gross profit	196,937	445,399	332,309	<b>189,910</b>
Profit for the year	127,543	107,505	165,067	<b>11,888</b>
Adjusted net profit (Non-IFRS measure)	171,943	383,780	323,503	<b>198,384</b>
Total comprehensive income for the year	127,543	107,505	165,067	<b>11,888</b>
Earnings per share attributable to owners of the Company (Non-IFRS measure) (RMB)	0.54	1.13	0.84	<b>0.49</b>

## FINANCIAL POSITION HIGHLIGHTS

	Year ended December 31			
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets	956,390	2,043,223	2,054,279	<b>1,981,128</b>
Current assets	497,208	1,030,375	2,448,665	<b>2,542,733</b>
Total assets	1,453,598	3,073,598	4,502,944	<b>4,523,861</b>
Non-current liabilities	271,013	1,048,943	1,084,318	<b>1,038,454</b>
Current liabilities	599,083	560,488	605,142	<b>475,704</b>
Total liabilities	870,096	1,609,431	1,689,460	<b>1,514,158</b>
Total equity	583,502	1,464,167	2,813,484	<b>3,009,703</b>

Note: The Company was listed on the Main Board of the Stock Exchange on March 30, 2026. The Company published financial information since 2022 in the Prospectus, and therefore the above table sets out the financial highlights for the four accounting years since 2022.

# Chairman's Statement

To all Shareholders of the Company,

Thank you for your trust in and support to the Group. On behalf of the board of Directors of the Company, I am pleased to present the annual results of the Group for the year ended 31 December 2025.

2025 was a year of both profound challenges and landmark milestones for the silicon carbide (SiC) industry. During the year, the global SiC sector underwent a cyclical adjustment marked by deep inventory destocking, with widespread pressure on product pricing and industry capacity utilization. At the same time, the full-scale outbreak of the AI wave, profound reshaping of the global energy landscape, and continued advancement in transport electrification have unlocked a trillion-scale growth market for the SiC power semiconductor industry. The Group focuses on SiC epitaxial wafers as its core business. Driven by technological innovation and guided by customer needs, it has successfully navigated industry cyclical fluctuations while continuously strengthening its global leadership position in the SiC epitaxial wafer sector. On March 30, 2026, we were successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited, launching a new chapter in our global development.

Boasting superior physical properties including high voltage resistance, high temperature tolerance, low power loss and high thermal conductivity, silicon carbide (SiC) has emerged as the optimal solution for high-efficiency power conversion and control in core application scenarios such as AI computing centers, new energy vehicles, solid-state transformers and energy storage systems for next-generation power grids, as well as aerospace and commercial space sectors. It serves as a foundational core material underpinning the dual development tracks of electrification and intelligitization. Meanwhile, a clear trend of specialized division of labor has taken shape across the SiC power semiconductor industry. Leading global IDM players keep raising their outsourcing ratio for epitaxial wafers, a development trajectory highly consistent with that of the silicon semiconductor industry. Within the full SiC industrial chain spanning substrate, epitaxy and chips, the epitaxy segment stands distinct from other links. As a customized product, epitaxy holds the key to determining the performance and reliability of power devices, and furthermore acts as the core value hub of the entire industrial chain. With the continuous upgrade of voltage ratings for a wide range of system platforms, the voltage classes of SiC chips have also been steadily elevated, driving a sustained increase in the value proportion of epitaxy in the industrial chain. Notably, the explosive demand from high-end applications is pushing epitaxial technology to evolve toward higher precision and better performance. We have taken the lead in developing and breaking through a range of advanced epitaxial product technologies, erecting high technological barriers. For high-voltage epitaxial products, the value of epitaxial layers has reached several times that of substrates. Characterized by high customization and formidable technical barriers, the epitaxy segment presents a historic growth opportunity for specialized epitaxy manufacturers with core technological and market competitiveness.

Faced with industry cyclical volatility and market opportunities, the Group has remained focused on its core track and achieved multiple key breakthroughs in operation and development in 2025, further strengthening its leading competitive advantages.

According to the market research report of China Insights Industry Consultancy Limited, the Group ranked first in the global SiC epitaxial wafer market in 2024 with a 31.6% market share, leading the second-place player by more than 12 percentage points. In 2025, despite challenges from the industry downturn, we maintained our leading edge and continued to top the global SiC epitaxy track.

## Chairman's Statement

The Company has taken the lead in drafting and championing the world's first and only SEMI international standard for SiC epitaxial wafers. We became the world's first enterprise to achieve mass external supply of 8-inch SiC epitaxial wafers, as well as the world's first and only enterprise to break through 12-inch SiC epitaxial wafer technology, leading the industry's technological iteration toward larger wafer sizes. Meanwhile, the Company has continued to make breakthroughs in core fields such as high-precision control of multi-layer epitaxy and low-defect technology for high-voltage epitaxy, building robust technical barriers.

Ultra-thick epitaxy for future grid applications perfectly adapts to extreme operating conditions in high-voltage power transmission and distribution as well as next-generation power systems, supporting efficient and energy-saving grid upgrades. Trench refill epitaxy for super-junction devices significantly enhances device breakdown voltage and current density, enabling higher power output for new energy vehicles and energy storage systems. Silicon carbide epitaxy with high carrier lifetime effectively reduces device energy loss. And silicon carbide epitaxy with precisely tunable interface properties allows us to accurately control interface characteristics to meet customers' various customized device design requirements. These breakthroughs in advanced epitaxial products not only demonstrate our technical strengths, but also precisely align with the core needs of downstream high-end applications, laying a solid foundation for the Company to seize future market opportunities.

The Company has been continuously expanding its customer base, which currently covers 8 of the world's top 10 SiC power device manufacturers. It is the only Chinese SiC epitaxial wafer company supplying in large volumes to the supply chains of both leading international and domestic manufacturers. The Company continues to strengthen its leadership position in 8-inch epitaxy, with the number of global customers for its 8-inch SiC products exceeding 28, laying a solid foundation for further volume growth. Leveraging its technological advantages in advanced epitaxial products, the Company remains committed to providing customers with the best technology and optimal products. For example, it has received the "Outstanding Supplier" award from a top-five global customer, ranking first among the customer's more than 1,000 suppliers. The yield of electric vehicle main-drive chips developed using the Company's epitaxial wafers is significantly higher than that achieved with the customer's overseas suppliers, demonstrating the Company's substantial technological and product leadership. Products from several of the Company's core international customers have been successfully integrated into the supply chains of global AI computing leaders such as Nvidia. As a result, the Company will directly and significantly benefit from the rapid development of the global AI industry.

In 2025, most industry players recorded losses due to declining product prices and lower utilization rates. The Group, however, leveraged its leading technology, sharp focus, and efficient management to achieve excellent yield performance and effective cost control, remaining consistently profitable. The Group's net profit (Non-IFRS measure) was approximately RMB198 million, with gross margins significantly ahead of both domestic and international peers, demonstrating strong resilience against industry cycles and initial product pricing power. Furthermore, the scaled deployment of advanced epitaxial products further enhanced product value-added, becoming a key pillar of the Group's profitability. The Group's operating cash flow continued to maintain a healthy net inflow, while cash reserves and asset size grew steadily, providing a solid funding foundation for technological R&D and capacity expansion.

Following its official listing on the Main Board of the Hong Kong Stock Exchange, the Group has gained strong recognition from global capital markets. The proceeds from this IPO will be primarily used to further expand production capacity for 8-inch SiC epitaxial wafers and to support R&D of SiC epitaxial wafers, thereby further strengthening the Company's technological and scale advantages.

## Chairman's Statement

Looking ahead, the global silicon carbide industry is approaching a critical inflection point – moving from “niche high-end” to “mass adoption.” Demand for SiC power semiconductors from the AI computing power industry is expected to surge in 2027. During China's 15th Five-Year Plan period, approximately RMB5 trillion of grid investment will open up vast market opportunities for high-voltage SiC epitaxial wafers. Demand from other sectors such as new energy vehicles, energy storage, commercial aerospace, and home appliances will also continue to gain momentum. The Group will continue to deepen its focus on advanced epitaxial products, relentlessly optimizing the performance and mass production capabilities of ultra-thick epitaxy, trench refill epitaxy, high carrier lifetime epitaxy, and epitaxy with precisely tunable interface properties. By leading industry development through technological innovation, scaling capacity to meet market demand, and deepening global presence through customer collaboration, the Group will continue to enhance its profitability and global competitiveness. It is committed to becoming a benchmark enterprise in the global power semiconductor industry in the era of the AI boom and energy transformation, delivering sustained and favorable returns to its shareholders.

Finally, we sincerely thank our Shareholders for their trust and support, our global customers for long-term cooperation and recognition, all employees for their hard work, and our partners, regulators and all sectors of society for their care and assistance. Going forward, we will strive to bring silicon carbide products to every household, and safeguard clear waters and blue skies through SiC technology.

**Dr. Zhao Jianhui**

*Chairman*

Hong Kong, the PRC, April 29, 2026

# Business Review and Outlook

## BUSINESS REVIEW

We are a global leader in providing SiC epitaxial wafers, the centerpiece materials for semiconductors with wide-bandgap. We have been primarily engaged in the research and development, mass production and sales of SiC epitaxial wafers. SiC epitaxial wafers offer a multitude of advantages over traditional Si wafers, including but not limited to enhanced temperature stability, higher breakdown voltage, and superior thermal conductivity. These unique properties make SiC wafers a key enabler of various applications.

### Our Products — SiC epitaxial wafers

We offer various sizes of SiC epitaxial wafers, including 4-inch, 6-inch and 8-inch. In 2025, 6-inch SiC epitaxial wafers made up the majority of our sales. Although 6-inch wafers currently dominate the market and is expected to grow continuously, the market size for 8-inch SiC wafers is expected to expand significantly. We continue to invest in the R&D and production of both 6-inch to 8-inch wafers, and expect 8-inch wafers to account for a growing share of our sales.

### Research and Development

We believe that our research and development capabilities are a core competitive strength and have led to our leading position in the industry. We are committed to R&D in advanced epitaxial growth technologies, including low defect density epitaxy, high-uniformity epitaxy, thick-film epitaxy, and n/p-type epitaxy. In addition, we are currently tackling key industry challenges, including the preparation of ultra-thick epitaxial wafers, the development and optimization of deep trench refill epitaxial growth, the development and optimization of composite substrate epitaxial growth processes, and the process optimization of multi-wafer epitaxial growth equipment. As of December 31, 2025, we have 98 full time-equivalent research and development employees. In 2024 and 2025, we had R&D expenses of RMB80.0 million and RMB74.9 million, respectively. By continuously improving R&D efficiency and optimizing our innovation strategy, we are able to maintain our industry competitiveness. We focus on effective resource allocation and strategic prioritization to drive meaningful innovation. Our efficient R&D model enables us to achieve product iteration and launch innovative products without requiring substantial R&D expenditures. By emphasizing efficiency and leveraging our industry expertise, we deliver new products while maintaining stable R&D expenses. In December 2025, we achieved the important milestone of being the first in the world to launch 12-inch SiC epitaxial wafers, demonstrating our ability to continuously deliver innovative products and sustain our competitive advantage.

### Production

Through years of persistent technological innovation, we have mastered the entire epitaxial growth process, including pre-treatment, epitaxial growth, cleaning, and inspection. By optimizing various parameters of the epitaxial growth process, such as temperature, reaction pressure, gas flow rate, and C/Si ratio, we have developed procedures to reduce defects caused by substrate raw materials and epitaxial growth itself, while enhanced the uniformity of epitaxial layer thickness and concentration, and achieved high yield rates of our SiC epitaxial wafer products.

# Business Review and Outlook

## **Production Process**

Our production process consists of seven steps:

- (1) Raw material inspection: We inspect parameters such as defects, flatness, and appearance of each substrate, and only those that meet the standards are approved for storage.
- (2) Substrate pre-treatment: The substrate undergoes in-situ etching treatment using hydrogen chloride or hydrogen prior to epitaxial growth. This process improves the surface quality of the substrate, eliminates certain substrate defects, and creates a solid foundation for subsequent epitaxial growth.
- (3) Buffer layer growth: By introducing different gaseous chemical materials into the epitaxy reactor, chemical reactions occur on the surface of the SiC substrate under high temperature and low pressure, resulting in the deposition of a solid-state homo-epitaxial single-crystal structure on the substrate surface.
- (4) Epitaxial layer growth: Based on doping types, gaseous chemical materials of varying concentrations are introduced into the epitaxy reactor to undergo chemical reactions on the surface of the SiC substrate under high temperature and low pressure. This process deposits one or more layers of customised SiC single-crystal structures on the buffer layer.
- (5) Epitaxial inspection: Upon the completion of epitaxial layer growth, we inspect parameters such as epitaxial layer thickness, concentration, defects, roughness, and flatness. Once the inspection results meet customer requirements, the epitaxial wafer proceeds to the cleaning and drying processes.
- (6) Pre-storage cleaning and drying: SiC epitaxial wafers that pass inspection undergo multiple rounds of cleaning with chemical mixed solutions and deionized (DI) water. After drying, they are processed for storage.
- (7) Packaging and storage: Qualified SiC epitaxial wafers are packaged and stored.

## **Production Equipment and Machinery**

In 2025, our core production equipment includes epitaxial growth equipment, epitaxial inspection equipment, and cleaning equipment. All of our equipment undergoes regular maintenance and servicing in accordance with established standards, ensuring optimal operational performance.

We purchased high-quality core manufacturing equipment and established a fully integrated SiC epitaxial production line:

- **Sophisticated epitaxy equipment.** We have both single-wafer and multi-wafer epitaxial reactors. These reactors are suitable for high-end product development, customized production, and large-scale production, with technical parameters leading the industry.

## Business Review and Outlook

- **Advanced inspection equipment.** We have procured industry-leading automated high-precision inspection equipment, enabling 100% measurement and control of all critical epitaxial parameters: thickness and doping concentration, defect density, surface roughness, wafer flatness and metallic contamination.
- **Fully automated cleaning equipment.** We implemented “dry-in/dry-out” automated wafer cleaning systems with real-time online process monitoring of both cleaning capacity and cleaning effectiveness to ensure cleanliness of finished products.

Currently, our SiC epitaxial production line is certified by IATF 16949. Our current configuration of epitaxial production, inspection and cleaning equipment has exceeded a monthly production capacity of 50,000 SiC epitaxial wafers as of December 31, 2025. The Company’s monthly production capacity is projected to exceed 60,000 wafers by the end of June 2026.

### Customers

We provide SiC epitaxial wafers to power device companies, and these power device companies then process the SiC epitaxial wafers into devices for use by their customers. Our customers are primarily global leaders of semiconductor power devices.

### Supply Chain and Inventory Management

We have adopted a rigorous supplier selection process that involves supplier qualification review, material validation, quality system audit, and risk assessment. Only after passing the evaluation can suppliers be included in our “qualified supplier list”, thereby ensuring the stability and reliability of the supply chain. Our inventories mainly include raw materials, finished goods, work-in-progress, goods dispatched, and processing materials for our consigned services.

We are implementing the following supply chain and inventory management strategies:

- **Deep strategic cooperation with suppliers:** We have established deep strategic partnerships with leading substrate suppliers to secure priority supply of high-quality production capacity, effectively supporting the shipment of our high-end products.
- **Supply chain diversification:** We actively seek to expand supplier channels to reduce reliance on a single supplier and enhance the stability of the supply chain. Furthermore, we are promoting domestic substitution for our core production equipment such as epitaxial growth equipment, epitaxial inspection equipment, and cleaning equipment, thereby reducing dependence on imported equipment.
- **Inventory management optimization:** We utilize advanced inventory management systems to monitor inventory levels, ensuring stock remains within a reasonable range and avoiding overstocking or shortages.
- **Market forecasting and flexible adjustments:** We regularly adjust procurement plans based on market forecasts to ensure timely responses to demand fluctuations. At the same time, we strategically increase inventory of certain key raw materials to ensure the continuous operation of the production line.

We mainly source our primary raw materials in the PRC, with 95% and 99% domestic procurement of main raw materials in 2024 and 2025, respectively. In 2025, we did not encounter any material supply chain issues, enabling us to continuously deliver our SiC epitaxial wafer products to our customers.

# Business Review and Outlook

## Quality Control

We have established a comprehensive set of quality control and assurance procedures to monitor our operations to ensure compliance with the regulatory requirements and quality requirements during the entire development, manufacturing, delivery and services processes. We strictly adhere to the requirements of the IATF 16949 management system, implementing rigorous quality control measures and establishing a comprehensive customer feedback and complaint handling process to promptly and effectively address customer concerns. We have mainly implemented the following procedures for quality control.

- **Raw Material Inspection and Selection:** we have established a strict certification process for selecting qualified suppliers and a comprehensive evaluation and introduction process for new raw materials. Additionally, we implemented rigorous material inspection standards. For critical raw materials that have the significant impact on the quality of our final products such as substrates, we would inspect all of the substrates to ensure their quality.
- **Production Process Monitoring:** we have set up key quality control points throughout the production process to enable on-site inspections and monitoring so that we could identify potential issues promptly. Critical parameters and data are recorded in real-time for subsequent analysis and traceability.
- **Product Inspection and Testing:** we have implemented a set of product quality inspection standard, along with nonconforming product and abnormality management standards. We utilize advanced inspection equipment to ensure the accuracy and reliability of testing. Every product undergoes 100% inspection to guarantee the quality of outgoing shipments.
- **Employee Skill Training:** all of our employees undergo rigorous training and pass competency assessments. Additionally, we regularly organize professional skills and quality awareness training to continuously improve employees' quality consciousness and technical proficiency.
- **Quality Records and Management:** we maintain a quality record system to ensure data integrity and traceability. We conduct statistical analysis of quality data to identify potential issues for improvement timely, fostering continuous enhancement of product quality.

## BUSINESS OUTLOOK

### Core Business and Market Positioning

As the world's largest supplier of silicon carbide (SiC) epitaxial wafers and a developer of international standards for SiC epitaxy, Epiworld focuses on the research and development, production and sales of silicon carbide epitaxial wafers. With a clear market positioning, the Company is committed to becoming the world's largest and most technologically advanced SiC epitaxial wafer supplier.

# Business Review and Outlook

## Core Growth Drivers and Opportunities

### *Explosive Growth in Market Demand*

- **AI Computing Centers:** The explosive growth of AI computing power has made energy efficiency in data centers a core competitive advantage. Rising global electricity prices have further intensified cost pressures on power-hungry computing centers, making PUE a key industry performance metric. The 800V high-voltage direct current (HVDC) power supply architecture led by NVIDIA has become the standard configuration for next-generation AI factories. As the core component of this architecture, silicon carbide (SiC) power semiconductors can fundamentally improve power conversion efficiency, reduce power loss and cooling costs, and enhance power supply stability. They serve as a critical enabler for the large-scale commercialization of solid-state transformers (SST) and 800V HVDC solutions. As the AI power industry chain moves toward a trillion-yuan market, SiC power semiconductors, as essential core components, will greatly benefit from the rapid development of the global AI industry.
- **New Energy Vehicles:** The 800V high-voltage fast-charging platform has become a mainstream trend in mid-to-high-end electric vehicles, and SiC devices are the core enabler for the deployment of this platform. With the continuous expansion of the automotive SiC market, Epiworld, as a leading global manufacturer of SiC epitaxial wafers, will directly benefit from the rapid development of domestic electric vehicle brands and the demand for domestic substitution in the supply chain.
- **New Power Systems:** Major economies worldwide are vigorously promoting the construction of new power systems dominated by renewable energy, and domestic power grid investment is expanding significantly. Planned investment during the 15th Five-Year Plan period will reach approximately RMB5 trillion, an increase of over 75% compared with RMB2.85 trillion in the 14th Five-Year Plan period. The implementation of large-scale power grids and wind-solar-storage infrastructure will continue to drive strong demand for core high-efficiency power electronic devices. With irreplaceable advantages including high voltage resistance, high temperature resistance, high efficiency and energy saving, and recoverable avalanche breakdown, SiC power semiconductors have become the optimal solution for all scenarios in new power systems and will fully benefit from industry expansion.
- **Commercial Aerospace:** The commercial aerospace industry is entering a period of rapid growth. The extreme space environment imposes stringent requirements on power density, temperature resistance, heat dissipation, and radiation resistance of supporting power electronic components. With excellent heat dissipation, high-temperature resistance, and radiation resistance, SiC materials perfectly match the demands of extreme space working conditions, making them the core material of choice for the upgrading of commercial aerospace power systems and directly benefiting from industrial development.

# Business Review and Outlook

## Policy and Supply Chain Security Support

The 14th Five-Year Plan has listed third-generation semiconductors as a national strategic priority. The 15th Five-Year Plan further shifts the policy focus from “addressing weaknesses and expanding production” to quality upgrading and independent control of the entire industrial chain, covering three dimensions: technological breakthroughs, industrial ecology, and application promotion. It also prioritizes the quality upgrading of the wide-bandgap semiconductor industry alongside mature and advanced integrated circuit processes. As a core segment of third-generation semiconductors, the urgent need for independent control of the SiC supply chain provides core opportunities for domestic key material enterprises such as Epiworld to gain priority customer verification and adoption.

## Two-Way Empowerment Through Technological Upgrading and Capacity Expansion

The Company continues to increase R&D investment, focusing on improving the technological maturity and mass production capabilities of 6-inch and 8-inch epitaxial wafers, with key improvements in thickness, uniformity, and defect control. Meanwhile, it is proactively laying out R&D for 12-inch epitaxial products to build a foundation for future market competition. Steady capacity expansion enables the Company to effectively seize opportunities from market recovery and provides solid support for securing future orders from global downstream customers.

## Future Strategic Outlook

- ***Deepen Vertically and Expand Horizontally to Strengthen Industrial Chain Synergy:*** The Company will further deepen strategic cooperation with upstream substrate enterprises to enhance substrate supply stability and cost control. It will also strengthen joint R&D and strategic partnerships with downstream device customers to achieve synergistic industrial chain development. While consolidating its leading position in the core SiC market, the Company will explore epitaxy technologies for other wide-bandgap materials, and continuously advance R&D and upgrading of composite substrate epitaxy, trench backfill epitaxy, multi-layer epitaxy, and ultra-thick epitaxy to strengthen dual advantages in technology and cost. Leveraging its technological strength, the Company will conduct in-depth joint R&D with downstream customers, collaborate with leading enterprises in strategic technological reserves, and establish a technology R&D center for key downstream partners.
- ***Strengthen International Cooperation and Local Services to Expand Market Landscape:*** While deeply cultivating the domestic market and participating in domestic substitution, the Company will continue to deepen cooperation with leading international device manufacturers, actively integrate into their global supply chains, and increase international market share. Through various initiatives including publishing industry white papers and standards, hosting technical seminars, and participating in industry exhibitions, the Company will promote the advantages of SiC, accelerate its adoption across application scenarios, enhance industry recognition, shape industry standards, drive market transition to SiC solutions, facilitate order conversion, and consolidate brand authority and market influence.

## Business Review and Outlook

- **Continuous Cost Reduction and Efficiency Improvement to Unlock Scale Effects:** Reducing unit costs through technological improvement, yield enhancement, and scaling up 8-inch product volume is key to addressing future price competition and expanding SiC application scenarios. As the world's first enterprise to achieve large-scale commercial supply of 8-inch SiC epitaxial wafers, the Company recorded a more than 100% year-on-year increase in sales of 8-inch products. Globally, it serves more than 28 customers for 8-inch SiC products, laying a solid foundation for further sales volume growth of its products in the future. Going forward, the Company will strategically allocate additional capacity to expand 8-inch production. This will help capture a larger market share and reduce unit fixed costs through economies of scale, further strengthening competitiveness. The Directors believe that the Company can leverage its first-mover advantage to expand production, meet growing market demand of 8-inch products, improve financial performance, and enhance future profitability.
- **Advance Global Presence and Improve Product and Application Ecosystem:** To deepen the Company's global strategic footprint, enhance the supply chain resilience and production capacity assurance of its SiC epitaxial wafers, and further strengthen its international competitiveness in the third-generation semiconductor field, the Company plans to invest in the construction of an "8-inch SiC Epitaxial Wafer Industrialization Project" in Penang, Malaysia. The project aims to leverage Penang's mature semiconductor industrial cluster and locational advantages to build large-scale epitaxial wafer production lines and supporting facilities, thereby better meeting the incremental demand for SiC epitaxial wafers from international customers and providing production capacity support for the continued expansion of the Company's overseas business. On this basis, the Company will continue to improve its global sales network for SiC epitaxial wafers, expand overseas partners, and deepen cooperation with leading global SiC power device manufacturers. Adhering to a dual-engine strategy for domestic and overseas markets, the Company will strengthen customer loyalty through technological innovation and high-quality service, and consolidate its position as the global leader in SiC epitaxy. Meanwhile, it will further expand SiC deployment in AI data centers, charging infrastructure, renewable energy, energy storage systems, home appliances, and other fields to increase market penetration. The Company will closely track downstream application iterations and industry changes, continuously upgrade existing product technologies, develop larger-size, thicker, more uniform, and lower-defect SiC epitaxial wafers, optimize manufacturing processes, and achieve large-scale production to strike the optimal balance between product performance and cost.

Looking ahead, the Company will continue to take technological innovation as its core, accelerate the wide application of SiC materials by supporting the formulation of forward-looking industry standards. It is committed to becoming a world-class SiC epitaxial wafer enterprise with leading technology, standardized management, and customer satisfaction, strategically exploring new markets and expanding its business landscape. The Company will continue to bring SiC products to benefit thousands of households and use SiC technology to protect clear waters and blue skies.

# Management Discussion and Analysis

## INDUSTRY AND COMPANY OVERVIEW

### Overview of SiC Power Semiconductors

Benefiting from the rapid development of downstream applications and the continuous pursuit of power devices with higher performance and energy efficiency, the penetration rate of SiC power semiconductor devices worldwide is expected to rise substantially, driving rapid market size growth. In the industrial chain of SiC, which consists of “substrate – epitaxy – chip”, epitaxy differs from the other stages: it is a customized product, a critical factor determining device performance and reliability, and serves as the value hub of the entire chain. As the platform voltages of many power systems continue to rise, the voltage ratings of SiC chips are also increasing, leading to a growing share of epitaxy in the chain’s overall value. In high-voltage epitaxy products, the value of epitaxy has already reached several times that of the substrate.

As a global leader in the SiC epitaxy industry, Epiworld, backed by its long-term focus and profound expertise in SiC epitaxy, has long remained at the forefront of the SiC epitaxy industry and consistently provided customers with technologically advanced, high-quality and highly reliable products. Epiworld is the first manufacturer in China to realize the mass commercial supply of 3-inch, 4-inch and 6-inch SiC epitaxial wafers. It is also the world’s first enterprise to deliver large-volume external supply of 8-inch SiC epitaxial wafers, and the world’s first and currently the only player to achieve technological breakthroughs in 12-inch SiC epitaxial wafers, spearheading the technological upgrading trend of large-size wafers across the industry. We led the drafting and formulation of the world’s first and only SEMI industry standard for SiC epitaxy.

### Product Application

Growth in penetration within existing application areas and expansion into emerging fields. Driven by advancements in manufacturing technology and declining costs, global demand for SiC power semiconductor devices continues to grow, and their application scenarios are rapidly expanding. On the one hand, SiC power semiconductor devices are accelerating their penetration into applications such as electric vehicles, charging infrastructure, renewable energy, and energy storage systems. In the field of electric vehicles, SiC devices significantly improve the efficiency of electric drive systems, extend vehicle driving range, and shorten charging times. In renewable energy and energy storage systems, the high energy conversion efficiency of SiC devices reduces system losses and enhances the overall efficiency of photovoltaic power generation and energy storage systems. On the other hand, with the improving performance and declining cost of SiC power semiconductor devices, they also hold great potential in emerging application areas such as AI computing power and data centers, smart grids, commercial space, home appliances, electric ships, and electric vertical takeoff and landing aircraft (eVTOL).

Technological progress broadens the voltage range of applications. SiC power semiconductor devices have already been adopted in medium-to-low voltage (600V to 1,700V) areas as well as in some low-voltage applications such as consumer electronics. In the future, driven by improved cost-effectiveness and advances in SiC material technology, SiC power semiconductors are expected to achieve widespread adoption in low-voltage applications and expand into medium-to-high voltage and ultra-high voltage applications (2,000V to over 10,000V). For example, traditional power grids are being transformed into smart grids. Power electronic transformers (PETs), as core components of smart grids, also require ultra-high voltage and high-power devices.

# Management Discussion and Analysis

## Product and Supply Chain Management

The Company is committed to improving operational efficiency across all key business segments through a series of initiatives.

- **Optimizing Raw Material Costs:** The Company closely monitors market and policy changes, monitors and records raw material price fluctuations, promptly identifies price trends and flexibly adjusts procurement plans in advance. The Company continues to strengthen cooperation with upstream suppliers to secure more favorable terms and formulate more cost-effective raw material procurement strategies. In addition, improvements in process efficiency and production yield across all stages have reduced raw material expenditure per wafer. The Company implements targeted initiatives to integrate cost-saving strategies with enhancements in product quality and supply chain stability.
- **Order-Based Production and Inventory Optimization:** The Company adopts an order-based production strategy, focusing on optimizing the raw material stocking mechanism to improve turnover efficiency and minimize inventory overstock. By closely aligning production with demand, it aims to streamline operations, reduce excess inventory and build an efficient supply chain. It coordinates processes with upstream suppliers to shorten procurement cycles, thereby enhancing inventory flexibility and reducing inventory buildup. The Company also classifies inventory for refined management. For high-value, low-volume critical materials, it plans to implement frequent inventory checks and strict management policies. For low-value bulk materials, it intends to simplify management processes and maintain necessary safety stock levels.
- **Enhancing Operational Efficiency Through Advanced Production Line Automation:** We plan to prioritize automation upgrades of production lines to increase per capita output and reduce unit labor costs, thereby improving operational efficiency and utilization. For instance, in labor-intensive processes such as precise substrate loading and epitaxial wafer unloading, we adopt integrated multi-axis robotic visual positioning systems to achieve high-precision automated operations. Higher levels of automation reduce our unit costs and boost production efficiency. We believe these efforts establish a scalable automation model for future capacity expansion while supporting long-term operational efficiency.

## R&D and Technological Progress

Through targeted R&D investment, we aim to enhance product performance, break through technical bottlenecks and continuously meet the evolving needs of end customers. We are currently focused on advancing and improving technologies including trench epitaxial refilling, ultra-thick film epitaxy, multi-layer epitaxy and high-uniformity epitaxy, to further elevate product quality and market competitiveness, and reinforce technical barriers.

*SiC Trench Epitaxial Refilling Technology:* In response to the manufacturing requirements of SiC super-junction devices, we have developed a unique selective trench epitaxial refilling technology through process design and equipment modification. This technology preferentially refills trench areas, suppresses sidewall epitaxial growth, and achieves void-free refilling of trench structures with different depth-to-width ratios.

*High-Quality SiC Thick-Film Epitaxy Technology:* Develop high-quality thick-film epitaxial technology to address technical challenges in thickness control, low doping concentration control, surface morphology control, carrier lifetime improvement and defect control for thick-film epitaxy, meeting the stringent requirements of high-voltage and ultra-high-voltage power devices for epitaxial quality.

# Management Discussion and Analysis

*High-Quality 6-Inch Multi-Layer SiC Epitaxy Technology:* Through the development of epitaxial growth processes, achieve precise control of the concentration and thickness of each epitaxial layer in the epitaxial structure, and realize smooth transitions between different epitaxial layers in accordance with customers' device structure design requirements.

*SiC Epitaxial Technology With Precisely Tunable Interface Properties:* In alignment with customers' device structure design requirements, this technology achieves highly controllable epitaxial layer interface growth by precisely tuning critical process parameters such as growth rate, gas switching sequence, and carbon-to-silicon (C/Si) ratio. It fully matches customers' device structure design schemes and provides solid epitaxial process technology support for terminal device development and performance optimization.

*High-Uniformity 8-Inch SiC Epitaxial Wafer:* Refine 8-inch epitaxial growth technologies to improve the performance of our epitaxial wafers in various aspects, such as all-point thickness tolerance, thickness uniformity, all-point doping tolerance, doping uniformity and surface defect density.

## Sales and Marketing

During the Reporting Period, the Group continued to expand its market share, focusing on exploring the Greater China region, especially the domestic market, deepening customer cooperation, and seizing the opportunity period of explosive demand in the downstream market.

- **Sustained Market Share Expansion:** In 2025, amid an inventory destocking cycle and an intensely competitive environment, the Company recorded a 30% increase in sales of SiC epitaxial wafers, demonstrating its strong industry competitiveness. As the previous inventory adjustment cycle gradually comes to an end, driven by the tremendous potential of downstream industries, demand for SiC and SiC epitaxial wafers is expected to continue growing strongly.

To consolidate our position in the SiC epitaxial wafer market, the Company actively implemented a number of strategic initiatives during the period, including targeted marketing activities. Specifically, we plan to strengthen sales coverage by deploying dedicated on-site engagement teams to build deeper relationships with key and potential customers. Meanwhile, we plan to actively participate in leading industry exhibitions and academic forums domestically and globally to enhance market influence, capture emerging opportunities and strengthen customer relationships. These efforts will enable us to better understand evolving market demand, explore new opportunities and consolidate relationships with existing customers, ultimately delivering improved sales and operational results.

Against the rapid development of the domestic semiconductor device industry and to mitigate the impact of international geopolitical changes on the Company's operations, the Company has actively expanded its presence in the Chinese Mainland market. During the Reporting Period, the sales volume in the Chinese mainland increased substantially, which was 3.85 times that for the corresponding period of the previous year.

- **Close Collaboration with Downstream Customers on Joint R&D Projects:** By partnering with customers on customized early-stage R&D projects, we seek to strengthen customer relationships and foster loyalty. This approach not only aligns our R&D priorities with customers' specific needs but also positions us as a trusted partner, thereby enhancing customer loyalty and long-term revenue potential.

## Management Discussion and Analysis

- **Implementing Targeted Market Expansion Programs to Reach New Customers:** We seek to expand market coverage through targeted strategies to access a broader customer base. In the domestic market, we focus on steadily expanding our customer base, deepening strategic partnerships with key customers, developing innovative downstream industry applications, and offering more competitive products while efficiently scaling up. In the international market, we aim to strengthen relationships with global industry leaders by improving product and service quality, ultimately enhancing customer loyalty and providing flexible, customized solutions to maintain competitive advantages. This dual-track strategy allows us to reach a wider customer base both domestically and internationally.
- **Proactively Exploring New Downstream Market Applications:** We will actively explore new downstream market applications and unlock new growth drivers. Silicon carbide devices hold immense market potential and growth opportunities in industries such as white goods (home appliances), AI computing and data centers, smart grids, energy storage, and electric vertical take-off and landing (eVTOL) aircraft. These sectors are also core directions for the Company to expand its business boundaries and cultivate new growth poles. The Company will proactively take initiatives, strategically position itself, and steadily enter these emerging blue-ocean markets, continuously expanding downstream application scenarios. By doing so, we will successfully create new revenue streams, further broaden our profitability, and enhance the resilience of our growth.

### Financial Analysis

The total revenue of the Group decreased by RMB209.0 million from RMB974.3 million in 2024 to RMB765.3 million in 2025, mainly due to our competitive pricing strategy adopted in response to the general price decline trend in the industry. The decrease in selling prices partially offset the impact of sales volume growth. Falling raw material prices have provided us with greater room for price cuts, enabling us to proactively pass on part of the cost savings to customers while maintaining profitability, thereby enhancing customer loyalty and safeguarding market share in a fiercely competitive environment.

Revenue primarily represents the revenue from Turnkey service and Consign service.

	2024 RMB'000	2025 RMB'000
<b>Revenue</b>		
Turnkey service	839,577	<b>695,873</b>
Consign service	121,103	<b>27,595</b>
Others	13,636	<b>41,865</b>
	974,316	<b>765,333</b>

## Management Discussion and Analysis

In 2025, our SiC epitaxial wafer products were sold worldwide, including Asia, Europe, North America, and others. The table below sets forth the breakdown of our revenue by geographic region, based on the locations of our direct contracting customers, for the years indicated:

	Years Ended December 31,			
	2024		2025	
	RMB	%	RMB	%
	<i>(in thousands, except for percentages)</i>			
<b>Revenue by region</b>				
Asia <sup>(1)</sup>	672,429	69.0	<b>679,028</b>	<b>88.7</b>
Greater China	207,656	21.3	<b>392,472</b>	<b>51.3</b>
Europe <sup>(2)</sup>	268,943	27.6	<b>69,568</b>	<b>9.1</b>
North America <sup>(3)</sup>	32,944	3.4	<b>16,737</b>	<b>2.2</b>
<b>Total</b>	<b>974,316</b>	<b>100.0</b>	<b>765,333</b>	<b>100.0</b>

Notes:

- (1) Asia primarily comprises Greater China, South Korea and Japan.
- (2) Europe primarily comprises Austria, Switzerland and the U.K.
- (3) North America primarily comprises the U.S.

Revenue from Asia slightly increased from RMB672.4 million in 2024 to RMB679.0 million in 2025, primarily due to our robust domestic sales. The revenue from Europe decreased from RMB268.9 million in 2024 to RMB69.6 million in 2025, primarily due to weakened demand as a result of cyclical volatility of the industry.

### Cost of Sales

Our cost of sales decreased by 10.4% from RMB642.0 million in 2024 to RMB575.4 million in 2025, primarily attributable to the decrease in the costs of our raw materials, reflecting the decreases in the price of our key raw materials. Because of the improvement in production line automation and optimization of production processes, our personnel efficiency has significantly increased and labor costs have decreased. However, this has been offset by an increase in depreciation, primarily resulting from the gradual completion of buildings and production equipment at our manufacturing base, which have begun to incur depreciation.

### Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit decreased by 42.9% from RMB332.3 million in 2024 to RMB189.9 million in 2025, and our gross profit margin decreased from 34.1% in 2024 to 24.8% in 2025, primarily attributable to our strategic adjustments in our pricing and sales to consolidate our market share, resulting in a lower gross margin profile.

# Management Discussion and Analysis

## Other Income and Other Gains, Net

Our other income slightly decreased from RMB168.4 million in 2024 to RMB166.0 million in 2025, primarily attributable to (i) an increase in net foreign exchange losses, mainly due to the depreciation of the US dollar against the Renminbi; and (ii) an increase in bank interest income, which was mainly derived from the increase in the company's bank deposits and restricted deposits.

## Selling and Distribution Expenses

Our selling and marketing expenses increased from RMB5.5 million in 2024 to RMB10.8 million in 2025, primarily due to the increase in sample costs as a result of our active marketing and business development activities, as well as the increase in employee expenses.

## General and Administrative Expenses

Our general and administrative expenses increased by 18.5% from RMB175.6 million in 2024 to RMB208.1 million in 2025, primarily due to the listing expenses we incurred.

## Research and Development Expenses

Our R&D expenses slightly decreased from RMB80.0 million in 2024 to RMB74.9 million in 2025, primarily attributable to the decrease in material costs resulted from price reduction of materials we use.

## Impairment Loss on Financial Assets, Net

Our impairment losses on financial assets increased from RMB1.3 million in 2024 to RMB2.7 million in 2025, primarily attributable to the higher balance of our trade and bills receivables.

## Finance Costs

Our finance costs decreased from RMB30.2 million in 2024 to RMB24.9 million in 2025, primarily due to our repayment of borrowings.

## Income Tax Expenses

Our income tax expenses decreased from RMB43.1 million in 2024 to RMB22.6 million in 2025, primarily due to the decrease in our taxable profits.

## Profit for the Year

As a result of the foregoing, the recorded profit of the year narrowed from RMB165.1 million in 2024 to RMB11.9 million in 2025. This decrease is primarily because our average selling prices of SiC epitaxial wafers continued to decrease in 2025 as compared to 2024, squeezing our revenue and gross profit. To a lesser extent, our share-based payment expenses remained a large amount of ongoing expense as we provide long-term incentive programs to employees to motivate and retain talent; and we incurred substantially higher listing expenses in 2025, whereas the listing expenses in 2024 was relatively minimal.

# Management Discussion and Analysis

## Liquidity and Financial Resources

The Company's policy is to regularly monitor its liquidity requirements and ensure that sufficient cash reserves and adequate committed funding from major financial institutions are maintained to meet its short-term and long-term liquidity needs.

As of 31 December 2025, the Group's cash and cash equivalents amounted to RMB1,214.0 million, which mainly consisted of bank deposits denominated in US dollars and Renminbi.

In 2025, the Group had a net cash inflow from operating activities of RMB123.3 million, primarily attributable to our profit before tax of RMB34.5 million, as adjusted for non-cash items, which primarily included (i) depreciation of property, plant and equipment of RMB177.1 million; and (ii) equity-settled share-based payments of RMB166.0 million, partially offset by interest income of RMB76.4 million. Such amount was further adjusted for changes in working capital, primarily including (i) an increase in trade payables and bills payable of RMB91.8 million; and (ii) an increase in deferred income of RMB52.6 million, partially offset by (i) an increase in trade receivables and bills receivable of RMB227.5 million, and (ii) an increase in inventories of RMB77.6 million.

For further details, please refer to note 21 to the Group's consolidated financial statements.

## Indebtedness and Financial Ratios

Loans and borrowings: As at 31 December 2025, the Company had total loans and borrowings of RMB886.7 million (as at 31 December 2024: RMB1,112.1 million), which were denominated in RMB. For further details, please refer to note 26 to the Group's consolidated financial statements.

Current ratio: The Company's current ratio (current ratio equals current assets divided by current liabilities as at the end of the relevant year/period) increased from 4.0 times as at the end of 2024 to 5.3 times as at the end of 2025, primarily due to the decrease in borrowings.

Quick ratio: The Company's quick ratio (quick ratio equals current assets less inventories, divided by current liabilities, as at the end of the relevant year/period) increased from 3.6 times as at the end of 2024 to 4.7 times as at the end of 2025.

Gearing ratio: The Company's gearing ratio (equals total liabilities divided by total assets multiplied by 100%) decreased from 51% as at 31 December 2024 to 40% as at 31 December 2025, which was due to the decrease in borrowings and the increase in total equity.

## Financial Policy

The management of the Company performs the finance function and continuously monitors the cash requirements of the Group. If the Company's cash requirements exceed the liquid funds held at the time, the Company may seek credit facilities and external borrowings, or issue securities as it deems necessary and appropriate.

## Pledge of Assets

The carrying value of the Group's pledged assets decreased from RMB579.1 million as at 31 December 2024 to RMB519.5 million as at 31 December 2025, primarily due to the decrease in loan amounts.

Save as disclosed above, the Group did not have any other pledge of assets as at 31 December 2025.

# Management Discussion and Analysis

## Significant Investments

The Group did not make or hold any significant investments on a standalone basis as of December 31, 2025 (including any investment in an investee company with a value of 5% or more of the Group's total assets as of December 31, 2025).

## Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

During the year ended December 31, 2025, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## Purchase, Sale or Redemption of our Company's Shares

Since we were not yet listed on the Stock Exchange during the year ended December 31, 2025, this disclosure requirement is not applicable to us.

## Future Plans for Material Investments or Capital Assets

As of 31 December 2025, save as disclosed in the Prospectus under the section headed "Future Plans and Use of Proceeds", the Group did not have any future plans for material investments or capital assets.

## Contingent Liabilities

The Group had no material contingent liabilities as of December 31, 2025.

## Capital Expenditure

For the year ended 31 December 2025, the Group's capital expenditure was RMB146.1 million (for the year ended 31 December 2024: RMB206.6 million). The Group's capital expenditure was primarily used for the construction of production and R&D bases.

## Capital Commitment

As of December 31, 2025, capital commitment of the Group was RMB88.6 million (as of December 31, 2024: RMB90.4 million).

## Capital Structure

The capital structure of the Group consists of debts which include total liabilities (which includes trade and bills payables, other payables and accruals, income tax payables, borrowings, lease liabilities, derivative financial liabilities, redemption liabilities and deferred tax liabilities) and total equity. For further details, please refer to note 35 to the Group's consolidated financial statements.

## Non-HKFRS Measure

To supplement the Group's consolidated financial statements, which are presented in accordance with HKFRS, the company also uses adjusted net loss (a non-HKFRS measure) as an additional financial measure, which is not required by, or presented in accordance with, HKFRS. The Company believes that such non-HKFRS measure facilitates comparisons of operating performance from period to period by eliminating the potential impact of certain items. The Company believes that this measure provides useful data to investors and others in understanding and evaluating the Group's consolidated results of operations in the same manner as it assists the company's management.

## Management Discussion and Analysis

The Company defines adjusted net loss (a non-HKFRS measure) as net loss for the period adjusted by adding back (i) equity-settled share-based payments; (ii) interest expense on redemption rights; and (iii) listing expenses. The adjustments were consistently made during the Track Record Period. The following table sets forth the reconciliation of the Group's adjusted net loss (a non-HKFRS measure) for the years ended 31 December 2022, 2023, 2024 and 2025 to the most directly comparable measure prepared in accordance with HKFRS:

	<b>For the year ended 31 December</b>			
	2022	2023	2024	2025
	<i>(RMB'000)</i>			
<b>Profit for the year/period</b>	<b>127,543</b>	<b>107,505</b>	<b>165,067</b>	<b>11,888</b>
Adjusted by adding back:				
Equity-settled share-based payments	28,575	256,210	154,249	165,980
Interest expense on redemption rights	15,825	14,387	1,334	344
Listing expenses	–	5,678	2,853	20,172
<b>Adjusted net profit</b>	<b>171,943</b>	<b>383,780</b>	<b>323,503</b>	<b>198,384</b>

### Risk Management

The management regularly manages and monitors the financial risks of the Group, including interest rate risk, exchange rate risk, credit risk and liquidity risk, to ensure appropriate measures are implemented in a timely and effective manner.

#### *Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate risk primarily arises from financial instruments bearing interest at floating rates, including cash at bank and time deposits (excluding fixed-term deposits). However, as the maturity dates of such balances are short, the cash flow interest rate risk arising from changes in market interest rates is not significant.

As at 31 December 2024 and 2025, the Company's financial instruments bearing interest at fixed rates included fixed-term deposits and borrowings. Changes in market interest rates will not expose the Company to fair value interest rate risk.

During the Reporting Period, the Company did not use any interest rate swap contracts or other financial instruments to hedge against its interest rate risk.

#### *Foreign Exchange Risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to foreign currency risk arising from balances of assets and liabilities denominated in currencies other than the functional currencies of the Group's entities. The foreign currency giving rise to such risk is primarily the U.S. dollar.

## Management Discussion and Analysis

The management monitors foreign currency risk by closely monitoring the movement of foreign currency rates. The management has established a policy requiring Group entities to manage their foreign exchange risks against their respective functional currencies.

As of 31 December 2025, the Company held forward foreign exchange contracts of USD20 million maturing within one year for hedging purposes.

### *Credit Risk*

Credit risk is the risk that our counterparties will default on their contractual obligations, resulting in financial losses to the Company. The Company's credit risk is primarily attributable to its trade and bills receivables, and deposits and other receivables. The management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. In respect of trade and bills receivables, and deposits and other receivables, the Company performs credit evaluations on all debtors. The assessment focuses on analyzing the customers' past records of repaying debts as they fall due and their current ability to pay, taking into account the specific circumstances of the customers and relevant information on the economic environment in which the customers operate. The Company conducts ongoing credit evaluations of the financial condition of its trading customers and, where appropriate, purchases loan guarantee insurance. Trade and bills receivables are due on the date of invoice.

The Company's exposure to credit risk is influenced mainly by the characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The management of the Company periodically reviews the creditworthiness of such customers and considers the relevant credit risk exposure to be minimal.

### *Liquidity Risk*

Ultimate responsibility for liquidity risk management rests with the Board of Directors of the Company. The Board has established an appropriate liquidity risk management framework for the Company's short-, medium – and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves.

## Employees and Remuneration

As at 31 December 2025, the Group had a total of 529 employees, all of whom were located in Mainland China. The following table sets forth the number of our full-time employees by function as of 31 December 2025:

	As of 31 December	
	2024	2025
Research and development	124	98
Production	400	361
Sales and marketing	11	14
General and administrative	57	56
<b>Total</b>	<b>592</b>	<b>529</b>

## Management Discussion and Analysis

Our employees' remuneration mainly comprises salaries, share-based payment, bonuses and social security contributions. We participate in various employee social security plans that are organized by applicable local municipal and provincial governments, including housing, pension, medical, work-related injury, maternity, and unemployment benefit plans.

We are guided by the principles of openness, fairness and justice and provide equal opportunities to all employees and job seekers. We hire employees based on their merits, following the principles of lawfulness, fairness, equality, voluntariness, consensus, honesty and credibility. We have established a series of key employment policies, including the "Employee Handbook," "Recruitment Management Regulations," and "Corporate Social Responsibility Management," to ensure that all employees receive equitable treatment in areas such as hiring, compensation, training opportunities, promotions, terminations, and retirement. We strictly prohibit discrimination based on ethnicity, race, nationality, religion, gender, age, or any other status. We have implemented the "Training Management Procedure," which outlines requirements for employee onboarding, pre-job training, and on-the-job training. This ensures that employees receive comprehensive training to acquire the skills necessary for their roles.

# Directors, Supervisors and Senior Management

## EXECUTIVE DIRECTORS

**Dr. Zhao Jianhui (趙建輝)**, aged 66, is our founder, executive Director and chairman of the Board mainly responsible for the Company's overall strategic planning and operational decisions.

Dr. Zhao is a renowned scientist with over 35 years of dedicated R&D experiences in SiC technology development. He is the first scientist elected as an IEEE Fellow based on significant contributions to the R&D and application of SiC technologies. After he founded the Company in 2011, he has been serving as our Director and also our chairman of the Board from 2011 to 2012 and since 2014. He has been a chair professor at Xiamen University (廈門大學) in the PRC since December 2021. Between 1988 and 2021, Dr. Zhao served in Rutgers University in the United States.

Dr. Zhao obtained a bachelor of science degree in physics from Xiamen University (廈門大學) in the PRC in July 1982. He received a doctorate degree in electrical and computer engineering from Carnegie Mellon University in May 1988.

**Ms. Pan Menghan (潘夢菡)** (former name: Pan Menghan (潘孟菡)), aged 63, is our executive Director mainly responsible for assisting in overseeing the day-to-day operation of the Company. Ms. Pan has over 26 years of experience in the telecommunications and engineering sectors.

Before joining the Group, she served at a manufacturing company in the United States until around 2010. Prior to that, Ms. Pan worked as a staff member in projects and business for various computer and manufacturing companies in the United States until around early 2000s. Following Ms. Pan's graduation, in mid 1980s until around 1989, Ms. Pan worked in the technical department of Xinhua News Agency.

Ms. Pan obtained her bachelor's degree in radio technology communication from Chengdu Institute of Radio Engineering (成都電訊工程學院) (currently known as University of Electronic Science and Technology of China (電子科技大學)) in the PRC in July 1984. She received a master's degree in electrical engineering in October 1993 from New Jersey Institute of Technology.

**Ms. Bai Liting (白麗婷)**, aged 64, is our executive Director mainly responsible for the human resources matters of the Company.

Ms. Bai joined our Company in March 2022 and has been serving as our deputy director of administration and human resources. Prior to joining our Company, she served as the vice chair of the risk control committee at Xiamen Lianfa (Group) Forever Co., Ltd. (廈門聯信誠有限公司) from May 2016 to January 2019 after serving as its assistant to the general manager and deputy general manager from February 2003 to May 2016. Prior to that, Ms. Bai was the department manager and assistant general manager at Xiamen Lianfa (Group) ETOP Co., Ltd. (廈門聯儀通有限公司) from February 2001 to January 2003.

Ms. Bai obtained her bachelor's degree in radio technology from Fuzhou University (福州大學) in the PRC in October 1982.

## Directors, Supervisors and Senior Management

### NON-EXECUTIVE DIRECTORS

**Mr. Fang Wei (方偉)**, aged 51, is our non-executive Director mainly responsible for participating in the formulation of our Company's corporate and business strategies.

Mr. Fang has over 25 years of experience in wireless product engineering and corporate management. Prior to joining our Company, he has been working in Huawei Technologies Co., Ltd. (華為技術有限公司) since February 1999 where he successively held various positions, last serving as the fifth track board director.

Mr. Fang has served as a director taking non-executive role at companies invested by Huawei, including JoulWatt Technology Co., Ltd. (傑華特微電子股份有限公司, stock code: 688141.sh) since May 2024, SICC Co., Ltd. (山東天岳先進科技股份有限公司, stock code: 688234.sh) since February 2024 and Suzhou Oriental Semiconductor Company Limited (蘇州東微半導體股份有限公司, stock code: 688261.sh) since December 2023, all being companies listed on the Shanghai Stock Exchange.

Mr. Fang obtained his bachelor's degree in communication engineering in July 1996 and his master's degree in communication and information systems in March 1999, both from Shanghai Jiao Tong University (上海交通大學) in the PRC.

**Mr. Su Ping (蘇平)**, aged 65, is our non-executive Director mainly responsible for participating in the formulation of our Company's corporate and business strategies.

Mr. Su joined our Group in June 2011 as a supervisor until October 2013, and has served as a Director since October 2013. From June 2018 to May 2023, he was the vice chairperson of the Company. Prior to joining our Company, he served as the general manager of Xiamen Lianfa (Group) Forever Co., Ltd. (廈門聯信誠有限公司) from August 1998 to March 2021.

Mr. Su obtained his bachelor of science degree in physics from the department of physics at Xiamen University (廈門大學) in the PRC in July 1982.

**Ms. Xie Jieping (謝潔平)**, aged 53, is our non-executive Director mainly responsible for participating in the formulation of our Company's corporate and business strategies.

Ms. Xie has served as the general manager of Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司) from May 2024 until now. Ms. Xie also served as the manager of the fund management department and deputy general manager from April 2013 to February 2015 and general manager responsible for daily operations from February 2015 to May 2024 in Xiamen Venture Capital Co., Ltd. (廈門市創業投資有限公司). Ms. Xie served as the managing partner, chief financial officer, and deputy general manager of Xiamen Taikun Investment Co., Ltd. (廈門泰坤投資有限公司) from January 2005 to July 2012. From June 2001 to December 2004, she has served as the director of the finance department, assistant to the chairman, and chief financial officer of Xiamen Weidiya Technology Co. Ltd (廈門威迪亞科技有限公司). From August 1993 to June 2002, she successively served as deputy director of the negotiation department, deputy director of the credit department, deputy director and director of the funds department in Xiamen International Bank Co., Ltd. (廈門國際銀行股份有限公司).

## Directors, Supervisors and Senior Management

Ms. Xie also holds multiple positions in various companies currently, including:

- a director at Xiamen Sky Semiconductor Technology Co., Ltd. (廈門雲天半導體科技有限公司) from December 2024 until now;
- a director at Xiamen Tianma Display Technology Co., Ltd. (廈門天馬顯示科技有限公司) from November 2024 until now;
- a director at Xiamen Shilan Jihong Semiconductor Co., Ltd. (廈門士蘭集宏半導體有限公司) from September 2024 until now;
- a non-executive director of CALB Group Co., Ltd. (中創新航科技集團股份有限公司) (stock code: 3931.hk), a company listed on the Stock Exchange since December 31, 2024;
- a director of Xiamen Industrial Investment Co., Ltd. (廈門市產業投資有限公司) from March 2024 until now;
- a director at Xiamen Yaxon Zhilian Technology Co., Ltd. (廈門雅迅智聯科技股份有限公司) from June 2023 until now;
- a director of Xiamen Tianma Optoelectronics Co., Ltd. (廈門天馬光電子有限公司) from May 2022 until now; and
- a director of Xiamen Venture Capital Co., Ltd. (廈門市創業投資有限公司) from March 2015 until now.

In addition, Ms. Xie currently serves as the president of the Xiamen Entrepreneurship and Investment Association (廈門市創業與投資協會). She served as the director of the Private Equity Fund Self-discipline and Supervision Committee of the Securities, Futures and Fund Association of Xiamen (廈門證券期貨基金業協會私募基金自律監察專業委員會) from April 2017 to December 2024. With many years of experience in the financial industry and industrial and equity investment fund sectors, she was recognised as a “High-Level Financial Specialist in Xiamen” (廈門市高層次金融人才) in 2021.

Ms. Xie obtained her bachelor’s degree in economics in July 1993 and master’s degree in business administration in June 2006 from Xiamen University (廈門大學) in the PRC.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Dr. Kang Junyong (康俊勇)**, aged 66, is our independent non-executive Director mainly responsible for providing independent opinion and judgment to the Board.

Dr. Kang has over 26 years of experience in the research of semiconductor sectors. He has been a professor since 1999 in the department of physics at Xiamen University (廈門大學) in the PRC, where he also successively served as an associate professor from December 1995 to December 1999, a lecturer from 1993 to 1995 and an assistant professor from 1987 to 1989.

## Directors, Supervisors and Senior Management

Dr. Kang has also served as a director taking non-executive role in various companies, including as an independent director of Xiamen Guangpu Electronics Co., Ltd. (廈門光莆電子股份有限公司), a company listed on the Shenzhen Stock Exchange (stock code: 300632.sz), from July 2024 until now, and as an independent director of SANAN Optoelectronics Co., Ltd. (三安光電股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600703.sh), from December 2019 until December 2025.

Dr. Kang obtained a bachelor's degree in radio physics in July 1982 and a master's degree in semiconductor physics and device physics in August 1987, both from Xiamen University (廈門大學) in the PRC. In December 1993, he was awarded a doctorate degree in science from Xiamen University. He also completed the 18th University-Wide Training Session on Safe Handling of X-rays organized by the Atomic Energy and Engineering Committee of Tohoku University in May 2022.

**Dr. Liao Yi (廖逸)**, aged 41, is our independent non-executive Director mainly responsible for providing independent opinion and judgment to the Board.

Since September 2019, Dr. Liao has served as the associate professor at the Department of Management at The Hang Seng University of Hong Kong (香港恒生大學), after serving as an assistant professor since 2015. Previously, from 2013 to 2015, Dr. Liao was an assistant professor at Macau University of Science and Technology (澳門科技大學).

Dr. Liao obtained her bachelor's degree in information management and information system in Nanjing University (南京大學) in the PRC in June 2007, and her master's degree in business in Lingnan University (嶺南大學) in October 2009, and she obtained a doctorate degree in management in the University of Hong Kong in November 2013.

**Dr. Su Xinlong (蘇新龍)**, aged 61, is our independent non-executive Director mainly responsible for providing independent opinion and judgment to the Board.

Dr. Su has over 30 years of experience in the fields of accounting and finance education. He has been working as a full-time reappointed professor at Xiamen University (廈門大學) in the PRC since May 2024 after working as a professor at the university's accounting department from August 2008 to May 2024. Prior to that, Dr. Su served as an associate professor at the same department from December 2002 to July 2008. In addition to his academic roles, Dr. Su was a certified public accountant in the PRC from September 1994.

Dr. Su has been an independent director at Annto Logistics Supply Chain Technology Co., Ltd (安得智聯供應鏈科技股份有限公司) and Xiamen Keytop Communication & Technology Company Limited (廈門科拓通訊技術股份有限公司) since August 2023 and March 2021, respectively. He also held several other directorships and senior management positions, including serving as an independent director of Shanghai Chuangxing Resource Development Group Co., Ltd. (上海創興資源開發股份有限公司, "Shanghai Chuangxing"), a company listed on the Shanghai Stock Exchange (stock code: 600193.sh) from April 1999 to May 2005 and as the deputy general manager from June 2005 to April 2007. He served as a supervisor at Shanghai Chuangxing, a company listed on the Shanghai Stock Exchange, from May 2007 to July 2015. He previously held the position of independent director at Sensteed Hi-Tech Group (山子高科技股份有限公司) (formerly known as Yinyi Co., Ltd. (銀億股份有限公司)) (stock code: 000981.sz), a company listed on the Shenzhen Stock Exchange, from July 2019 to December 2021.

Dr. Su obtained his bachelor's degree and master's degree in accounting in July 1985 and July 1996, both from Xiamen University (廈門大學) in the PRC. He then received a doctorate degree in management from Wuhan University of Technology (武漢理工大學) in the PRC in December 2008.

# Directors, Supervisors and Senior Management

## SUPERVISORS

**Mr. Wu Guoyi (吳國屹)**, aged 48, is the chairman of our Supervisory Committee. Mr. Wu is primarily responsible for monitoring the performance of the Directors and senior management.

Mr. Wu joined us in October 2022. He has held various positions at China Resources Microelectronics Limited (華潤微電子有限公司) ("CRMC"), a company listed on the Shanghai Stock Exchange (stock code: 688396.sh, also formerly listed on the Stock Exchange under stock code: 0597.hk before it was privatized in November 2011), including its director from November 2021 to present, its chief financial officer from September 2021 to present, and its board secretary from May 2019 to present. Apart from the abovementioned positions, he held the position of director of the strategic development department at CRMC. Prior to that, from October 2011 to December 2013, he was the assistant director of the strategic development department at CRMC. He served as a senior business development manager in the strategic development department at CRMC from November 2009 to October 2011. He began his tenure at CRMC as a senior manager from September 2008 to November 2009.

Mr. Wu has been serving as the director of several subsidiaries of CRMC from January 2021 to now. Since September 2021, he has been the supervisor at China Resources Microelectronics.

Mr. Wu obtained his bachelor's degree in economics from Shanghai University of Finance and Economics (上海財經大學) in the PRC in July 2000.

**Mr. Li Kaixi (李凱希)**, aged 33, has served as our employee representative Supervisor since May 2023. Since May 2024, Mr. Li has been a supervisor at Epiworld Materials.

Mr. Li began his career in our Company as a process engineer from July 2014 to February 2017. He then successively served as a supervisor from February 2017 to March 2019, a deputy manager from March 2019 to June 2021 and a manager since June 2021 at the production department of our Company. He is responsible for product planning, delivery and marketing throughout the product lifecycle.

Mr. Li obtained his bachelor's degree in science from Nanjing University of Information Science & Technology (南京信息工程大學) in the PRC in June 2014.

**Mr. Qian Weining (錢衛寧)**, aged 38, has served as our Supervisor since May 2023. Mr. Qian is primarily responsible for monitoring the performance of the Directors and senior management.

Mr. Qian joined us in July 2013 and has since served as the manager of the research and development department at our technology center. He is responsible for overseeing the development of new technologies, products, or processes within our Group.

Mr. Qian obtained his bachelor's degree in applied physics from Taiyuan University of Science and Technology (太原科技大學) in the PRC in July 2010. He obtained his master's degree in microelectronic and solid state electronics in South China Normal University (華南師範大學) in the PRC in June 2013.

# Directors, Supervisors and Senior Management

## SENIOR MANAGEMENT

**Dr. Feng Gan (馮淦)**, aged 50, has served as the general manager of our Company since July 2016 and since May 2024, he has also been the general manager of Epiworld Materials. He is primarily responsible for the overall day-to-day management of the Company. Dr. Feng joined us in September 2011 as our vice president of R&D.

Dr. Feng has over 20 years of experience in the fields of research and development in semiconductor technology. Prior to joining our Group, Dr. Feng was a program-specific researcher at Kyoto University from April 2007 to September 2011. He served as a part-time lecturer at Kyoto Institute of Technology from May 2004 to March 2007 and worked at Paul-Drude-Institute for Solid State Electronics as an academic from September 2003 to March 2004.

Dr. Feng obtained his bachelor's degree in metal materials and heat treatment in June 1997 and his master's degree in materials in March 2000, both from Nanjing University of Science and Technology (南京理工大學) in the PRC. He obtained his doctorate degree in materials science and chemistry from the Institute of Semiconductors, Chinese Academy of Sciences (中國科學院半導體研究所) in the PRC in August 2003.

**Dr. Hong Tu (洪圖)**, aged 40, has been our board secretary since April 2023. He is primarily responsible for the equity financing and listing preparation works of our Company.

Dr. Hong has nearly 10 years of experience in financing. From October 2013 to March 2023, Dr. Hong served at China Minsheng Bank Corp., Ltd. (中國民生銀行股份有限公司, "CMBC"), a company listed on the Stock Exchange (stock code: 1988.hk), with positions held including staff member of the investment banking department of the headquarter of CMBC, the deputy general manager of the investment banking department of its Quanzhou branch, the general manager of the investment banking department of its Quanzhou branch, the general manager of the small and medium enterprise finance team of its Beijing branch and the deputy president of its Beijing Zhongguancun branch.

Dr. Hong obtained his bachelor's degree in physics, master's degree in physics and doctorate degree in finance from Xiamen University (廈門大學) in the PRC in July 2006, June 2009 and September 2013, respectively.

**Mr. Peng Xinghua (彭興華)**, aged 42, has served as the financial controller of our Company since July 2020. He is primarily responsible for overseeing the finance and accounting matters and financial reporting of our Group. He joined us in July 2020 as our chief financial officer and board secretary.

Mr. Peng has over 17 years of experience in finance and accounting. From May 2015 to February 2020, he served as the financial director at Xiamen Changelight Co., Ltd. (廈門乾照光電股份有限公司) (stock code: 300102.sz), a company listed on the Shenzhen Stock Exchange. Before that, he joined the company in 2008 and held various positions until February 2020, including deputy manager, manager of the finance department, deputy director of finance, and head of finance.

Mr. Peng obtained his bachelor's degree in management from Changchun Institute of Technology (長春工程學院) in the PRC in June 2006. He then obtained a bachelor's degree in engineering from the same institution in July 2006.

## Directors, Supervisors and Senior Management

**Dr. Sun Yongqiang (孫永強)**, aged 40, has served as the deputy general manager of our Company since December 2019. He is primarily responsible for the management of our Company's manufacturing operations and supply chain. He joined us in October 2011 as the deputy manager of the production department.

Prior to joining our Group, Dr. Sun worked as a technician in a technical position at the 55<sup>th</sup> Research Institute of China Electronics Technology Group Corporation from July 2010 to September 2011.

Dr. Sun obtained his bachelor's degree in materials science in July 2007 and a master's degree in materials science and chemistry in June 2010, both from Sichuan University (四川大學) in the PRC. He obtained his doctorate degree in microelectronics and solid state electronics in Xiamen University (廈門大學) in the PRC in December 2019.

# Directors' Report

## PRINCIPAL BUSINESS

We are a global leader in providing silicon carbide (SiC) epitaxial wafers, the centerpiece materials for semiconductors with wide-bandgap.

There have been no significant changes in the nature of the Group's principal business from the Listing Date to the date of this report.

For details of the principal business of the Company's principal subsidiaries, please refer to note 39 to the Group's consolidated financial statements.

## RESULTS

The results of the Group for the year ended December 31, 2025 are set out in the Group's consolidated financial statements.

## DIVIDEND

The Board does not recommend the distribution of a final dividend for the year ended December 31, 2025. The Board is not aware of any Shareholders who have waived or agreed to waive any dividend.

## SHARE CAPITAL

Details of the issued shares during the year ended December 31, 2025 are set out in note 30 to the consolidated financial statements.

## RESERVES

Details of movements in the reserves of the Group during the year ended December 31, 2025 are set out in the consolidated statement of changes in equity.

## DISTRIBUTABLE RESERVES

As of December 31, 2025, the aggregate amount of distributable reserves of the Company, calculated in accordance with the PRC Company Law and the Articles of Association, amounted to RMB205.0 million.

## FINANCIAL HIGHLIGHTS

The H Shares were listed on the Stock Exchange on March 30, 2026. A summary of the results, assets, liabilities and equity of the Group for the last four financial years, as extracted from the audited financial information and financial statements, is set out on page 4 of this report.

## PROPERTY AND EQUIPMENT

Details of the movements in property and equipment of the Group during the year ended December 31, 2025 are set out in note 14 to the consolidated financial statements.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors as of the Latest Practicable Date prior to the issue of this report, the Company is not aware of any deviation from the above confirmation, and the Company has maintained the aforementioned minimum public float required by the Stock Exchange since the Listing Date and up to the Latest Practicable Date.

# Directors' Report

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC requiring the Company to offer new shares on a pro-rata basis to its existing Shareholders.

## BUSINESS REVIEW

### Annual Overview and Performance

Pursuant to the requirements of the Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), we are required to carry out an impartial review of the Group's business, including an analysis of the Group's financial performance and an indication of likely future developments in the Group's business, which are set out in the sections headed "Business Review and Outlook" and "Management Discussion and Analysis" of this report. These discussions form part of this report. Events that have occurred since the end of the year ended December 31, 2025 that have had an impact on the Company are set out in the paragraph headed "—Events after the Reporting Period" in this section.

### Key Relationships with Stakeholders

The Group recognizes that its various stakeholders, including employees, customers, suppliers and other business partners, are key to its success. The Group strives to maintain employment, cooperation and solid relationships with them in order to achieve sustainable development.

The Group believes that attracting, recruiting and retaining quality employees is of paramount importance. In order to maintain the quality, knowledge and skill level of its employees, the Group provides regular training to its employees, including induction training for new hires, technical training, professional and management training, as well as health and safety training. The Group believes that it maintains good relationships with its employees and has not experienced any significant labor disputes or material difficulties in recruiting employees for its business operations during the year ended December 31, 2025.

The Group understands that it is essential to maintain a good relationship with its customers. The Group has established procedures to handle customer complaints to ensure that customer complaints are handled in a prompt and timely manner. The Group is also committed to developing good relationships with the suppliers to ensure a stable supply of materials. The Group strengthens its business cooperation relationship with suppliers through continuous active and effective communication with them to ensure quality and delivery.

Details of the Company's key relationships with employees, customers and suppliers and other persons who have significant influence on the Company are set out in its Environmental, Social and Governance Report published on the same date as this report.

### Social Responsibility, Environmental Policy and Performance

In 2025, the Group was committed to fulfilling its social responsibilities, improving employee welfare, promoting development, protecting the environment, giving back to the community and achieving sustainable growth.

A separate environmental, social and governance report will be published on the Stock Exchange's website and the Company's website concurrently with the publication of this report.

# Directors' Report

## Compliance with Relevant Laws and Regulations

We may be involved in legal proceedings from time to time in the ordinary course of business. During the Reporting Period and up to the date of this report, the Group has complied with relevant laws and regulations that have a significant impact on the Group, and did not have any material non-compliance with such laws and regulations. During the Reporting Period and up to the date of this report, neither the Group nor any of the Directors, Supervisors and senior management of the Company has been subject to investigation or administrative penalty by the China Securities and Regulatory Commission, banned from entering the market, recognized as an unsuitable person, publicly reprimanded by the stock exchange, subject to compulsory measures, referred to the judicial authorities or held criminally liable, nor has it been involved in any other litigation, arbitration or administrative proceeding that would have a material adverse impact on our business, financial condition or results of operations. During the year ended December 31, 2025, the Directors were not aware of any material litigation or claim that was pending or threatened against the Group.

## Key Risks and Uncertainties

Our operations involve a number of key risks and uncertainties, some of which are beyond our control. The material risks and uncertainties we face are set out below:

- Our business, financial condition and results of operations may be materially and adversely affected by global macroeconomic environment, geopolitical tensions, international trade policies, international export controls and economic sanctions. If economic growth slows and market demand declines in the future, the development of entire industries such as semiconductors and photovoltaics will be affected, which in turn may adversely impact the Company's operating performance and financial condition;
- Our business growth and prospects depend on our ability to innovate, upgrade technologies and production processes, and enter new markets. Product design and development, complex, time-consuming, and costly, requiring substantial R&D investment with no guaranteed return. Downstream industries are accelerating technological development, and imposing higher standards for technological and process improvements. If we fail to timely innovate and improve our technologies and production processes, the development of new upgraded products may be seriously delayed, which may cause us to lose competitiveness and market share;
- Competition among SiC epitaxial wafer providers is expected to intensify. If competitors launch new products, technologies, and production processes; or if, market demand develop new or upgraded products or technologies we may lose customers and competitiveness. Inability to overcome pricing pressure, achieve cost efficiency, or keep pace with competitors' advances in technology, products, support, or manufacturing, could lead to reduction in market share and sales;
- Our performance is subject to the development and condition of our downstream industries that adopt our products. Our silicon carbide epitaxial wafer products are mainly targeted at downstream customers across various industries. Customers use our wafers to manufacture products (typically power devices) that are applied in a wide range of downstream industrial scenarios, such as electric vehicles, charging infrastructure, renewable energy, energy storage systems, as well as emerging applications such as household appliances, AI computing power and data centers, smart grids, and eVTOL. Demand for our products largely depends on the growth of the end-product markets. Any slowdown in the growth of these downstream industries could adversely affect our business, financial condition and results of operations;

## Directors' Report

- If we are unable to offer high-quality products, it may reduce the market adoption of our products, damage our reputation or expose us to product liability and other claims. Any issues arising from the quality, performance, reliability, stability, or pricing of our products may damage our reputation and brand. If our downstream customers have negative experiences when using our products, such experiences may adversely affect our business and operating performance;
- A fluctuation in prices of raw materials or shortage in supply may disrupt our supply chain, increase our production costs, delay deliveries of our products to customers and affect our market price, which would further affect our business, financial condition and results of operations;
- The price of our products and our profit margin may be materially and adversely affected as the overall production capacity continues to increase in the future;
- Any material adverse change to the operation, financial performance or financial condition of our major suppliers may result in material adverse impact on their business relationship with us;
- The price and trading volume of our H Shares may be volatile, which could lead to substantial losses to investors.

However, the above is not an exhaustive list. Investors should exercise their own judgment or consult an investment advisor before making any investment in our H Shares.

### PROSPECTS

The sections headed “Business Review and Outlook” and “Management Discussion and Analysis” in this report provide an overview of the future development of the Company’s business.

# Directors' Report

## USE OF NET PROCEEDS FROM THE GLOBAL OFFERING

The Company's H Shares were listed on the Main Board of the Stock Exchange on March 30, 2026. The Company received net proceeds (after deduction of underwriting commissions and related costs and expenses) from the Global Offering of approximately HK\$1,559.5 million and has not utilized any of the proceeds as of the Latest Practicable Date. The Company intends to apply such net proceeds in accordance with the purposes as set out in the Prospectus. The details of intended use of net proceeds from the Global Offering are set out as follows:

Item	Approximate % of total net proceeds	Net proceeds from the Global Offering (HK\$ million) <sup>(1)(2)</sup>	Expected timeline of full utilization of the unutilized proceeds
<b>Expand our production capacity of the SiC epitaxial wafers</b>	71	1,107.2	By 2030
Procurement and upgrade of our equipment and machinery	50	779.8	By 2030
Completing and improving the construction of our existing production base	15	233.9	By 2030
Recruitment of our production-related personnel	6	93.6	By 2030
<b>R&amp;D of SiC epitaxial wafers</b>	19	296.3	By 2030
Development of our technology and R&D center	10	156.0	By 2030
Purchasing R&D materials and other development expenses	7	109.2	By 2030
Recruitment of our research and development staff	2	31.2	By 2030
<b>Working capital and for general corporate purposes</b>	10	156.0	By 2030
<b>Total</b>	<b>100</b>	<b>1,559.5</b>	

Notes:

(1) The net proceeds utilized have been converted from Renminbi to Hong Kong dollars at the rate of RMB1 to HK\$1.1338, being the reference exchange rate adopted in the Prospectus. No representation is made that any amounts in Hong Kong dollars or Renminbi have been or could be converted at the above rate.

(2) Any discrepancies in the table between totals and sums of amounts are due to rounding.

The Company will use the proceeds for the purpose as disclosed in the Prospectus and follow the expected implementation timetable as disclosed in the Prospectus.

## EVENTS AFTER THE REPORTING PERIOD

On March 30, 2026, the Company's H Shares were listed on the Main Board of the Stock Exchange, where 21,492,050 H Shares were issued and subscribed at an offer price of HK\$76.26 per H Share by way of initial public offering to Hong Kong and overseas investors. Gross proceeds from these issues amounted to approximately HK\$1,640.0 million.

Save as disclosed above, the Company is not aware of any material subsequent events from December 31, 2025 to the Latest Practicable Date.

# Directors' Report

## DIRECTORS

The Directors during the Reporting Period and up to the date of this report were as follows:

### Executive Directors

Dr. Zhao Jianhui (趙建輝) (*Chairman of the Board*)

Ms. Pan Menghan (潘夢菡)

Ms. Bai Liting (白麗婷)

### Non-executive Directors

Mr. Fang Wei (方偉)

Mr. Su Ping (蘇平)

Ms. Xie Jieping (謝潔平)

### Independent Non-executive Directors

Dr. Kang Junyong (康俊勇)

Dr. Liao Yi (廖逸)

Dr. Su Xinlong (蘇新龍)

## SUPERVISORS

The Supervisors during the Reporting Period and up to the date of this report were as follows:

Mr. Li Kaixi (李凱希)

Mr. Qian Weining (錢衛寧)

Mr. Wu Guoyi (吳國屹)

## BIOGRAPHIES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The biographical details of the Directors, Supervisors and senior management of the Company as at the date of this report are set out in the section headed "Directors, Supervisors and Senior Management" of this report.

## CHANGES TO DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVES' INFORMATION

Save as otherwise disclosed in this report, there are no other changes in the Directors, Supervisors and chief executives that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

## DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

For details of the Directors' and Supervisors' service contracts, please refer to the paragraph headed "Appointment and Re-election of Directors" under the Corporate Governance Report contained in this report.

Save as otherwise disclosed, we have not entered into, and do not propose to enter into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors which is not determinable by any member of our Group within one year without payment of compensation (other than statutory compensation).

## CONFIRMATION OF INDEPENDENCE BY INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors a confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company has duly reviewed the confirmation of independence of each of the Directors. In our opinion, all the independent non-executive Directors are independent.

## Directors' Report

### DIRECTORS', SUPERVISORS', AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As the Company's H Shares were listed on March 30, 2026, Divisions 7 and 8 of Part XV of the SFO and Section 352 of the SFO were not applicable to the Directors, Supervisors or chief executives of the Company during the period from January 1, 2025 to December 31, 2025.

As far as the Company is aware, as of the Latest Practicable Date, the interests and/or short positions (if applicable) of our Directors, Supervisors and the chief executive of our Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations of our Company (within the meaning of Part XV of the SFO), which were required (a) 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 they were taken or deemed to have taken under such provisions of the SFO); or (b) pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to our Company and the Stock Exchange pursuant to the Model Code, were as follows:

Name	Title	Capacity/ Nature of Interest	Number of Shares interested <sup>(1)</sup>	Approximate percentage of shareholding in Unlisted Shares/ H Shares of the Company <sup>(2)</sup> (%)	Approximate percentage of shareholding in the total share capital of the Company (%)
<b>Unlisted Shares</b>					
Dr. Zhao	Chairman of the Board and executive Director	Beneficial owner	86,814,160 (L)	28.31	20.40
Mr. Su Ping (蘇平) <sup>(3)</sup>	Non-executive Director	Interest in controlled corporation	42,562,018 (L)	13.88	10.00
<b>H Shares</b>					
Dr. Zhao	Chairman of the Board and executive Director	Beneficial owner	29,746,239 (L)	25.01	6.99
Mr. Su Ping (蘇平) <sup>(3)</sup>	Non-executive Director	Interest in controlled corporation	14,187,340 (L)	11.93	3.33

Notes:

- (1) (L) – long position
- (2) This calculation is based on the total number of 306,661,179 Unlisted Shares and 118,923,631 H Shares of the Company in issue as of the Latest Practicable Date.
- (3) Xike Zhongheng is one of our Pre-IPO Investors and a limited partnership established in the PRC, managed by its general partner, Mr. Su Ping (蘇平). As such, Mr. Su Ping (蘇平) is deemed to be interested in the Shares held by Xike Zhongheng under the SFO.

## Directors' Report

Save as disclosed above and to the best knowledge of our Directors, as of the Latest Practicable Date, we were not aware of any Director, Supervisor or chief executive of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (a) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (b) were required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As the Company's H Shares were listed on March 30, 2026, Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the substantial Shareholders of the Company during the period from January 1, 2025 to December 31, 2025.

To the best knowledge of our Directors, as of the Latest Practicable Date, the following persons (other than a Director, Supervisor or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO:

Shareholders	Capacity/Nature of Interest	Number of Shares interested <sup>(1)</sup>	Approximate percentage of shareholding in Unlisted Shares/ H Shares of the Company <sup>(2)</sup> (%)	Approximate percentage of shareholding in the total share capital of the Company (%)
<b>Unlisted Shares</b>				
Xike Zhongheng	Beneficial owner	42,562,018 (L)	13.88	10.00
Mr. Li Qinghua <sup>(3)</sup>	Beneficial owner and interest as spouse	32,642,862 (L)	10.64	7.67
Ms. Xu Xiyun <sup>(3)</sup>	Interest in controlled corporation and interest as spouse	32,642,862 (L)	10.64	7.67
<b>H Shares</b>				
Xiamen Advanced Intelligent Manufacturing Industry Investment Limited (廈門先進智造產業投資有限公司)	Beneficial owner	10,058,500 (L)	8.46	2.36
Xike Zhongheng	Beneficial owner	14,187,340 (L)	11.93	3.33
Mr. Li Qinghua <sup>(3)</sup>	Beneficial owner and interest as spouse	10,880,955 (L)	9.15	2.56
Ms. Xu Xiyun <sup>(3)</sup>	Interest in controlled corporation and interest as spouse	10,880,955 (L)	9.15	2.56

## Directors' Report

Notes:

- (1) (L) – long position
- (2) This calculation is based on the total number of 306,661,179 issued Unlisted Shares and 118,923,631 H Shares of the Company as of the Latest Practicable Date.
- (3) Xincheng Zhongchuang is managed by Ms. Xu Xiyun, the spouse of Mr. Li Qinghua. As such, Mr. Li Qinghua is deemed to be interested in the Shares held by Xincheng Zhongchuang under the SFO, and Ms. Xu Xiyun is deemed to be interested in the Shares held by Mr. Li Qinghua under the SFO.

Save as disclosed above, as of the Latest Practicable Date, the Directors were not aware of any other persons, other than the Directors, Supervisors and the chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register required to be kept by the Company under Section 336 of the SFO.

### EQUITY-LINKED AGREEMENTS

During the Reporting Period, the Company did not enter into any equity-linked agreements.

### RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors or Supervisors to acquire interests by means of acquisition of Shares in or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 had any right to subscribe for interests or debentures of the Company or any other body corporate or had exercised any such right.

### DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, none of the Directors or their respective close associates (as defined in the Listing Rules) is interested in any business (other than being a Director of the Company and/or its subsidiaries) which competes or is likely to compete, directly or indirectly, with the businesses of the Group.

### RELATED-PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the Group's related-party transactions during the Reporting Period are set out in note 33 to the consolidated financial statements contained in this report.

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions was conducted in the ordinary course of business on an arm's-length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Reporting Period would not distort our record results or cause our historical results to become non-reflective of our future performance.

For the year ended December 31, 2025, there was no related party transaction or continuing related party transaction set out in note 33 to the consolidated financial statements which constitutes disclosable connected transaction or disclosable continuing connected transaction under the Listing Rules. In respect of the connected transactions and the continuing connected transactions, the Company has complied with the disclosure requirements under the Listing Rules in force from time to time.

# Directors' Report

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS OF SIGNIFICANCE**

Save as otherwise disclosed in this report, during the Reporting Period, none of the Directors/Supervisors or entities connected with the Directors/Supervisors had an interest, directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party.

## **CONTRACTS WITH CONTROLLING SHAREHOLDER**

During the year ended December 31, 2025, the Company had no controlling Shareholder.

## **MANAGEMENT CONTRACTS**

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Reporting Period and up to the date of this report with persons other than the Directors or persons employed by the Company on a full-time basis.

## **PERMITTED INDEMNITY PROVISIONS**

During the Reporting Period and up to the date of this report, the Company had appropriate liability insurance in place for its Directors.

## **INFORMATION ON TAX RELIEF FOR H SHAREHOLDERS**

The Company is not aware of any tax relief available to Shareholders for holding its listed securities. Shareholders should seek expert advice if they are unsure of the tax implications of purchasing, holding, selling, dealing in the Shares, or exercising any of the rights attached to them.

## **REMUNERATION POLICY AND REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

As of December 31, 2025, we had a total of 529 employees (as of December 31, 2024: 592 employees). The total staff costs of the Group include salaries, share-based payments, bonuses, pension costs, other social security costs and other employee benefits. The Group has optimized its incentive system and implemented a competitive remuneration policy to cater to the business development needs.

During the year ended December 31, 2025, our Directors and Supervisors received their remuneration in the form of salaries, social security and other employee benefits, contributions to employee pension plans, and discretionary bonuses.

During the Reporting Period, no emoluments were paid by the Group to any of the Directors, Supervisors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. During the year ended December 31, 2025, no Director or Supervisor waived or agreed to waive any emoluments.

Save as disclosed in this report, there were no loans, quasi-loans and other transactions in favor of the Directors, controlled corporations of the Directors and connected entities at the end of or at any time during the Reporting Period. There were no significant transactions, arrangements and contracts concerning the Group's business to which the Company was a party and in which a Director or a Supervisor had a material interest, whether directly or indirectly, at the end of or at any time during the Reporting Period.

## Directors' Report

Details of the remuneration of the Directors and Supervisors during the Reporting Period are set out in note 13 to the consolidated financial statements.

### PENSION PLAN

Employees of the Group's subsidiaries in the PRC are required to contribute a certain percentage of their salaries to a pension plan to fund the benefits. The Group's only obligation with respect to the pension plan is to make specified contributions. During the Reporting Period, the Group did not use forfeited contributions to reduce the current level of contributions. Details of the pension plan of the Group are set out in note 3.13 to the consolidated financial statements.

### EMPLOYEE SHAREHOLDING PLATFORM

In recognition of the contributions of our employees and to incentivize them to further promote our development, Epiworld Core was established as our employee shareholding platform in the PRC in December 2020. Our employee shareholding platform does not constitute a share scheme under Chapter 17 of the Listing Rules. As of the Latest Practicable Date, all of the share awards under the platform have been granted and vested, and as a result, the grantees held the partnership interest in our employee shareholding platform, subject to terms and conditions of our share incentive scheme. As of the Latest Practicable Date, there is no outstanding options or share awards under our share incentive scheme. There are 23 limited partners in Epiworld Core as of the Latest Practicable Date and Mr. Chen Zhenhe (陳振和), who is interested in Epiworld Core as to approximately 1.50% and the brother-in-law of Dr. Zhao, has been the general partner of Epiworld Core since its establishment. As of the Latest Practicable Date, Dr. Feng Gan (馮淦), Dr. Sun Yongqiang (孫永強), Mr. Peng Xinghua (彭興華) and Dr. Hong Tu (洪圖), all being members of our senior management, are interested in Epiworld Core as limited partners as to approximately 53.23%, 7.51%, 5.01% and 3.13%, respectively. In addition, Mr. Qian Weining (錢衛寧) and Mr. Li Kaixi (李凱希), being our Supervisors, are interested in Epiworld Core as limited partners as to approximately 3.01% and 2.25%, respectively. Save as disclosed in this section headed "Employee Shareholding Platform", there are no connected persons who are interested in Epiworld Core.

### MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2025, the Group's largest customer and five largest customers accounted for approximately 35.0% and approximately 60.1% respectively of the Group's total revenue, and the Group's largest supplier and five largest suppliers accounted for approximately 25.3% and approximately 60.2% respectively of the Group's total purchases.

To the reasonable knowledge of the Directors, none of the Directors or any of their close associates or any Shareholder (which to the knowledge of the Directors owns more than 5% of the issued share capital (excluding treasury shares (as defined in the Listing Rules)) of the Company) has any interest in any of the five largest suppliers or customers.

### PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares (as defined under the Hong Kong Listing Rules) during the Reporting Period and up to the Latest Practicable Date. As of December 31, 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

### CHARITABLE DONATIONS

During the Reporting Period, the Group donated money totaling RMB250,000 to external parties for charitable purposes.

# Directors' Report

## INCORPORATION OF SUBSIDIARIES

On June 10, 2025, Epiworld Singapore was incorporated in Singapore with an initial registered capital of Singapore dollar 10,000. On June 23, 2025, Epiworld Malaysia was incorporated in Malaysia with an initial registered capital of Ringgit Malaysia 10,000,000. On December 10, 2025, Epiworld Hong Kong was incorporated in Hong Kong as a private limited company with an initial registered capital of HK\$10,000.

## CONTINUING DISCLOSURE OBLIGATIONS UNDER THE LISTING RULES

The Company did not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

## CORPORATE GOVERNANCE

The Company is committed to the high standards of corporate governance and has adopted the code provisions set out in the CG Code. After the Listing and as of the date of this report, the Company complied with all applicable code provisions set out in the CG Code.

In order to maintain the high standards of corporate governance, the Board will review and monitor the Company's compliance with the CG Code on an ongoing basis.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 46 to 62 of this report.

## AUDITOR

The consolidated financial statements of the Group for the year ended December 31, 2025 have been audited by BDO Limited.

There has been no change in the auditor of the Company since the Listing Date.

By order of the Board  
Epiworld International Co., Ltd.

**Dr. Zhao Jianhui**  
*Chairman of the Board and executive Director*

Hong Kong, April 29, 2026

# Report of the Supervisory Committee

## COMPOSITION OF SUPERVISORY COMMITTEE

As of December 31, 2025, the Supervisory Committee consisted of three Supervisors, including one chairman of the Supervisory Committee, one employee representative Supervisor and one Supervisor. The Supervisors serve a three-year term, and can be re-elected upon expiration of their term of office.

The composition of the Supervisory Committee of the Company is as follows:

Name	Title	Date of appointment	Duties and responsibilities
Mr. Li Kaixi (李凱希)	Employee representative Supervisor	May 12, 2023	Responsible for monitoring the performance of the Directors and senior management
Mr. Qian Weining (錢衛寧)	Supervisor	May 12, 2023	Responsible for monitoring the performance of the Directors and senior management
Mr. Wu Guoyi (吳國屹)	Chairman of the Supervisory Committee	October 21, 2022 <sup>(1)</sup>	Responsible for monitoring the performance of the Directors and senior management

Note:

(1) Mr. Wu Guoyi was re-elected as a supervisor of the Company on May 12, 2023.

## PRINCIPAL ACTIVITIES OF SUPERVISORY COMMITTEE IN 2025

In 2025, the Supervisory Committee performed its supervisory duties with due diligence in the interests of the Shareholders and employees of the Company, in accordance with the powers and functions conferred by the laws of the PRC and the rules and regulations of the Company. The Supervisory Committee is of the view that the Board operated in a standardized manner, made decisions according to law, faithfully executed the resolutions of the general meetings, and faithfully fulfilled its obligations of integrity. The Company has established a relatively sound internal control system, and there is no violation of laws, rules and regulations and the Company's rules and regulations by Directors and senior management in the performance of their duties, or any behavior that is detrimental to the interests of the Company and its Shareholders.

In 2025, the Supervisory Committee supervised and inspected the Company's financial standing and the implementation of the financial management system, and reviewed the Company's financial reports. The Supervisory Committee is of the opinion that the Company is in a sound financial position and standardized in financial operations, and that the financial reports published by the Company reflect the Company's financial position and operating results in an objective, all round and fair manner.

## 2026 WORK PLAN OF SUPERVISORY COMMITTEE

In 2026, the Supervisory Committee will continue to fulfill its supervisory duties, abide by the principle of integrity, exercise effective supervision over the Company and its Directors and senior management, pay close attention to the Company's operations and management and major initiatives, and faithfully protect the interests of the Company and all Shareholders.

# Corporate Governance Report

The Board of Directors is pleased to present the Corporate Governance Report in the Group's annual report for the year ended December 31, 2025.

## CORPORATE GOVERNANCE CULTURE AND VALUE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit.

## CORPORATE GOVERNANCE PRACTICES

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Company to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and improve its transparency and accountability.

The Company has adopted the principles and code provisions of the CG Code contained in Appendix C1 to the Listing Rules as the basis for the corporate governance practices of the Company.

As the Company's shares were not listed on the Stock Exchange as of December 31, 2025, the CG Code set out in Appendix C1 to the Listing Rules were not applicable to the Company during the year ended December 31, 2025 but has applied to the Company since the Listing Date.

In the opinion of the Board, the Company has complied with all applicable code provisions under the CG Code during the period from the Listing Date to the date of this report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND SUPERVISORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors and Supervisors.

As the Company's shares were not listed on the Stock Exchange as of December 31, 2025, the relevant rules of the Model Code, to which the Directors and Supervisors were subject, were not applicable to the Company during the year ended December 31, 2025.

Specific enquiry has been made of all the Directors and Supervisors, all the Directors and Supervisors have confirmed that they have complied with the Model Code since the Listing Date.

# Corporate Governance Report

## BOARD OF DIRECTORS

The Company is headed by an effective Board which assumes responsibility for its leadership and control and be collectively responsible for promoting the Company's success by directing and supervising the Company's affairs. Directors take decisions objectively in the best interests of the Company.

The Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business and regularly reviews the contribution required from a Director to perform his responsibilities to the Company and whether the Director is spending sufficient time performing them that are commensurate with their role and the Board responsibilities. The Board includes a balanced composition of executive Directors and independent non-executive Directors so that there is a strong independent element on the Board, which can effectively exercise independent judgement.

### Board Composition

The Board currently comprises the following Directors:

#### **Executive Directors:**

Dr. Zhao Jianhui (趙建輝) (*Chairman of the Board*)

Ms. Pan Menghan (潘夢菡)

Ms. Bai Liting (白麗婷)

#### **Non-executive Directors:**

Mr. Fang Wei (方偉)

Mr. Su Ping (蘇平)

Ms. Xie Jieping (謝潔平)

#### **Independent Non-executive Directors:**

Dr. Kang Junyong (康俊勇)

Dr. Liao Yi (廖逸)

Dr. Su Xinlong (蘇新龍)

The biographical details of the Directors are set out in the section headed "Directors, Supervisors and Senior Management" in this report.

Each of our Directors confirms that he or she (i) has obtained the legal advice referred to under Rule 3.09D of the Listing Rules in March 2025, and (ii) understands his or her obligations as a director of a listed issuer under the Listing Rules.

Ms. Pan is the spouse of Dr. Zhao. Save as disclosed above, none of the Directors, Supervisors or members of the senior management of our Company is related to any other Directors, Supervisors and members of the senior management of our Company.

# Corporate Governance Report

## Board Meetings and Directors' Attendance Records

Board meetings should be held at least four times a year, roughly once a quarter, involving active participation, either in person or through electronic means of communication, of a majority of Directors. Notices of not less than fourteen days are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for regular Board meetings.

For other Board meetings, reasonable notice has to be given generally. For other committee meetings, a notice shall be given as prescribed in the terms of reference prior to the meeting. Minutes of meetings are kept by the company secretary of the Company with copies circulated to all Directors for information and records.

As the Company's shares were listed on the Stock Exchange on March 30, 2026, the code provisions in relation to the number of board meetings and board committees meetings held during the Reporting Period set out in the CG Code were not applicable to the Company during the year ended December 31, 2025. During the period from the Listing Date and up to the date of this report, the Board convened one board meeting and did not hold any general meeting. The attendance of the individual Directors at Board meeting of the Company is set out below:

<b>Name of Directors</b>	<b>Number of attendance/meeting(s) held Board Meeting(s)</b>
<b>Executive Directors:</b>	
Dr. Zhao Jianhui (趙建輝)	1/1
Ms. Pan Menghan (潘夢菡)	1/1
Ms. Bai Liting (白麗婷)	1/1
<b>Non-executive Directors:</b>	
Mr. Fang Wei (方偉)	1/1
Mr. Su Ping (蘇平)	1/1
Ms. Xie Jieping (謝潔平)	1/1
<b>Independent Non-executive Directors:</b>	
Dr. Kang Junyong (康俊勇)	1/1
Dr. Liao Yi (廖逸)	1/1
Dr. Su Xinlong (蘇新龍)	1/1

## Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company, and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

# Corporate Governance Report

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them.

The Board is responsible for and in possession of the general powers for our business management and operation, including determining our business strategies and investment plans, implementing resolution(s) passed at the general meeting, and exercising other powers, functions and duties granted by the Articles of Association. The Board is also responsible for exercising other powers, functions and duties pursuant to the Articles of Association and all applicable laws and regulations, including the Listing Rules. The Board had granted the powers and duties in respect of the Group's daily management and operation to the senior management of the Group, and the management assume responsibilities for the operation of the Group to the Board.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

## Chairman and Chief Executive

The positions of Chairman and General Manager are held by Dr. Zhao Jianhui (趙建輝) and Dr. Feng Gan (馮淦) respectively. The Chairman in charge of the Company's overall strategic planning and operational decisions. The General Manager in charge of the overall operations and management as well as leading the senior management team of our Group.

## Independent non-executive Directors

From the Listing Date to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing no less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

## Board Independence Evaluation

The Board has implemented mechanism to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively from the Listing Date to the date of this report. The mechanism is summarized as below:

# Corporate Governance Report

## **Composition**

The Board ensures the appointment of three independent non-executive Directors and the independent non-executive Directors account for one-third of all the directors (or such higher threshold as may be required by the Listing Rules from time to time), with at least one independent non-executive Director accounting or related financial management expertise as determined by the Listing Rules of the Stock Exchange. Further, independent non-executive Directors will be appointed to the Board committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

## **Independent Assessment in Nomination Practices**

The Company has nomination policy for election of Directors. Such policy, devising the criteria and procedures of selection and performance evaluation, provides guidance to the Board on nomination and appointment of Directors (including the independent non-executive Directors) of the Company. The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and assesses annually the independence of independent non-executive Directors to ensure they can continually exercise independent judgment. The Board believes that the defined selection process is good for corporate governance in serving the Board continuity and appropriate leadership at Board level, enhancing Board effectiveness and diversity, and ensuring independent views and input are available to the Board.

## **Board Decision Making**

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties. If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution. A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

## **Appointment and Re-election of Directors**

Under the Articles of Association of the Company, the Directors shall be elected or replaced by the shareholders' general meeting, and his/her positions may be terminated by the shareholders' general meeting before the expiration of his/her terms of office. The term of office for directors is three years. Upon the expiration of a director's term, he/she may be re-elected for consecutive terms in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

Accordingly, each of the Directors and Supervisors has entered into a service contract or a letter of appointment with our Company.

Save as disclosed in this section, we have not entered into, and do not propose to enter into any service contracts with any of our Directors or Supervisors in their respective capacities as Directors or Supervisors (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

The Articles of Association also provides that the Board of Directors has the power to appoint any person to fill a temporary vacancy on the Board or to increase the number of directors on the Board. Any person so appointed by the Board to fill a temporary vacancy or increase the Board's size shall hold office only until the first annual general meeting of the Company following his/her appointment and shall then be eligible for re-election at that meeting.

# Corporate Governance Report

## Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing

Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. During the year ended December 31, 2025 and prior to the Listing, all Directors have participated in continuous professional development by attending training course or external seminars to develop and refresh their knowledge and skills in relation to their contribution to the Board.

The training received by the Directors for the year ended December 31, 2025 and up to date of this report is summarized below:

<u>Name of Directors</u>	<u>Participated in continuous professional development<sup>(1)</sup></u>
<b>Executive Directors:</b>	
Dr. Zhao Jianhui (趙建輝)	Yes
Ms. Pan Menghan (潘夢菡)	Yes
Ms. Bai Liting (白麗婷)	Yes
<b>Non-executive Directors:</b>	
Mr. Fang Wei (方偉)	Yes
Mr. Su Ping (蘇平)	Yes
Ms. Xie Jieping (謝潔平)	Yes
<b>Independent Non-executive Directors:</b>	
Dr. Kang Junyong (康俊勇)	Yes
Dr. Liao Yi (廖逸)	Yes
Dr. Su Xinlong (蘇新龍)	Yes

Note:

(1) Attended training/seminar/conference arranged by the Company or other external parties or read relevant materials

# Corporate Governance Report

## BOARD COMMITTEES

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategy Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees (apart from the Strategy Committee) are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

### Audit Committee

The Audit Committee consists of three members, namely Dr. Su Xinlong (蘇新龍), Dr. Liao Yi (廖逸) and Mr. Su Ping (蘇平). Dr. Su Xinlong (蘇新龍) who has "appropriate accounting or related financial management expertise" pursuant to the note of Rule 3.10(2) of the Listing Rules, serves as the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code. The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditors, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

As the Company's shares were listed on the Stock Exchange on March 30, 2026, one meeting of the Audit Committee were held during the year ended December 31, 2025. During the period from the Listing Date and up to the date of this report, the Audit Committee held two meetings to review and discuss the audited consolidated financial statements and annual results announcement of the Group for the year ended December 31, 2025, risk management and internal control systems, re-appointment of external auditor, the terms of reference of the Audit Committee and other relevant matters. The attendance of members of the Audit Committee is set out below:

<b>Name of members of the Audit Committee</b>	<b>Number of attendance/meeting(s) held</b>
Dr. Su Xinlong (蘇新龍)	1/1
Dr. Liao Yi (廖逸)	1/1
Mr. Su Ping (蘇平)	1/1

### Remuneration Committee

The Remuneration Committee consists of three members, namely Dr. Kang Junyong (康俊勇), Dr. Liao Yi (廖逸) and Dr. Su Xinlong (蘇新龍). Dr. Kang Junyong (康俊勇) serves as the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code. The primary functions of the Remuneration Committee include, among others, reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors, Supervisors and senior management; reviewing the performance of Directors; considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; reviewing and approving compensation arrangements relating to dismissal or removal of directors for misconduct and for any loss or termination of office or appointment to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; reviewing and/or approve matters relating to share schemes; and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his/her associates will participate in deciding his/her own remuneration.

# Corporate Governance Report

In 2025, the Remuneration Committee convened one meeting. During the period from the Listing Date and up to the date of this report, no meetings of the Remuneration Committee were held.

<b>Name of members of the Remuneration Committee</b>	<b>Number of attendance/meeting(s) held</b>
Dr. Kang Junyong (康俊勇)	1/1
Dr. Liao Yi (廖逸)	1/1
Dr. Su Xinlong (蘇新龍)	1/1

Details of the emoluments of the Directors, Supervisors and five highest paid individuals of the Group are set out in Notes 13 to the Consolidated Financial Statements of this report. The remuneration payable to members of senior management by band for the year ended December 31, 2025 is set out below:

<b>Remuneration (HK\$)</b>	<b>Number of Individuals</b>
Nil to HK\$5,000,000	2
Above HK\$5,000,000	1

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of Executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. The remuneration policy for the independent non-executive Directors is to ensure that the independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board.

## Nomination Committee

The Nomination Committee consists of three members, namely Dr. Liao Yi (廖逸), Dr. Kang Junyong (康俊勇) and Ms. Pan Menghan (潘夢菡). Dr. Liao Yi (廖逸) serves as the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, reviewing the Board Diversity Policy and the Director Nomination Policy and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

# Corporate Governance Report

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

As the Company's shares were listed on the Stock Exchange on March 30, 2026, no meetings of the Nomination Committee were held during the year ended December 31, 2025 and as at the date of this report.

## Strategy Committee

The Strategy Committee of our Company consists of three Directors, namely Dr. Zhao, Dr. Kang Junyong (康俊勇) and Dr. Su Xinlong (蘇新龍). Dr. Zhao serves as the chairman of the Strategy Committee.

The primary duties of the Strategy Committee include, but not limited to, the following:

- conducting regular review and making recommendations on our Company's business objectives and medium-term and long-term development strategies in light of our Company's operating;
- reviewing and making recommendations on major investment and financing plans, subject to the approval of our Board pursuant to the Articles of Association;
- reviewing and making recommendations on major transactions subject to approval of our Board pursuant to the Articles of Association;
- reviewing and making recommendations on matters materially affecting the development of our Company;
- examining the implementation of the above matters and report to the Board; and
- dealing with other matters that are authorized by our Board.

As the Company's shares were listed on the Stock Exchange on March 30, 2026, no meetings of the Strategy Committee were held during the year ended December 31, 2025 and as at the date of this report.

## Board Diversity Policy

The Company has adopted the Board Diversity Policy and stipulated the means to achieve Board diversity. The Company recognises and embraces the benefits of having a diverse Board and sees enhanced diversity at the Board level as an essential element in maintaining the Company's sustainable development and achieving its strategic goals.

Pursuant to the Board Diversity Policy, all appointments to the Board are based on the principle of meritocracy, and the benefits of diversity of Board members are fully taken into consideration with appropriate conditions when considering candidates. The Company will consider a number of aspects when selecting the candidates to the Board, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge 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 the Board.

# Corporate Governance Report

The Nomination Committee is responsible for reviewing the Board Diversity Policy, setting and reviewing measurable objectives to implement the policy and ascertain the progress made towards achieving those objectives.

The current Board composition is analysed as follows based on the measurable objectives:

## Gender

Male: 5 Directors

Female: 4 Directors

## Position

Executive Directors: 3 Directors

Non-executive: 3 Directors

Independent non-executive Directors: 3 Directors

## Age group

41-50: 1 Director

51-60: 2 Directors

61-70: 6 Directors

## Business experience

Accounting and finance: 3 Directors

Experience relevant to the Company's business: 6 Directors

As of the Latest Practicable Date, the Board consists of four female and five male Directors. The Board is satisfied with its gender diversity and will continue to maintain a diverse Board. In the future, gender will continue to be fully considered in the selection and development of nominees on the basis of maintaining at least one female Board member. The Nomination Committee will review at least on a yearly basis the Board Diversity Policy and measurable objectives to ensure the sustained function and effectiveness of the Board.

## Workforce Diversity Policy

As of 31 December 2025, 69% and 31% of the Group's workforce (excluding senior management) were male and female respectively; and 75% and 25% of the Group's senior management were male and female respectively.

The Board adopted the workforce diversity policy (the "**Code of Business Conduct**") on July 1, 2020. The Group is committed to establishing a diverse and inclusive workplace for all Group companies where every employee is valued, respected, and treated fairly with equal access to opportunities. The Group also complies with all applicable equal opportunities' legislation and good management practices in all employment-related decisions. The Group would take appropriate actions in cases of any act of discrimination, harassment, vilification or victimisation in the workplace and/or in any work-related circumstances.

The Nomination Committee will review the implementation and the effectiveness of the Workforce Diversity Policy on an annual basis. Any revision of the Workforce Diversity Policy as recommended by the Nomination Committee will be submitted to the Board for consideration and approval.

## Director Nomination Policy

The Nomination Committee of the Company is primarily responsible for selection of candidates for directors, general manager and other senior management of the Company, and setting up criteria and procedures for selection and making recommendation.

The Company has adopted a director nomination policy which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

# Corporate Governance Report

The nomination process set out in the director nomination policy is as follows:

## **Appointment of New Director**

The procedures for the selection and appointment of directors and senior management are as follows:

- (1) the Committee shall actively communicate with the relevant departments, study the Company's demand for new directors and senior management members, and produce written materials in respect thereof;
- (2) the Committee may extensively search for candidates for directors and senior management members internally within the Company and from the labor market;
- (3) the Committee shall collect information on the occupation, education, job title, detailed work experience and all part-time jobs of the preliminary candidates, and produce written materials in respect thereof;
- (4) the Committee shall solicit the nominee's opinions and requests regarding the nomination. A person shall not become a candidate for director or senior management member without his/her prior consent;
- (5) the Committee shall convene a meeting to review the qualifications of the preliminary candidates according to the job requirements of directors and senior management members;
- (6) the Committee shall submit proposals and relevant materials to the Board regarding the candidates for directors and senior management members after review and approval at its meeting;
- (7) the Committee shall carry out other follow-up work according to the decisions of the Board.

Where appropriate, the Board should make recommendation to Shareholders in respect of the proposed election of Director at the general meeting.

When the election of directors and supervisors is to be discussed at the shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose the detailed information about the director and supervisor candidates in accordance with the Listing Rules and/or applicable laws and regulations.

The Board of Directors shall disclose detailed information of the director and supervisor candidates prior to the convening of the shareholders' general meeting. Director and supervisor candidates shall provide a written commitment prior to the convening of the shareholders' general meeting, agreeing to accept the nomination, undertaking that the disclosed information regarding the director and supervisor candidates is true and complete, and ensuring that they will diligently perform their duties upon election.

# Corporate Governance Report

## Corporate Governance Function

The Board is responsible for determining the corporate governance policy of the Company performing the functions set out in code provision A.2.1 of Part 2 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the Company's compliance with the CG Code, the Company's code of conduct applicable to its employees and Directors, and disclosure in its Corporate Governance Report during the Reporting Period.

## RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and for reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control mechanisms.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed an Information Disclosure Management System to ensure that all material undisclosed information is disclosed to the market through designated channels in a timely manner through standardized procedures. Under the system, the Company is required to disclose to the public any inside information as soon as reasonably practicable after it becomes aware of it or is likely to create a false market. From the Listing Date and up to the Latest Practicable Date, the Company has disclosed information in strict compliance with the requirements of the laws and regulations including the Listing Rules without any false statements, misleading statements or material omissions, to ensure investors will be able to receive the disclosed information fairly, timely and effectively.

All divisions/departments conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects, including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division/department.

The management has reported to the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended December 31, 2025.

The Internal Audit Department is responsible for performing independent reviews of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

# Corporate Governance Report

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended December 31, 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

The Company has in place the Whistleblowing Policy and system for employees of the Company and those who deal with the Company to raise concerns, in confidence and anonymity, with the Audit Committee about possible improprieties in any matters related to the Company. The Company has also put in place the Anti-Corruption Policy to safeguard against corruption and bribery within the Company. The Company has an internal reporting channel that is open and available for employees of the Company to report any suspected corruption and bribery. Employees can also make anonymous reports to the internal anti-corruption department, which is responsible for investigating the reported incidents and taking appropriate measures. During the year ended December 31, 2025, the Company held anticorruption training and briefings to all employees and carried out anti-corruption and anti-bribery activities to cultivate a culture of integrity, and actively organizes anti-corruption training and inspections to ensure the effectiveness of anticorruption and anti-bribery.

## **DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors acknowledge their responsibility for preparing the financial statements with the support of the accounting and finance team.

The Directors have prepared the financial statements in accordance with the International Financial Reporting Standards issued by the International Accounting Standards Board. Appropriate accounting policies have also been used and applied consistently except the adoption of revised standards, amendments to standards and interpretation.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The financial statements of the Company are prepared on a going concern basis, the Directors are of the view that they give a true and fair view of the financial position, performance and cash flow of the Group for the year ended December 31, 2025, and the disclosure of other financial information and report therein complies with relevant legal requirements.

A statement from the external auditors of the Company about their reporting responsibilities for the financial statements is set forth in the Independent Auditor's Report in this report.

# Corporate Governance Report

## AUDITOR'S REMUNERATION

The remuneration paid and payable to the external auditor of the Company in respect of audit services and non-audit services for the year ended December 31, 2025 is set out below:

Type of services	Remuneration paid/payable RMB'000
Audit services relating to annual audit	800
Audit services relating to listing	5,100
Audit services relating to statutory audit	500
Non-audit services	450
<b>Total</b>	<b>6,850</b>

## COMPANY SECRETARY

Ms. Wong Wai Yee, Ella (“**Ms. Wong**”) was appointed as a company secretary of the Company in March 2025. Ms. Wong is a director of Company Secretarial Services of Vistra Group. Ms. Wong has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Wong’s primary contact person in the Company is Dr. Hong Tu, the secretary of the Board.

The Company was not listed on the Stock Exchange for the year ended December 31, 2025. The company secretary of the Company will receive no less than 15 hours of relevant professional training annually pursuant to the requirements of Rule 3.29 of the Listing Rules.

All Directors may have access to the advice and services of the company secretary on corporate governance and routine Board matters.

## SHAREHOLDERS' RIGHTS

### Convening an Extraordinary General Meeting

In accordance with article 38 of the Articles of Association of the Company, on the one-share, one-vote basis, the shareholders holding 10% or more of the Company’s shares (excluding treasury shares, if any) separately or in aggregate shall have the right to request the Board of Directors to convene an extraordinary shareholders’ general meeting and such proposal shall be made to the Board of Directors in writing. The Board of Directors shall, pursuant to laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association, reply in writing on whether or not to agree on the convening of the extraordinary shareholders’ general meeting within 10 days upon the receipt of the request.

Where the Board of Directors agrees to convene the extraordinary shareholders’ general meeting, it shall serve a notice of such meeting within five days after such resolution is made. Any change to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

## Corporate Governance Report

If the Board of Directors does not agree to convene the extraordinary shareholders' general meeting or fails to give a written reply within 10 days after receipt of the request, the shareholders holding more than 10% of the Company's shares separately or in aggregate shall have the right to propose to the Board of Supervisors on convening of an extraordinary shareholders' general meeting and such proposal shall be made to the Board of Supervisors in writing.

Where the Board of Supervisors gives consent for convening an extraordinary shareholders' general meeting, a notice of such meeting shall be issued within five days upon the receipt of the request and the changes to the original request set forth in the notice shall be subject to approval by the relevant shareholders.

Where the Board of Supervisors fails to issue a notice of a shareholders' general meeting within the stipulated period, the Board of Supervisors shall be deemed as not convening and chairing the shareholders' general meeting, and the shareholders who hold more than 10% of the Company's shares individually or jointly for more than 90 consecutive days may proceed to convene and chair a shareholders' general meeting on their own initiative.

If the shareholders' general meeting is convened by the Board of Supervisors or shareholders on their own, a written notice shall be issued to the Board of Directors, and such meeting shall be filed with the stock exchange of the place where the shares of the Company are listed.

The shares held by the convening shareholders prior to the announcement of the resolution of the shareholders' general meeting shall not be below 10% of the shares of the Company.

### **Putting Forward Proposals at General Meetings**

In accordance with article 41 of the Articles of Association of the Company, Shareholder(s) severally or jointly holding more than 1% shares of the Company may submit written provisional proposals to the Board of Directors 10 days before a shareholders' general meeting is convened. The provisional proposals shall cover specific topics for discussion and specific issues to be resolved. The Board of Directors shall notify other shareholders within two days after receiving the proposal, announce the content of the provisional proposal, and submit the provisional proposal to the shareholders' general meeting for deliberation, except where the provisional proposal violates laws, administrative regulations or the Company's Articles of Association, or falls outside the scope of the powers of the shareholders' general meeting. Regarding the publication of supplementary notices for shareholders' general meeting, if there are special provisions in the securities regulatory rules of the place where the shares of the Company are listed, and provided that they do not violate applicable domestic laws and regulations such as the Company Law and the Guidelines for Articles of Association of Listed Companies, such provisions shall prevail. If, in accordance with the securities regulatory rules of the place where the shares of the Company are listed, the shareholders' general meeting needs to be postponed due to the publication of supplementary notices for the shareholders' general meeting, the convening of the shareholders' meeting shall be postponed in accordance with the securities regulatory rules of the place where the shares of the Company are listed.

# Corporate Governance Report

## Putting Forward Enquiries to the Board

The shareholders of the Company shall have the right of making inquiries about the business operations of the Company. For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company.

## Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1915, 19/F, Lee Garden One, 33 Hysan Avenue  
Causeway Bay, Hong Kong  
(For the attention of the company secretary)  
Email: ir@epiworld.com.cn

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

## COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

## Shareholders' Communication Policy

The Company adopts a shareholders' communication policy to guarantee continuous and effective communication with the Shareholders.

Up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access on the website of the Company at <https://www.epiworld.com.cn/>.

The Company's management regularly reviewed the implementation and effectiveness of the shareholders' communication policy. Having considered the implementation and outcome of the shareholder communication channels of the Group and the practices of other listed companies, the Company confirmed its effectiveness during the period from the Listing Date and up to the Latest Practicable Date.

# Corporate Governance Report

## Dividend Policy

Any declaration and payment as well as the amount of dividends will be subject to our constitutional documents, applicable PRC laws and approval by our Shareholders. The Company's dividend policy is as follows:

The Company's dividend distribution policy values reasonable returns to investors, maintains continuity and stability, while also taking into account the Company's long-term interests, the overall interests of all shareholders, and the Company's sustainable development. The Company primarily adopts cash dividends as its dividend distribution method. Where conditions permit, the Company may undertake interim profit distribution.

Before declaring or recommending the payment of dividends, the Board of Directors shall consider the following factors:

- The Company's actual and expected financial performance
- The Company's expected working capital requirements, capital expenditure requirements, and future expansion plans
- The Company's current and future liquidity position
- Economic conditions and other internal or external factors that may affect the Company's business or financial performance and position
- Any other factors that the Board of Directors deems appropriate

Despite the Company has such dividend policy, the Board has discretion to propose the amount of dividends to be distributed and the actual amount of dividends to be distributed is subject to the Shareholder's approval. As such any future declarations of dividends may or may not reflect the Company's historical declarations of dividends.

# Independent Auditor's Report



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香港干諾道中111號  
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## TO THE SHAREHOLDERS OF EPIWORLD INTERNATIONAL CO., LTD.

(瀚天天成電子科技(廈門)股份有限公司)

(incorporated in the People's Republic of China with limited liability)

### OPINION

We have audited the consolidated financial statements of Epiworld International Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 67 to 128, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### KEY AUDIT MATTER

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Revenue recognition

Refer to Note 6 to the consolidated financial statements.

The Group's revenue for the year ended 31 December 2025 amounted to RMB765,333,000, primarily generated from the manufacturing and sale of silicon carbide epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service in the People's Republic of China.

# Independent Auditor's Report

## KEY AUDIT MATTER (CONTINUED)

### Revenue recognition (Continued)

The Group recognises revenue when control of the goods is transferred to the customers.

As revenue is one of the Group's key performance indicators and has a significant impact on profit, there is an inherent risk that management may manipulate the timing of revenue recognition to achieve specific targets or expectations. Therefore, we identified revenue recognition as a key audit matter.

### Our response:

- obtaining an understanding of, and evaluating, the design and implementation of management's internal controls relating to revenue recognition; and assessing whether the Group's revenue recognition policies and methods are appropriately applied;
- examining whether the conditions, methods, and timing of revenue recognition comply with the requirements of the applicable accounting standards;
- performing detailed tests of revenue; selecting samples to verify supporting documents, including sales contracts or sales orders, delivery notes, sales invoices and accounting vouchers to assess the authenticity and completeness of revenue recognition;
- for samples selected from major customers and sales during the reporting period, arranging confirmations and performing alternative audit procedures if appropriate;
- testing the cut-off for revenue transactions near year-end to ensure revenue is recognised in the correct accounting period; and
- checking whether the revenue presentation and disclosures in consolidated financial statements are sufficient and appropriate.

## OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

# Independent Auditor's Report

## **DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee of the Company assists the directors in discharging their responsibility in this regard.

## **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

# Independent Auditor's Report

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **BDO Limited**

Certified Public Accountants

Lee, Alfred

Practising Certificate no. P04960

Hong Kong, April 29, 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended December 31, 2025

	Note	2025 RMB'000	2024 RMB'000
<b>REVENUE</b>	6	<b>765,333</b>	974,316
Cost of sales		<b>(575,423)</b>	(642,007)
<b>Gross profit</b>		<b>189,910</b>	332,309
Other income and other gains and losses, net	7	<b>165,969</b>	168,402
Selling and distribution expenses		<b>(10,807)</b>	(5,513)
Administrative and other expenses		<b>(208,095)</b>	(175,575)
Research and development costs		<b>(74,874)</b>	(79,992)
Impairment loss on financial assets, net	9	<b>(2,742)</b>	(1,253)
Finance costs	8	<b>(24,865)</b>	(30,197)
<b>PROFIT BEFORE TAX</b>	9	<b>34,496</b>	208,181
Income tax expense	10	<b>(22,608)</b>	(43,114)
<b>PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>11,888</b>	165,067
<b>Earnings per share (RMB) attributable to owners of the Company</b>			
Basic and diluted	12	<b>0.03</b>	0.43

# Consolidated Statement of Financial Position

As at December 31, 2025

	Note	2025 RMB'000	2024 RMB'000
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,965,325	2,047,566
Right-of-use assets	15	77	77
Intangible assets	16	1,414	2,075
Prepayments for acquisition of property, plant and equipment		6,566	1,582
Deferred tax assets	17	2,945	49
Other non-current assets		4,801	2,930
<b>Total non-current assets</b>		<b>1,981,128</b>	<b>2,054,279</b>
<b>Current assets</b>			
Inventories	18	305,514	247,640
Trade and bills receivables	19	354,589	129,645
Prepayments, deposits and other receivables	20	17,514	7,468
Value-added tax ("VAT") recoverable		39,446	33,259
Term deposits	21	611,677	–
Cash and cash equivalents	21	1,213,993	2,030,653
<b>Total current assets</b>		<b>2,542,733</b>	<b>2,448,665</b>
<b>Current liabilities</b>			
Trade and bills payables	22	163,655	71,883
Other payables and accruals	23	109,262	145,089
Contract liabilities	24	186	6,795
Lease liabilities	25	67	67
Borrowings	26	162,451	303,536
Derivative financial instruments	28	2,812	–
Redemption liabilities	29	–	18,007
Income tax payable		37,271	59,765
<b>Total current liabilities</b>		<b>475,704</b>	<b>605,142</b>
<b>Net current assets</b>		<b>2,067,029</b>	<b>1,843,523</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,048,157</b>	<b>3,897,802</b>

# Consolidated Statement of Financial Position

As at December 31, 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>			
Borrowings	26	724,210	808,594
Deferred revenue	27	313,367	260,764
Deferred tax liabilities	17	877	14,960
<b>Total non-current liabilities</b>		<b>1,038,454</b>	1,084,318
<b>Net assets</b>		<b>3,009,703</b>	2,813,484
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	30	404,093	404,093
Reserves	40	2,605,610	2,409,391
<b>TOTAL EQUITY</b>		<b>3,009,703</b>	2,813,484

The consolidated financial statements on pages 67 to 128 were approved and authorised for issue by the Board of Directors on April 29, 2026 and are signed on its behalf by:

Dr. Zhao Jianhui  
Director

Ms. Pan Menghan  
Director

# Consolidated Statement of Changes in Equity

For the Year Ended December 31, 2025

	Attributable to owners of the Company						Total equity RMB'000
	Share capital RMB'000 (Note 30)	Capital reserve* RMB'000 (Note 40(a))	Other reserve* RMB'000 (Note 40(e))	Statutory reserve* RMB'000 (Note 40(b))	Share-based payment reserve* RMB'000 (Note 40(d))	(Accumulated losses)/	
						retained earnings* RMB'000 (Note 40(c))	
<b>Balance at January 1, 2024</b>	388,192	947,413	90,218	5,168	99,236	(66,060)	1,464,167
Profit and total comprehensive income for the year	-	-	-	-	-	165,067	165,067
Shares issued (Note 30)	15,901	1,014,100	-	-	-	-	1,030,001
Transfer to statutory reserve	-	-	-	16,173	-	(16,173)	-
Recognition of equity-settled share-based payments (Note 34)	-	-	-	-	154,249	-	154,249
<b>Balance at December 31, 2024 and January 1, 2025</b>	<b>404,093</b>	<b>1,961,513</b>	<b>90,218</b>	<b>21,341</b>	<b>253,485</b>	<b>82,834</b>	<b>2,813,484</b>
Profit and total comprehensive income for the year	-	-	-	-	-	11,888	11,888
Transfer to statutory reserve	-	-	-	1,436	-	(1,436)	-
Derecognition due to termination of redemption rights (Note 29)	-	-	18,351	-	-	-	18,351
Recognition of equity-settled share-based payments (Note 34)	-	-	-	-	165,980	-	165,980
<b>Balance at December 31, 2025</b>	<b>404,093</b>	<b>1,961,513</b>	<b>108,569</b>	<b>22,777</b>	<b>419,465</b>	<b>93,286</b>	<b>3,009,703</b>

\* These reserve accounts comprise the consolidated reserves as at December 31, 2025 in the consolidated statement of financial position.

# Consolidated Statement of Cash Flows

For the Year Ended December 31, 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Cash flows from operating activities</b>			
Profit before tax		<b>34,496</b>	208,181
Adjustments for:			
Depreciation of property, plant and equipment	9	<b>177,083</b>	144,715
Depreciation of right-of-use assets	9	<b>132</b>	276
Amortization of intangible assets	9	<b>1,241</b>	743
Finance costs	8	<b>24,865</b>	30,197
Interest income	7	<b>(76,354)</b>	(39,950)
Write-down of inventories to net realizable value	9	<b>19,772</b>	1,070
Loss/(gain) on disposal of property, plant and equipment	7	<b>5</b>	(20)
Fair value loss on derivative financial instruments	7	<b>2,812</b>	–
Loss on lease termination		<b>–</b>	1
Impairment loss on financial assets, net	9	<b>2,742</b>	1,253
Equity-settled share-based payments	9	<b>165,980</b>	154,249
Operating profit before working capital changes		<b>352,774</b>	500,715
(Increase)/decrease in inventories		<b>(77,646)</b>	102,376
Increase in trade and bills receivables		<b>(227,513)</b>	(52,232)
(Increase)/decrease in prepayments, deposits and other receivables		<b>(4,304)</b>	49,962
Increase in VAT recoverable		<b>(6,187)</b>	(10,771)
Increase in trade and bills payables		<b>91,772</b>	38,971
Increase/(decrease) in other payables and accruals		<b>10,529</b>	(46,643)
(Decrease)/increase in contract liabilities		<b>(6,609)</b>	3,065
Increase in deferred revenue		<b>52,603</b>	55,195
<i>Cash from operation</i>		<b>185,419</b>	640,638
Income tax paid		<b>(62,081)</b>	–
<i>Net cash from operating activities</i>		<b>123,338</b>	640,638
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		<b>(145,559)</b>	(204,695)
Proceeds from disposal of property, plant and equipment		<b>–</b>	1,691
Purchase of intangible assets		<b>(580)</b>	(1,900)
Interest received		<b>76,354</b>	39,950
Placement of term deposits		<b>(611,677)</b>	–
Withdrawal of term deposits		<b>–</b>	20,622
<i>Net cash used in investing activities</i>		<b>(681,462)</b>	(144,332)

# Consolidated Statement of Cash Flows

For the Year Ended December 31, 2025

	Note	2025 RMB'000	2024 RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from bank borrowings	31	217,190	744,826
Repayments of bank borrowings	31	(442,659)	(759,688)
Interest paid	31	(25,148)	(30,135)
Repayments of principal portion of lease liabilities	31	(132)	(176)
Repayments of interest portion of lease liabilities	31	(1)	(2)
Proceeds from shares issued		–	1,030,001
Payments for listing expenses		(7,786)	–
<i>Net cash (used in)/generated from financing activities</i>		<b>(258,536)</b>	984,826
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(816,660)</b>	1,481,132
<b>Cash and cash equivalents at the beginning of the year</b>		<b>2,030,653</b>	549,521
<b>Cash and cash equivalents at the end of the year, representing cash and bank balances</b>		<b>1,213,993</b>	2,030,653

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 1. BASIS OF PREPARATION

Epiworld International Co., Ltd. (the “Company”) is a limited liability company incorporated in the People’s Republic of China (the “PRC”) on March 31, 2011. Its shares are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”). The registered office address and principal place of business of the Company are located at No. 198-1 Shitou Dong’er Road, Tongxiang High-tech Park, Xiamen Torch Development Zone for High Technology Industries, Xiamen 361101, Fujian, the PRC.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the manufacturing and sale of silicon carbide (“SiC”) epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service in the PRC. Dr. Zhao Jianhui (趙建輝) is the largest shareholder of the Company.

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out in Note 3. The policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

Amounts are rounded to the nearest thousand, unless otherwise stated.

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including the disclosure provisions of the Hong Kong Companies Ordinance.

The preparation of consolidated financial statements in accordance with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Company’s management to exercise judgement in applying the accounting policies. The areas where significant judgements and estimates have been made in preparing the consolidated financial statements and their effect are disclosed in Note 4.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the accounting policies set out in Note 3 below.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

### Application of revised IFRS Accounting Standards – effective January 1, 2025

The Group has applied the following amendments to IFRS Accounting Standards for the first time, which are mandatorily effective for the annual period beginning on or after January 1, 2025 for the preparation of the consolidated financial statements:

- Amendments to IAS 21 – The effects of changes in foreign exchange rates “Lack of exchangeability”
- Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37 – Disclosures about Uncertainties in the Financial Statements

The nature and the impact of the revised IFRS Accounting Standards are described below:

#### **Amendments to IAS 21**

Amendments to HKAS 21 specify when a currency is exchangeable into another currency and when it is not, and how an entity determines a spot rate when a currency lacks exchangeability. As the Group is able to obtain foreign currency at a spot rate, the amendments did not have any impact on the Group’s financial statements.

#### **Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37**

These amendments include examples illustrating how an entity applies the requirements in IFRS Accounting Standards to disclose the effects of uncertainties in its financial statements. The examples demonstrate how to disclose the impacts of uncertainties within climate-related scenarios, but the principles and requirements are also applicable to disclosure of other uncertainties.

### **New or amendments to IFRS Accounting Standards that have not been issued but are not yet effective**

The following new or amendments to IFRS Accounting Standards, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	Annual Improvements to IFRS Accounting Standards – Volume 11 <sup>1</sup>
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature – dependent Electricity <sup>1</sup>
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency <sup>2</sup>
IFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
IFRS 19	Subsidiaries without Public Accountability: Disclosures <sup>2</sup>
Amendments to IFRS 10 and IAS 28	Sales or Contribution of Assets between an Investors and its Associate or Joint Venture <sup>3</sup>

1 Effective for annual periods beginning on or after January 1, 2026

2 Effective for annual periods beginning on or after January 1, 2027

3 Effective date to be determined by the IASB

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 2. ADOPTION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS (CONTINUED)

### **New or amendments to IFRS Accounting Standards that have not been issued but are not yet effective (Continued)**

#### ***IFRS 18 Presentation and Disclosures in Financial Statements***

IFRS 18 Presentation and Disclosure in Financial Statements, which was issued by the IASB in April 2024 supersedes IAS 1 and will result in major consequential amendments to IFRS Accounting Standards including IAS 8 Basis of Preparation of Financial Statements (renamed from Accounting Policies, Changes in Accounting Estimates and Errors). Even though IFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorization and sub-totals in the consolidated statement of profit or loss and other comprehensive income, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures. The Group is currently evaluating the full impact of IFRS 18 on its financial statement presentation and disclosures. The application of the new standard is not expected to have material impact on the financial performance and financial position of the Group but is expected to affect the disclosures in the future financial statements.

The directors of the Company do not anticipate that the adoption of other new or amendments to standards will have any material impact on the Group's financial performance, financial position and cash flows in future periods.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

### 3.1 **Basis of consolidation**

All intra-group transactions, balances and unrealized gains on transactions have been eliminated in full on consolidation. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Adjustments are made to the financial statements of subsidiary where necessary to ensure consistency with the policies adopted by the Group.

### 3.2 **Subsidiaries**

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.3 Revenue and other income

#### (a) Revenue from contracts with customers

Revenue from contracts with customers is recognized when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services, excluding those amounts collected on behalf of third parties. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

Depending on the terms of the contract and the laws that apply to the contract, control of the goods or service may be transferred over time or at a point in time. Control of the goods or service is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods or service.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

When the contract contains a financing component which provides the customer 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 amounts receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognized under that contract includes the interest expense accreted on the contract liability under the effective interest method. For contracts where the period between the payment 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.

Revenue from manufacturing and sale of SiC epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service is recognized at a point in time when the goods are delivered to the customers.

Contract liabilities represent advanced consideration received from customers.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.3 Revenue and other income (Continued)

#### (a) Revenue from contracts with customers (Continued)

The determination of whether revenue shall be reported on a gross or net basis is based on an assessment of whether the Group is acting as the principal or an agent in the transactions. If the Group is responsible for the overall management of the contract, the Group is the principal in the transaction and recognizes revenue in the gross amount of consideration to which it is entitled from the customer. The Group reports the amount received from the customers and the amounts paid to the suppliers related to these transactions on a net basis if the Group is not primarily obligated in a transaction, does not generally bear the inventory risk and does not have the ability to establish the price.

#### (b) Other income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost and at FVOCI (see Note 3.10 for definition), and is calculated by applying the effective interest rate to the gross carrying amount of the debt instruments when the asset is not credit-impaired. For debt instruments that have become credit-impaired, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

### 3.4 Property, plant and equipment

Property, plant and equipment, other than construction-in-progress, are stated at cost less accumulated depreciation and any accumulated impairment losses.

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 recognized 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 derecognized. All other costs such as repairs and maintenance are recognized as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their costs net of estimated residual values over their estimated useful lives on straight-line method. 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:

Leasehold land	Over the lease term
Buildings	40 years
Machinery	5-10 years
Computer equipment	3-5 years
Furniture, fixtures and office equipment	3-5 years
Motor vehicles	5 years

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.4 Property, plant and equipment (Continued)

Construction-in-progress is stated at cost less any impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to the appropriate classes of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognized in profit or loss on disposal.

### 3.5 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

### 3.6 Leases

All leases are required to be capitalized in the consolidated statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalize (i) leases for which the underlying asset is of low-value; and/or (ii) leases which are short-term leases. The Group has elected not to recognize right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

#### ***Accounting as a lessee***

##### *Right-of-use asset*

The right-of-use asset is recognized at cost and comprises: (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 at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.6 Leases (Continued)

#### *Lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses incremental borrowing rate as the discount rate. The Group determines incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the leased asset. After initial recognition, lease liability is measured at amortized cost under the effective interest method and interest expense is recognized as described in Note 3.15. Lease liabilities are presented as a separate line item in the consolidated statement of financial position.

### 3.7 Intangible assets and research and development costs

#### *Intangible assets*

Intangible assets acquired separately are initially recognized at cost. Subsequently, intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are carried at cost less accumulated amortization and accumulated impairment losses.

The amortization expense is recognized in profit or loss. The useful lives and amortization method are reviewed, and adjusted if appropriate, at the end of each reporting period. Amortization is provided on a straight-line basis over their useful lives as follows:

Computer software	3 years
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Intangible assets are tested for impairment as described in Note 3.8.

#### *Research and development costs*

Costs associated with research activities are expensed in profit or loss as they occur. Costs that directly attributable to the development activities are recognized as intangible assets provided they meet the following recognition requirements:

- (i) demonstration of technical feasibilities of the prospective product internal use or sale;
- (ii) sufficient technical, financial and other resources are available for completion;
- (iii) there is intention to complete the intangible asset and use or sell it;
- (iv) the Group's ability to use or sell the intangible asset is demonstrated;
- (v) the intangible asset will generate probable economic benefits through internal use or sale; and
- (vi) the expenditure attributable to the intangible asset can be reliably measured.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.7 Intangible assets and research and development costs (Continued)

#### *Research and development costs (Continued)*

Capitalized development costs are amortized over the periods the Group expects to benefit from using or selling the products developed.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are expensed as incurred.

### 3.8 Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognized no longer exists or may have decreased:

- Property, plant and equipment, including right-of-use assets;
- Investments in subsidiaries; and
- Intangible assets.

Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. cash generating units ("CGUs")). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Reversal of an impairment loss is recognized in profit or loss immediately.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, 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 CGU.

### 3.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand and short-term deposits as well as short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.10 Financial instruments

#### (a) *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, 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.

#### *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:

**Amortized 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 amortized cost. Financial assets at amortized cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

**Fair value through other comprehensive income ("FVOCI"):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

#### (b) *Impairment loss on financial assets*

The Group recognizes loss allowances for expected credit losses ("ECLs") on trade and bills receivables and financial assets measured at amortized cost. The ECLs are measured on either of the following bases: (1) 12-month ECLs: these are the ECLs that result from possible default events within the 12 months after the reporting date; and (2) lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as 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. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade and bills receivables using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs individually or collectively using a provision matrix with appropriate groupings. Provision matrix are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment 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.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.10 Financial instruments (Continued)

#### (b) *Impairment loss on financial assets (Continued)*

For other debt financial assets, the ECLs are based on the 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to action such as realizing security (if any is held); or the financial asset is more than 90 days past due.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

A financial asset is credit-impaired when one or more events 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:

- significant financial difficulty of the issuer or the borrower;
- 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;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- a breach of contract, such as a default or past due event.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account except for debt instrument measured at FVOCI, which shall be recognized in other comprehensive income.

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, for example, 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. Any recoveries made are recognized in profit or loss.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.10 Financial instruments (Continued)

#### (c) *Financial liabilities and equity*

##### *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.

##### *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 Group are recognized at the proceeds received, net of direct issue costs.

##### *Financial liabilities*

The Group classifies its financial liabilities at amortized cost or at fair value through profit or loss ("FVPL").

##### *Financial liabilities at amortized cost*

Financial liabilities at amortized cost including trade and bills payables and other payables and accruals are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost, using the effective interest method. The related interest expense is recognized as described in Note 3.15.

Gains or losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

##### *Financial liabilities at FVPL*

Financial liabilities are classified as at FVPL when the financial liability is held for trading. A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

#### (d) *Derivative financial instruments*

All derivative financial instruments are initially recognised at fair value on the date on which the contract is entered into and are subsequently re-measured at fair value. Derivatives are classified as current assets when the fair value is positive and as current liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are recorded in the consolidated statement of profit or loss and other comprehensive income.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.11 Foreign currency translation

Transactions entered into by the group entities in currencies other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognized in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized in other comprehensive income, in which case, the exchange differences are also recognized in other comprehensive income.

### 3.12 Income tax

Income taxes for the period comprise current tax and deferred tax. Income taxes are recognized in profit or loss, except when they relate to items recognized in other comprehensive income or directly in equity in which case the taxes are also recognized in other comprehensive income or when they relate to items recognized directly in equity in which case the taxes are also recognized directly in equity.

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 each reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realized or settled and that have been enacted or substantively enacted at the end of each reporting period, and reflects any uncertainty related to income taxes.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiary, 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 and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at reporting date 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 assets to be recovered.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.13 Employee benefits

#### (a) *Defined contribution retirement plan*

Pursuant to the relevant regulations of the PRC government, the Group participates in a central pension scheme operated by the local municipal government, whereby the Group is required to contribute a certain percentage of the basic salaries of its employees to the scheme to fund their retirement benefits. The local municipal government undertakes to assume the retirement benefits obligations of all existing and future retired employees of the Group. The only obligation of the Group with respect to the scheme is to pay the ongoing required contributions under the scheme. Contributions under the scheme are charged to profit or loss as incurred. There are no provisions under the scheme whereby forfeited contributions may be used to reduce future contributions.

#### (b) *Short-term employee benefits*

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognized in the period when the employees render the related service.

#### (c) *Termination benefits*

Termination benefits are recognized on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

### 3.14 Provisions and contingent liabilities

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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 benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 3.15 Borrowings 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 capitalized as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Income earned on temporary investments of specific borrowings pending their expenditure on qualifying assets is deducted from borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.16 Government grants

Government grants are not recognized 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 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 recognized in profit or loss in the period in which they become receivable.

Other government grants related to assets are initially recognized as deferred revenue if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. Grants related to the acquisition of assets are recognized in profit or loss as other income on a systematic basis over the useful life of the asset.

### 3.17 Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. Further details are included in Note 34.

The cost of equity-settled transactions is recognized in employee cost, 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 of the reporting period until the vesting date reflects the extent to which the vesting periods has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognized as at the beginning and end of that periods.

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.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 3.17 Share-based payments (Continued)

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 cancellation, 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.

### 3.18 Redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Group's obligations to purchase are conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the present value of the redemption amount and subsequently measured at amortised cost, with interest expense being included in the finance costs. As the Company does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period, the amounts are classified as current liabilities.

The carrying amount of the redemption liability will be reclassified to equity upon a termination of the counterparty's redemption right.

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgments 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 recognized 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.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### Impairment of financial assets

The measurement of the ECLs allowance for financial assets measured at amortized cost is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of debtors defaulting and the resulting losses). A number of significant judgments, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgments and assumptions used in measuring ECLs is set out in Note 3.10(b) and Note 38(b). Changes to these estimates and assumptions can result in significant changes to the amount of ECLs to be recognized.

### Current taxes and deferred taxes

There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

The Group recognizes deferred tax assets based on estimates temporary difference and tax that is probable to generate sufficient taxable profits in the foreseeable future against which the deductible losses will be utilized. The recognition of deferred tax assets mainly involves management's judgments and estimations about the timing and the amount of taxable profits of the group entities which have deductible temporary difference and tax losses.

### Recognition of equity-settled share-based payments

The Group recognizes share-based payment expense for equity-settled employee awards based on the fair value of the Company's shares at the grant date, adjusted for estimated forfeitures. Most awards are subject to service conditions (e.g. continued employment over a specified period) and performance conditions (e.g. achievement of Group's profit targets and individual performance metrics). Significant judgment is required to estimate the number of awards expected to vest particularly due to subjective factors such as:

- likelihood of meeting profit targets;
- individual performance evaluations; and
- expected staff turnover rates.

At each reporting date, the Group assesses the probability of meeting performance conditions by reviewing internal forecasts, macroeconomic factors, and grantees' performance. Forfeiture assumptions are also updated using historical staff turnover data, though these trends may change over time.

These estimates are inherently uncertain, particularly for awards with longer vesting periods, and changes in assumptions could materially affect the expense to be recognized. Specifically, higher probability of meeting performance conditions and lower staff turnover would result in additional expenses being recognized as more awards are expected to vest and lower probability of meeting performance conditions and higher staff turnover would result in less expenses being recognized as fewer awards are expected to vest.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

### **Impairment assessment of property, plant and equipment**

Property, plant and equipment are stated at costs less accumulated depreciation and accumulated impairment losses, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (i) whether an event has occurred or any indicators that may affect the asset value; (ii) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (iii) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

### **Allowance for obsolete and slow-moving inventories**

At the end of the reporting period, management assessed the provision of estimation for obsolete and slow-moving inventories due to a change in products sold and market trends in recent years and the latest experience of selling merchandise of a similar nature. The Group makes provision of allowances for inventories based on an assessment of the net realizable value of inventories. Allowances are applied to inventories where events or changes in circumstances indicate that the net realizable value is lower than the cost of inventories. The identification of the net realizable value and the slow-moving and obsolete inventories requires the use of judgement and estimates on the conditions and usefulness of the inventories.

### **Fair value measurement of financial liability**

At the end of the reporting period, the Group's financial liability is measured at fair value with fair value being determined based on significant unobservable inputs using valuation techniques. Judgements and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in adjustments to the fair value of the liability. Notes 28 and 37 provide detailed information about the valuation technique, inputs and key assumptions used in the determination of the fair value of the liability.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 5. SEGMENT INFORMATION

### (a) Operating segment information

The Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the directors of the Company, being chief operating decision maker, for their decisions about resources allocation to the Group's business components and for their review of these components' performance.

During the year ended December 31, 2025, the Group is principally engaged in the manufacturing and sale of SiC epitaxial wafers under Turnkey service and provision of processing services for SiC epitaxial wafers under Consign service in the PRC. Information reported to the directors of the Company for the purpose of resources allocation and performance assessment focuses on the operating results of the business. Therefore, the chief operating decision maker of the Company regards that there is only one operating segment which is used to make strategic decisions. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

### (b) Geographical information

The Group is domiciled in the PRC, which is the location of the Group's principal office. All of the Group's revenue from external customers are originated from PRC. These revenues from external customers are further divided into the following geographical areas:

	2025 RMB'000	2024 RMB'000
<b>Revenue by region</b>		
Asia – Greater China	<b>392,472</b>	207,656
Asia – Other than Greater China	<b>286,556</b>	464,773
Europe	<b>69,568</b>	268,943
North America	<b>16,737</b>	32,944
Total	<b>765,333</b>	974,316

The Group's revenue information above is based on the delivery destinations of the Group's products and services requested by the customers. The geographical location of non-current assets is based on the physical location of the assets. As at December 31, 2025 all of the Group's non-current assets were located in the PRC.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 5. SEGMENT INFORMATION (CONTINUED)

### (c) Information about major customers

Revenue from major customers, each of them accounting for 10% or more of the Group's revenue during the reporting period, is set out below:

	2025 RMB'000	2024 RMB'000
Customer A	267,610	393,592
Customer B	*	104,411
Customer C	*	201,486

\* The corresponding revenue is not disclosed as it did not contribute over 10% of the total revenue of the Group during that year.

## 6. REVENUE

Revenue primarily represents the revenue from Turnkey service and Consign service.

	2025 RMB'000	2024 RMB'000
<b>Revenue</b>		
Turnkey service	695,873	839,577
Consign service	27,595	121,103
Others	41,865	13,636
	<b>765,333</b>	<b>974,316</b>

All revenue is recognized at a point in time when the goods are delivered to the customers. All contracts are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied (or partially unsatisfied) performance obligations is not disclosed.

The following table provides information about trade and bills receivables and contract liabilities from contracts with customers.

	2025 RMB'000	2024 RMB'000
Trade and bills receivables (Note 19)	354,589	129,645
Contract liabilities (Note 24)	186	6,795

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 7. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Bank interest income	76,534	39,950
Government grants (Note)	123,508	111,894
Fair value loss on derivatives financial instruments	(2,812)	–
(Loss)/gain on disposal of property, plant and equipment	(5)	20
Exchange (loss)/gain, net	(32,395)	16,482
Others	1,139	56
	<b>165,969</b>	<b>168,402</b>

Note: These government grants mainly comprised of subsidies received/receivable for subsidizing the Group's business. There was no unfulfilled condition to receive government grants at the end of each reporting period.

## 8. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank borrowings	25,148	30,135
Interest on lease liabilities	1	2
Interests associated with redemption liabilities	344	1,334
	<b>25,493</b>	<b>31,471</b>
Less: Finance costs capitalized	(628)	(1,274)
	<b>24,865</b>	<b>30,197</b>

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 9. PROFIT BEFORE TAX

Profit before tax is arrived at after charging the following:

	2025 RMB'000	2024 RMB'000
Cost of inventories recognized as expenses	555,651	640,937
Auditors' remuneration	500	943
Depreciation of property, plant and equipment	177,083	144,715
Depreciation of right-of-use assets	132	276
Amortization of intangible assets	1,241	743
Employee costs (including directors' emoluments (Note 13)):		
– Salaries and wages	69,916	71,734
– Retirement scheme contributions	5,469	5,537
– Equity-settled share-based payments	165,980	154,249
	<b>241,365</b>	231,520
Write-down of inventories to net realizable value	19,772	1,070
Listing expenses		
– Hong Kong	20,172	–
– PRC (Note)	–	2,853
Impairment loss on financial assets, net (Note 38(b)):		
– Trade and bills receivables	2,569	1,193
– Deposits and other receivables	173	60
	<b>2,742</b>	1,253

Note: Listing expenses in PRC include expenses related to previous listing exercise attempt.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 10. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000
Current year – PRC corporate income tax	(39,587)	(59,766)
Deferred tax (Note 17)	16,979	16,652
	<b>(22,608)</b>	(43,114)

The Group is subject to income tax on an entity basis on assessable profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operated.

### PRC corporate income tax

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC corporate income tax of the group entities is calculated based on the statutory tax rate of 25% during the year ended December 31, 2025, except for the Company which is registered as a High and New-Tech Enterprise pursuant to the PRC tax regulations and entitled to a preferential tax rate of 15% for the year ended December 31, 2025 (2024: 15%).

### Hong Kong profits tax

Under the current Hong Kong Inland Revenue Ordinance, the Company's subsidiaries incorporated in Hong Kong are subject to a two-tiered profit tax rates regime. Under the two-tiered profits tax rates regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%.

### Singapore and Malaysia corporate income tax

Overseas taxation has been calculated at the current rates of taxation prevailing in the jurisdiction in which the Group operates.

The income tax expense for the year ended December 31, 2025 can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Profit before tax	34,496	208,181
Tax calculated at applicable tax rates	5,681	30,995
Tax effect of expenses not deductible for tax purpose	24,580	22,436
Tax incentives for research and development costs	(7,653)	(10,317)
Income tax expense	<b>22,608</b>	43,114

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 11. DIVIDENDS

No dividend were declared and paid during the year ended December 31, 2025 (2024: nil).

## 12. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	2025 RMB'000	2024 RMB'000
<b>Earnings for the year attributable to ordinary equity shareholders of the Company</b>		
Profit for the year attributable to all equity shareholders of the Company	<b>11,888</b>	165,067
<b>Weighted average number of shares</b>		
Weighted average number of ordinary shares in issue	<b>404,093</b>	388,236
Effect of ordinary shares with redemption rights	<b>(1,163)</b>	(4,768)
Weighted average number of ordinary shares in issue, for the purposes of basic and diluted earnings per share	<b>402,930</b>	383,468

During the years ended December 31, 2025 and 2024, ordinary shares with redemption rights (Note 29) were not included in the calculation of diluted earnings per share, as their inclusion would have been anti-dilutive. Accordingly, diluted earnings per share are the same as the basic earnings per share as the Company had no dilutive potential ordinary shares in existence for the years ended December 31, 2025 and 2024.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

### (a) Directors' and supervisors' emoluments

Details of directors' and supervisors' remuneration during the year ended December 31, 2025 are as follows:

	Fees RMB'000	Salaries, allowances and bonus RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
<b>Year ended December 31, 2025</b>					
<i>Executive directors</i>					
Dr. Zhao Jianhui (趙建輝)	-	1,322	-	21,747	23,069
Ms. Pan Menghan (潘夢菡)	-	426	-	-	426
Ms. Bai Liting (白麗婷)	-	120	-	-	120
Mr. Guo Zhiyan (郭志彥) (a)	-	-	-	-	-
Mr. Xie Xuejun (謝學軍) (a)	-	-	-	-	-
	-	1,868	-	21,747	23,615
<i>Independent non-executive directors</i>					
Mr. Li Guoan (李國安) (b)	20	80	-	-	100
Dr. Kang Junyong (康俊勇)	100	-	-	-	100
Dr. Su Xinlong (蘇新龍)	100	-	-	-	100
Dr. Liao Yi (廖逸) (c)	75	-	-	-	75
	295	80	-	-	375
<i>Non-executive directors</i>					
Mr. Su Ping (蘇平)	-	-	-	-	-
Mr. Fang Wei (方偉) (d)	-	-	-	-	-
Ms. Xie Jieping (謝潔平) (d)	-	-	-	-	-
	-	-	-	-	-
<i>Supervisors</i>					
Mr. Wu Guoyi (吳國屹)	-	-	-	-	-
Mr. Qian Weining (錢衛寧)	-	391	23	4,997	5,411
Mr. Li Kaixi (李凱希)	-	301	22	3,695	4,018
	-	692	45	8,692	9,429

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (a) Directors' and supervisors' emoluments (Continued)

	Fees RMB'000	Salaries, allowances and bonus RMB'000	Retirement scheme contributions RMB'000	Equity-settled share-based payments RMB'000	Total RMB'000
<b>Year ended December 31, 2024</b>					
<i>Executive directors</i>					
Dr. Zhao Jianhui (趙建輝)	-	1,322	-	21,747	23,069
Ms. Pan Menghan (潘夢菡)	-	406	-	-	406
Ms. Bai Liting (白麗婷)	-	120	-	-	120
Mr. Guo Zhiyan (郭志彥)	-	-	-	-	-
Mr. Xie Xuejun (謝學軍)	-	-	-	-	-
	-	1,848	-	21,747	23,595
<i>Independent non-executive directors</i>					
Mr. Li Guoan (李國安)	100	-	-	-	100
Dr. Kang Junyong (康俊勇)	100	-	-	-	100
Dr. Su Xinlong (蘇新龍)	100	-	-	-	100
	300	-	-	-	300
<i>Non-executive director</i>					
Mr. Su Ping (蘇平)	-	-	-	-	-
<i>Supervisors</i>					
Mr. Wu Guoyi (吳國屹)	-	-	-	-	-
Mr. Qian Weining (錢衛寧)	-	381	21	4,663	5,065
Mr. Li Kaixi (李凱希)	-	296	21	3,417	3,734
	-	677	42	8,080	8,799

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (a) Directors' and supervisors' emoluments (Continued)

Notes:

- (a) Mr. Guo and Mr. Xie resigned as executive directors in March 2025.
- (b) Mr. Li resigned as independent non-executive director in March 2025.
- (c) Dr. Liao was appointed as independent non-executive director in March 2025.
- (d) Mr. Fang and Ms. Xie were appointed as non-executive directors in March 2025.
- (e) No emoluments were paid by the Group to any directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the reporting period.
- (f) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company. The non-executive directors' and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

### (b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, included one (2024: two) director and supervisor of the Company for the year ended December 31, 2025, whose emoluments are disclosed above. The emoluments of the remaining four (2024: three) individuals for the year ended December 31, 2025, whose emoluments are analyzed below:

	2025 RMB'000	2024 RMB'000
Salaries	2,593	2,104
Allowance and other benefits	-	-
Discretionary bonuses	-	-
Retirement scheme contributions	140	97
Equity-settled share-based payments	118,930	109,190
	<b>121,663</b>	111,391

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS (CONTINUED)

### (b) Five highest paid individuals (Continued)

The number of the highest paid individuals other than directors and supervisors fell within the following emolument bands:

	<b>2025</b>	2024
	<b>No. of</b>	No. of
	<b>individuals</b>	individuals
HKD5,500,001 to HKD6,000,000	<b>1</b>	–
HKD7,500,001 to HKD8,000,000	–	1
HKD8,500,001 to HKD9,000,000	<b>1</b>	–
HKD15,000,001 to HKD15,500,000	–	1
HKD15,500,001 to HKD16,000,000	<b>1</b>	–
HKD99,000,001 to HKD99,500,000	–	1
HKD103,500,001 to HKD104,000,000	<b>1</b>	–
	<b>4</b>	3

During the year ended December 31, 2025, no emoluments were paid by the Group to any director or supervisor or any of the five highest paid individuals as an inducement to join or upon joining the Group, or as compensation for loss of office. There were no arrangements under which a director or supervisor waived or agreed to waive any emolument during the year ended December 31, 2025.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land RMB'000	Buildings RMB'000	Machinery RMB'000	Computer equipment RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Construction-in- progress RMB'000	Total RMB'000
<b>Cost:</b>								
<b>At January 1, 2024</b>	39,408	329,847	1,213,203	8,298	15,111	352	591,275	2,197,494
Additions	-	-	-	-	17	-	156,704	156,721
Transferred upon completion	-	1,185	182,258	1,121	929	-	(185,493)	-
Disposals/written off	-	(1,669)	-	-	(16)	-	-	(1,685)
<b>At December 31, 2024 and January 1, 2025</b>	<b>39,408</b>	<b>329,363</b>	<b>1,395,461</b>	<b>9,419</b>	<b>16,041</b>	<b>352</b>	<b>562,486</b>	<b>2,352,530</b>
Additions	32	-	-	-	-	-	94,815	94,847
Transferred upon completion	-	153,619	336,835	1,423	422	-	(492,299)	-
Disposals/written off	-	-	-	(148)	-	-	-	(148)
<b>At December 31, 2025</b>	<b>39,440</b>	<b>482,982</b>	<b>1,732,296</b>	<b>10,694</b>	<b>16,463</b>	<b>352</b>	<b>165,002</b>	<b>2,447,229</b>
<b>Accumulated depreciation:</b>								
<b>At January 1, 2024</b>	2,555	21,075	130,938	2,295	3,350	50	-	160,263
Charge for the year	788	18,062	121,448	1,510	2,840	67	-	144,715
Disposals/written off	-	-	-	-	(14)	-	-	(14)
<b>At December 31, 2024 and January 1, 2025</b>	<b>3,343</b>	<b>39,137</b>	<b>252,386</b>	<b>3,805</b>	<b>6,176</b>	<b>117</b>	<b>-</b>	<b>304,964</b>
Charge for the year	723	23,367	148,380	1,659	2,887	67	-	177,083
Disposals/written off	-	-	-	(143)	-	-	-	(143)
<b>At December 31, 2025</b>	<b>4,066</b>	<b>62,504</b>	<b>400,766</b>	<b>5,321</b>	<b>9,063</b>	<b>184</b>	<b>-</b>	<b>481,904</b>
<b>Net carrying amount:</b>								
<b>At December 31, 2025</b>	<b>35,374</b>	<b>420,478</b>	<b>1,331,530</b>	<b>5,373</b>	<b>7,400</b>	<b>168</b>	<b>165,002</b>	<b>1,965,325</b>
<b>At December 31, 2024</b>	<b>36,065</b>	<b>290,226</b>	<b>1,143,075</b>	<b>5,614</b>	<b>9,865</b>	<b>235</b>	<b>562,486</b>	<b>2,047,566</b>

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 15. RIGHT-OF-USE ASSETS

The analysis of the net book value of right-of-use assets by class of underlying assets as at the end of each reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Staff quarters and warehouse	77	77

	2025 RMB'000	2024 RMB'000
Additions to right-of-use assets	132	133
Depreciation charge of right-of-use assets by class of underlying assets: – Staff quarters and warehouse	132	276

## 16. INTANGIBLE ASSETS

	Computer software RMB'000
<b>Cost:</b>	
At January 1, 2024	1,448
Additions	1,900
At December 31, 2024 and January 1, 2025	3,348
Additions	580
At December 31, 2025	<b>3,928</b>
<b>Accumulated amortization:</b>	
At January 1, 2024	530
Charge for the year	743
At December 31, 2024 and January 1, 2025	1,273
Charge for the year	1,241
At December 31, 2025	<b>2,514</b>
<b>Net carrying value:</b>	
At December 31, 2025	<b>1,414</b>
At December 31, 2024	2,075

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 17. DEFERRED TAX

Deferred tax recognized and movements during the year ended December 31, 2025 are as follows:

	Impairment losses on financial assets RMB'000	Unused tax loss RMB'000	Inventories RMB'000	Fair value on derivative financial instruments RMB'000	Property, plant and equipment and right-of-use assets RMB'000	Interest receivable RMB'000	Government grants received not yet recognized as income RMB'000	Total RMB'000
At January 1, 2024	189	9,650	770	-	(73,007)	-	30,835	(31,563)
Credited/(charged) to profit or loss	251	(9,428)	178	-	17,371	-	8,280	16,652
At December 31, 2024 and January 1, 2025	440	222	948	-	(55,636)	-	39,115	(14,911)
Credited/(charged) to profit or loss	667	(222)	3,749	635	5,881	(1,622)	7,891	16,979
At December 31, 2025	1,107	-	4,697	635	(49,755)	(1,622)	47,006	2,068

The following is the analysis of the deferred tax balances for the financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	2,945	49
Deferred tax liabilities	(877)	(14,960)
	2,068	(14,911)

Deferred income tax assets are recognized for deductible temporary differences and unused tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable. The Group has tax losses arising in China that will expire in five or ten years for offsetting against future taxable profits.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 17. DEFERRED TAX (CONTINUED)

The amounts and expiration dates of the tax losses carried forward as at December 31, 2025 are listed below:

	2025 RMB'000	2024 RMB'000
2027	-	-
2028	-	-
2029	-	889
2030	-	-
2031	-	-
2032	-	-
	-	889

As at December 31, 2025, the Group had cumulative tax losses amounting RMBnil (2024: RMB889,000) that can be carried forward against future taxable income.

## 18. INVENTORIES

	2025 RMB'000	2024 RMB'000
Raw materials	250,237	196,416
Finished goods	58,660	46,255
Work in progress	16,738	11,169
	325,635	253,840
Write-down of inventories to net realizable value	(20,121)	(6,200)
	305,514	247,640

Movements on the write-down of inventories to net realizable value are as follows:

	2025 RMB'000	2024 RMB'000
<b>At January 1</b>	<b>(6,200)</b>	(5,130)
Charge for the year	(19,772)	(1,070)
Written off	5,851	-
<b>At December 31</b>	<b>(20,121)</b>	(6,200)

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 19. TRADE AND BILLS RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivables	342,473	130,135
Bills receivable	17,080	1,905
	<b>359,553</b>	132,040
Less: impairment loss allowance	<b>(4,964)</b>	(2,395)
	<b>354,589</b>	129,645

An aging analysis of trade and bills receivables, net of impairment losses, as at the end of each reporting period, based on the invoice dates, is as follows:

	2025 RMB'000	2024 RMB'000
<b>Trade and bills receivables</b>		
Within 3 months	234,412	123,752
3 months to 6 months	107,289	1,151
6 months to 1 year	12,888	4,635
1 year to 2 years	-	14
2 years to 3 years	-	93
	<b>354,589</b>	129,645

The Group recognized impairment loss based on the accounting policy stated in Note 3.10(b). Trade and bills receivables are generally due within 30 to 90 days from the date of billing.

Further details on the Group's credit policy and credit risk analysis arising from trade and bills receivables are set out in Note 38(b).

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
<b>Current portion</b>		
Deposits and other receivables	5,805	2,347
Prepayments	4,213	5,238
Prepaid listing expenses and deferred issue costs – Hong Kong	7,786	–
	<b>17,804</b>	7,585
Less: Impairment loss allowance	<b>(290)</b>	(117)
	<b>17,514</b>	7,468

The Group recognized impairment loss based on the accounting policy stated in Note 3.10(b). Further details on the Group and the Company's credit risk analysis arising from deposits and other receivables are set out in Note 38(b).

## 21. CASH AND CASH EQUIVALENTS AND TERM DEPOSITS

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	1,213,993	2,030,653
<b>Current portion</b>		
Term deposits	611,677	–

The Group's cash and cash equivalents comprise cash on hand, bank deposits carrying interest at floating rates based on daily bank deposit rates and short-term bank deposits carrying interests at prevailing market interest rate. Term deposits with original maturity over three months comprise bank deposits carrying interest at fixed rate or floating rates at prevailing market interest rate. The directors of the Company consider that the carrying value of the deposits at the end of each reporting period approximates to their fair values.

As at the end of each reporting period, all of the Group's cash at banks and on hands and term deposits with original maturity over three months are denominated in RMB and USD and placed in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorized to conduct foreign exchange business.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 22. TRADE AND BILLS PAYABLES

	2025 RMB'000	2024 RMB'000
Trade payables	163,655	46,781
Bills payable	–	25,102
	<b>163,655</b>	71,883

A credit period of 30 days to 90 days from the date of billing is generally granted by the Group's trade suppliers. Based on the receipt of services and goods, which normally coincided with the invoice dates, the aging analysis of the Group's trade and bills payables as at the end of each reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within one year	162,873	71,538
1-2 years	437	104
Over 2 years	345	241
	<b>163,655</b>	71,883

The Group's trade and bills payables are short-term in nature and hence, the carrying amount of trade and bills payables are considered to approximate to their fair value.

## 23. OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Other payables	486	1,057
Construction payables	93,207	130,159
Other tax payables	2,922	2,458
Accruals	12,647	11,415
	<b>109,262</b>	145,089

As at December 31, 2025 and 2024, other payables and accruals were non-interest bearing, unsecured and repayable on demand.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 24. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
<b>Contract liabilities arising from</b>		
Turnkey service	186	6,795

The contract liabilities represented the advance consideration received from customers. The Group receives payment from customers based on billing schedule as established in contracts.

	2025 RMB'000	2024 RMB'000
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	6,795	3,730

## 25. LEASE LIABILITIES

The Group lease properties to operate its business. These leases are typically made for fixed terms of 2 years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

The Group also lease properties with term of less than one year. These leases are short-term and the Group has elected not to recognize right-of-use assets and lease liabilities for these leases.

The Group's present value of future lease payments of the leases is analyzed as follows:

	2025 RMB'000	2024 RMB'000
Current	67	67

The Group's movement of the lease liabilities is analyzed as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	67	261
Addition of new leases	132	133
Lease payment	(133)	(178)
Interest element of lease payments	1	2
Termination of lease	-	(151)
At the end of the year	67	67

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 25. LEASE LIABILITIES (CONTINUED)

The Group had total financing cash outflows for leases of RMB133,000 (2024: RMB178,000) for the year ended December 31, 2025.

The Group's future lease payments of the Group's leases (excluding short-term leases) were scheduled to repay as follows:

	Future lease payments RMB'000	Future interest expenses RMB'000	Present value RMB'000
<b>As at December 31, 2025</b>			
– within 1 year	67	–	67
<b>As at December 31, 2024</b>			
– within 1 year	67	–	67

## 26. BORROWINGS

	2025 RMB'000	2024 RMB'000
<b>Current portion</b>		
Borrowings – unsecured	122,586	247,500
Borrowings – secured	39,865	56,036
	<b>162,451</b>	303,536
<b>Non-current portion</b>		
Borrowings – unsecured	235,682	309,408
Borrowings – secured	488,528	499,186
	<b>724,210</b>	808,594
	<b>886,661</b>	1,112,130

As at December 31, 2025 and 2024, the borrowings bear interest rates ranging from 2.4% to 4.0%, the effective interest rates ranging from 1.35% to 2.6%. None of the borrowings contains a repayment-on-demand clause. The Group has complied with the relevant covenants at each test date on or before the end of the reporting period and classified the related bank borrowings balances as non-current. The borrowings were pledged by property, plant and equipment of RMB519,472,000 as at December 31, 2025 (2024: RMB579,099,000).

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 26. BORROWINGS (CONTINUED)

At the end of the reporting period, total current and non-current borrowings were scheduled to repay as follows:

	2025 RMB'000	2024 RMB'000
On demand or within one year	162,451	303,536
More than one year, but not exceeding two years	76,085	137,367
More than two years, but not exceeding five years	375,590	407,705
After five years	272,535	263,522
	<b>886,661</b>	1,112,130

## 27. DEFERRED REVENUE

	2025 RMB'000	2024 RMB'000
At the beginning of the year	260,764	205,569
Additions	176,111	167,089
Credited to profit or loss (Note 7)	(123,508)	(111,894)
At the end of the year	<b>313,367</b>	260,764

Deferred revenue consists of deferred government grants mainly for construction of certain property, plant and equipment. The grants from local government were conditional and the conditions would be fulfilled upon the completion of construction of certain property, plant and equipment of the Group. The grants will be recognized as income in profit or loss on a systematic basis over the estimated useful lives of the property, plant and equipment.

## 28. DERIVATIVES FINANCIAL INSTRUMENTS

The Group recognises all derivative financial instruments on the consolidated statement of financial position at fair value with changes in fair value recognized in the consolidated statement of profit or loss and other comprehensive income in the year of the change. The Group's derivative financial instrument includes forward foreign exchange contracts.

As at December 31, 2025, the Group's derivative financial instruments mature within one year. The fair values of derivative financial instruments included in the consolidated statement of financial position as current liabilities are as follows:

	2025 RMB'000	2024 RMB'000
<b>Current liabilities</b>		
Forward foreign exchange contracts – within 1 year	2,812	–

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 29. REDEMPTION LIABILITIES

The movements of the redemption liabilities during the year ended December 31, 2025 are set out as below:

	<b>Redemption liabilities</b>
	RMB'000
At January 1, 2024	16,673
Interest expenses associated with redemption liabilities	1,334
At December 31, 2024 and at January 1, 2025	<b>18,007</b>
Interest expenses associated with redemption liabilities	<b>344</b>
Derecognition due to termination of redemption rights	<b>(18,351)</b>
At December 31, 2025	-

The Company previously entered into respective shareholders' and share subscription agreements (collectively, the "Pre-IPO Investors Agreements") with various pre-IPO investors (collectively, the "Pre-IPO Investors") and issued ordinary shares. Pursuant to the Pre-IPO Investors Agreements, the Pre-IPO Investors were granted by the Company with redemption rights.

The redemption rights that existed during the year ended December 31, 2025 are limited to instances where the Company and its original shareholder maliciously breach the clause in the Pre-IPO Investors Agreements and fail to rectify the breach in a timely manner. If such breaches occurred and remained unrectified, the Pre-IPO Investors were entitled to exercise the right to put back the ordinary shares they had acquired from the Company. The Company has confirmed that there have been no breaches of the Pre-IPO Investors Agreements during the years ended December 31, 2025 and 2024, and all but one redemption rights were formally terminated pursuant to supplemental agreements executed in October 2023 and the remaining one redemption rights was formally terminated pursuant to supplemental agreement executed in April 2025.

The redemption amount is the sum of 100% of the issue price, compound interest of eight percent per annum calculated on a 365-day per year basis from the date of the Pre-IPO Investors Agreements.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 30. SHARE CAPITAL

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital RMB'000
<b>Issued</b>		
At January 1, 2024	388,192,129	388,192
Shares issued (Note)	15,900,631	15,901
At December 31, 2024, January 1, 2025 and at December 31, 2025	<b>404,092,760</b>	<b>404,093</b>

Notes:

During the year ended December 31, 2024, the Company entered into a capital injection agreement with the following investors and pursuant to which a total capital of RMB1,030,001,000 was injected into the Company with approximately RMB15,901,000 and RMB1,014,100,000 credited to the Company's share capital and capital reserve, respectively.

In December 2024, Xiamen Chantou Juxiang Xinhan Technology Investment Partnership Enterprise (Limited Partnership) (廈門產投炬翔芯瀚科技投資合夥企業(有限合夥)), ICBC Financial Asset Investment Co., Ltd. (工銀金融資產投資有限公司), Xiamen Gongrong Industry Investment Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (廈門工融產投新興產業股權投資基金合夥企業(有限合夥)), Xiamen Chantou Gongrong Emerging Industry Equity Investment Fund Partnership Enterprise (Limited Partnership) (廈門產投工融新興產業股權投資基金合夥企業(有限合夥)) and the Company entered into a capital injection agreement pursuant to which the investors subscribed for the Company's new share capital of RMB2,779,000, RMB6,947,000, RMB3,087,000 and RMB3,088,000, respectively, at cash consideration of RMB180,000,000, RMB450,000,000, RMB200,000,000 and RMB200,001,000, respectively, in which the excess amounts of RMB177,221,000, RMB443,053,000, RMB196,913,000 and RMB196,913,000, respectively, were credited to the capital reserve.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 31. NOTES SUPPORTING TO CONSOLIDATED STATEMENT OF CASH FLOWS

The table below shows the details about the changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which each cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Redemption liabilities RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>At January 1, 2024</b>	16,673	1,126,992	261	1,143,926
<b>Changes from financing cash flows:</b>				
Proceeds from bank borrowings	–	744,826	–	744,826
Repayments of bank borrowings	–	(759,688)	–	(759,688)
Repayment of lease liabilities	–	–	(176)	(176)
Interest paid	–	(30,135)	(2)	(30,137)
<b>Total changes from financing cash flows</b>	–	(44,997)	(178)	(45,175)
<b>Other changes:</b>				
New leases	–	–	133	133
Lease termination	–	–	(151)	(151)
Interest expenses	1,334	30,135	2	31,471
	1,334	30,135	(16)	31,453
<b>At December 31, 2024</b>	18,007	1,112,130	67	1,130,204

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 31. NOTES SUPPORTING TO CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Redemption liabilities RMB'000	Borrowings RMB'000	Lease liabilities RMB'000	Total RMB'000
<b>At January 1, 2025</b>	18,007	1,112,130	67	1,130,204
<b>Changes from financing cash flows:</b>				
Proceeds from bank borrowings	-	217,190	-	217,190
Repayments of bank borrowings	-	(442,659)	-	(442,659)
Repayment of lease liabilities	-	-	(132)	(132)
Interest paid	-	(25,148)	(1)	(25,149)
<b>Total changes from financing cash flows</b>	-	(250,617)	(133)	(250,750)
<b>Other changes:</b>				
New lease	-	-	132	132
Derecognition due to termination of redemption liabilities	(18,351)	-	-	(18,351)
Interest expenses	344	25,148	1	25,493
	(18,007)	25,148	133	7,274
<b>At December 31, 2025</b>	-	886,661	67	886,728

## 32. CAPITAL COMMITMENTS

As at December 31, 2025 and 2024, the Group had outstanding capital commitments as follows:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for:		
- Construction-in-progress	87,739	90,277
- Office equipment	825	157
	88,564	90,434

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 33. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

### (a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group:

Name of related parties	Relationship with the Group
費勉儀器科技(上海)有限公司	Company subject to common significant influence
無錫華潤微電子有限公司	Company subject to common significant influence
無錫華潤華晶微電子有限公司	Company subject to common significant influence

### (b) The Group entered into the following related party transactions with related companies during the year ended December 31, 2025:

	2025 RMB'000	2024 RMB'000
<b>Related companies</b>		
Revenue	25,893	25,841

The terms of the related party transactions carried out during the year ended December 31, 2025 were mutually agreed by the Group and the related companies.

### (c) Balance with related parties

	2025 RMB'000	2024 RMB'000
<b>Trade and bills receivables</b>		
無錫華潤微電子有限公司	-	238
無錫華潤華晶微電子有限公司	3,517	8,762

All of the above related party balances are of trade nature.

### (d) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group during the year ended December 31, 2025 represented the directors' emoluments as disclosed in Note 13(a) to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 34. SHARE-BASED PAYMENTS

On June 21, 2023, the Group granted 25,598,888 RSUs of the Company to 24 eligible employees at a subscription price of RMB1 per unit. According to the Restricted Shares Unit (“RSU”) scheme and employees’ agreements, the vesting periods for 2,230,000 shares, 1,443,000 shares and 21,925,888 shares granted are nil, 3 years and 6 years, respectively, from the grant date. The shares with vesting period are subject to the Company’s financial performance and individual performance assessment. The fair values of the shares of RMB70.38 per share granted were primarily established with reference to recent equity transaction of the Company close to the grant date.

On December 18, 2023, there is a modification of terms of RSUs, in which vesting period of all RSUs is 6 years, out of which 1,443,000 shares are subject to the Company’s financial performance and individual performance assessment.

Set out below are details of the movements of the outstanding shares options granted during the year ended December 31, 2025.

	2025		2024	
	Weighted average exercise price RMB	Number	Weighted average exercise price RMB	Number
<b>Outstanding at the beginning of year</b>	<b>1.00</b>	<b>24,155,888</b>	1.00	25,598,888
Lapsed during the year	-	-	1.00	(1,443,000)
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1.00</b>	<b>24,155,888</b>	1.00	24,155,888
<b>Weighted average remaining life (years)</b>	<b>N/A</b>	<b>3.5</b>	N/A	4.5

No share options were exercised and expired during the year ended December 31, 2025.

The fair values of the RSUs granted on June 21, 2023 and modified on December 18, 2023 were RMB1,801,650,000 and RMB1,801,650,000, respectively. During the year ended December 31, 2025, the Group recognized share-based payment expenses of RMB165,980,000 (2024: RMB154,249,000).

## 35. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of debts which include total liabilities (which includes trade and bills payables, other payables and accruals, income tax payables, borrowings, lease liabilities, derivative financial liabilities, redemption liabilities and deferred tax liabilities) and total equity.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 35. CAPITAL MANAGEMENT POLICIES AND PROCEDURES (CONTINUED)

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The gearing ratio is calculated as total liabilities divided by total equity. The gearing ratio were as follows:

	2025 RMB'000	2024 RMB'000
Total liabilities	1,200,605	1,421,901
Total equity	3,009,703	2,813,484
Gearing ratio	40%	51%

## 36. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and liabilities of the Group:

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
<i>Financial assets at amortized cost:</i>		
Trade receivables	337,509	127,740
Deposits and other receivables	5,515	2,230
Term deposits	611,677	–
Cash and cash equivalents	1,213,993	2,030,653
	<b>2,168,694</b>	2,160,623
<i>Financial assets at FVOCI:</i>		
Bills receivable	17,080	1,905
<b>Financial liabilities</b>		
<i>Financial liabilities measured at amortized cost:</i>		
Trade and bills payables	163,655	71,883
Other payables and accruals, excluding other tax payables	106,340	142,631
Lease liabilities	67	67
Redemption liabilities	–	18,007
Borrowings	886,661	1,112,130
	<b>1,156,723</b>	1,344,718
<i>Financial liabilities at FVPL:</i>		
Derivative financial instruments	2,812	–

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 37. FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

The fair value hierarchy of financial instruments measured at fair value is provided below.

	Level 2	
	2025 RMB'000	2024 RMB'000
<b>Financial liabilities</b>		
Derivative financial instruments (fair value through profit or loss)	2,812	–

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Financial instrument	Valuation techniques used	Significant unobservable inputs (Level 3 only)	Inter-relationship between key unobservable inputs and fair value (Level 3 only)
Derivative financial instruments	Market approach Execution value quoted by banks with reference to the expected return of the underlying assets	Not applicable	Not applicable

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments in the normal course of the Group's business are interest rate risk, credit risk, liquidity risk, equity price risk and foreign currency risk. These risks are limited by the Group's financial management policies and practices described below. Generally, the Group introduces conservative strategies on its risk management.

### (a) Interest rate risk

The Group's interest-bearing financial instruments at variable rates as at December 31, 2025 are the cash at bank and term deposits except for fixed deposits, and the cash flow interest risk arising from the change of market interest rate on these balances of relatively short maturity is not considered significant. The Group's interest-bearing financial instruments at fixed interest rates as at December 31, 2025 are fixed deposits, redemption liabilities and borrowings and the change of market interest rate does not expose the Group to fair value interest risk. The directors of the Company consider that the Group's exposure to interest rate risk is not significant and no sensitivity analysis of interest rate risk is presented.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Credit risk

The Group's credit risk is primarily attributable to its trade and bills receivables, deposits and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and bills receivables, deposits and other receivables, credit evaluations are performed on all debtors. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit guarantee insurance cover is purchased. Trade and bills receivables are due from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. Concentrations of credit risk are managed by customer/counterparty and by geographical region. The Group had certain concentrations of credit risks as 25% (2024: 26%) of total trade receivables are due from largest customer as at December 31, 2025. The directors carry a periodic review of the creditworthiness of these customers and consider that the exposure to such credit risk is minimal. Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in Note 38(b)(i). Other than above, the Group does not have any other significant concentration of credit risk.

### (i) Trade and bills receivables

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs individually and collectively using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is not further distinguished between the Group's different customer bases. The bills receivable as at December 31, 2025 were not yet past due. No loss allowance under the ECL model was recognized, as the credit risk on the bills receivable was considered insignificant.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Credit risk (Continued)

#### (i) Trade and bills receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at the end of each reporting period:

	Current	1 to 3 months	3 to 6 months	6 months to 1 year	1 to 2 years	2 to 3 years	Over 3 years	Individually assessed	Total
<b>At December 31, 2025</b>									
Expected loss rate (%)	1%	1%	1%	5%	N/A	N/A	N/A	N/A	
Gross carrying amount (RMB'000)	289,347	35,002	15,771	2,353	-	-	-	-	342,473
Loss allowance (RMB'000)	(4,338)	(350)	(158)	(118)	-	-	-	-	(4,964)
<b>At December 31, 2024</b>									
Expected loss rate (%)	1%	1%	1%	N/A	20%	50%	100%	N/A	
Gross carrying amount (RMB'000)	71,878	54,459	2,782	-	18	213	785	-	130,135
Loss allowance (RMB'000)	(719)	(752)	(28)	-	(4)	(107)	(785)	-	(2,395)

Expected loss rates are based on actual loss experience over the past 6 years. These rates are adjusted to reflect differences between economic conditions during the year ended December 31, 2025 over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in the loss allowance for impairment of trade receivables are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	2,395	1,202
Provision for loss allowance	2,569	1,193
At the end of the year	4,964	2,395

Changes in loss allowance for impairment of trade receivables during the year ended December 31, 2025 were mainly contributed by the followings:

- Increase/(decrease) in the ending balances of trade receivables resulted in an increase/(decrease) in loss allowance of RMB2,569,000 (2024: RMB1,193,000).

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Credit risk (Continued)

#### (ii) Deposits and other receivables

In respect of deposits and other receivables, the Group has applied the general approach prescribed by IFRS 9, by measuring loss allowance at an amount equal to 12-month ECLs or lifetime ECLs for deposits and other receivables. To measure the ECLs, deposits and other receivables have been grouped based on shared credit risk characteristics, ECLs are estimated based on historical credit loss experience, adjusted for factors that are specific to the debtors and general economic conditions.

As at the end of each reporting period, all deposits and other receivables are measured at an amount equal to 12-month ECLs. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECLs. The following table provides information about the Group's exposure to credit risk and ECLs for deposits and other receivables:

	2025 RMB'000	2024 RMB'000
<b>Gross carrying amount</b>		
– Deposits and other receivables	5,805	2,347
<b>Loss allowance</b>		
– Deposits and other receivables	290	117

Movements in the loss allowance for impairment of deposits and other receivables are as follows:

	2025 RMB'000	2024 RMB'000
At the beginning of the year	117	57
Provision for loss allowance	173	60
At the end of the year	290	117

Changes in loss allowance for impairment of deposits and other receivables during the year ended December 31, 2025 were mainly contributed by the followings:

- (Decrease)/increase in the ending balances of deposits and other receivables resulted in a (decrease)/increase in loss allowance of RMB173,000 (2024: RMB60,000).

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (b) Credit risk (Continued)

#### (iii) Cash and cash equivalents and term deposits

In respect of the Group's cash and cash equivalents and term deposits, the directors of the Company consider the probability of default is low on these balances since the counterparties are financial institutions with high credit ratings or with good reputation.

### (c) Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of the Company, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amounts are derived from current interest rate at the end of each reporting period.

	Carrying amount RMB'000	Total contractual undiscounted cash flows RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000
<b>As at December 31, 2025</b>						
Trade and bills payables	163,655	163,655	163,655	-	-	-
Other payables and accruals	106,340	106,340	106,340	-	-	-
Lease liabilities	67	67	67	-	-	-
Derivative financial instruments	2,812	2,812	2,812	-	-	-
Borrowings	886,661	997,630	194,243	100,644	424,737	278,006
	1,159,535	1,270,504	467,117	100,644	424,737	278,006

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (c) Liquidity risk (Continued)

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at December 31, 2024</b>						
Trade and bills payables	71,883	71,883	71,883	-	-	-
Other payables and accruals	142,631	142,631	142,631	-	-	-
Lease liabilities	67	67	67	-	-	-
Redemption liabilities	18,007	18,007	18,007	-	-	-
Borrowings	1,112,130	1,244,892	335,835	163,592	465,163	280,302
	1,344,718	1,477,480	568,423	163,592	465,163	280,302

### (d) Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has foreign currency exposures. Such exposures arise from the balances of assets and liabilities in currencies other than the group entities' functional currency. The carrying amounts of the foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
<b>Assets</b>		
EURO ("EUR")	-	-
United state dollars ("USD")	1,448,803	1,155,815
	1,448,803	1,155,815
<b>Liabilities</b>		
EUR	14,274	41,768
USD	-	1,748
	14,274	43,516

Management monitors foreign currency exposure by closely monitoring the movements of foreign currency rates. Management has set up a policy to require the group entities to manage their foreign exchange risk against their respective functional currency.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### (d) Foreign currency risk (Continued)

The following table indicates the approximate change in the Group's profit before tax in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period. A positive number below indicates an increase in profit before tax where the RMB strengthens against the relevant currency. For a weakening of the RMB against the relevant currency, there would be an equal and opposite impact on the profit before tax, and the balances below would be negative. The 5% change in foreign exchange rate is used when reporting foreign currency risk internally to key management personnel and represents management's best assessment of the possible changes in foreign exchange rates.

The following sensitivity analysis has been determined based on the assumed percentage changes in foreign exchange rates taking place at the beginning of the reporting year and held constant throughout the year.

	2025		2024	
	Increase/(decrease) in profit before tax		Increase/(decrease) in profit before tax	
	EUR RMB'000	USD RMB'000	EUR RMB'000	USD RMB'000
<b>Changes in exchange rate:</b>				
RMB appreciates by 5% against the foreign currencies	714	(72,440)	2,088	(57,703)
RMB depreciates by 5% against the foreign currencies	(714)	72,440	(2,088)	57,703

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 39. PARTICULARS OF SUBSIDIARIES

Particulars of the Company's subsidiaries as at December 31, 2025 are as follows:

Name of subsidiary	Date and place of incorporation/ establishment	Place of operation	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
Epiworld International Material Co., Ltd. ("Epiworld Material")* (瀚天天成半導體材料(廈門)有限公司)	May 31, 2024, the PRC	The PRC	Registered capital of RMB50,000,000	100.00%	-	Engaged in production process and sales of silicon carbide (4H-SiC) epitaxial wafers
Apexiv International Pte. Ltd.	June 10, 2025, Singapore	Singapore	Registered capital of Singapore dollar ("S\$") 10,000	100.00%	-	Inactive
Epicenter Sdn. Bhd.	June 23, 2025, Malaysia	Malaysia	Registered capital of MYR10,000,000	-	100.00%	Inactive
Epinova Limited	December 10, 2025, Hong Kong	Hong Kong	Registered capital of HKD10,000	100.00%	-	Inactive

\* The English translation of terms or names in Chinese which are marked with "\*" is for identification purposes only. In the event of any inconsistency, the Chinese terms or names shall prevail.

### (a) General information of subsidiaries

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results or assets of the Group. None of the subsidiaries had issued any debt securities at the end of the year.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

### Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
<b>ASSETS AND LIABILITIES</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,696,991	1,837,431
Investments in subsidiaries	51,009	50,000
Intangible assets	1,414	2,075
Prepayments for acquisition of property, plant and equipment	6,566	1,582
Other non-current assets	4,801	2,930
<b>Total non-current assets</b>	<b>1,760,781</b>	1,894,018
<b>Current assets</b>		
Inventories	191,367	229,534
Trade and bills receivables	75,296	64,568
Prepayments, deposits and other receivables	17,170	7,354
VAT recoverable	7,685	2,031
Amount due from a subsidiary	712,323	210,709
Term deposits	611,677	–
Cash and cash equivalents	1,007,324	2,022,075
<b>Total current assets</b>	<b>2,622,842</b>	2,536,271
<b>Current liabilities</b>		
Trade and bills payables	25,802	36,870
Other payables and accruals	105,942	142,919
Contract liabilities	186	6,371
Borrowings	162,451	267,548
Derivative financial instruments	675	–
Redemption liabilities	–	18,007
Income tax payable	37,271	59,765
<b>Total current liabilities</b>	<b>332,327</b>	531,480
<b>Net current assets</b>	<b>2,290,515</b>	2,004,791
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>4,051,296</b>	3,898,809

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

### Statement of financial position of the Company (Continued)

	2025 RMB'000	2024 RMB'000
<b>Non-current liabilities</b>		
Borrowings	724,210	808,594
Deferred revenue	313,367	260,764
Deferred tax liabilities	877	14,960
<b>Total non-current liabilities</b>	<b>1,038,454</b>	1,084,318
<b>Net assets</b>	<b>3,012,842</b>	2,814,491
<b>EQUITY</b>		
Share capital	404,093	404,093
Reserves	2,608,749	2,410,398
<b>TOTAL EQUITY</b>	<b>3,012,842</b>	2,814,491

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

### Movement in the Company's reserve

	Capital reserve*	Other reserve*	Statutory reserve*	Share-based payment reserve*	(Accumulated losses)/ retained earnings*	Total reserve
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note (a))	(Note (e))	(Note (b))	(Note (d))	(Note (c))	
<b>Balance at January 1, 2024</b>	947,413	90,218	5,168	99,236	(66,060)	1,075,975
Profit and total comprehensive income for the year	-	-	-	-	166,074	166,074
Shares issued (Note 30)	1,014,100	-	-	-	-	1,014,100
Transfer to statutory reserve	-	-	16,173	-	(16,173)	-
Recognition of equity-settled share-based payments (Note 34)	-	-	-	154,249	-	154,249
<b>Balance at December 31, 2024 and January 1, 2025</b>	<b>1,961,513</b>	<b>90,218</b>	<b>21,341</b>	<b>253,485</b>	<b>83,841</b>	<b>2,410,398</b>
Profit and total comprehensive income for the year	-	-	-	-	14,020	14,020
Transfer to statutory reserve	-	-	1,436	-	(1,436)	-
Derecognition due to termination of redemption liabilities (Note 29)	-	18,351	-	-	-	18,351
Recognition of equity-settled share-based payments (Note 34)	-	-	-	165,980	-	165,980
Balance at December 31, 2025	1,961,513	108,569	22,777	419,465	96,425	2,608,749

\* These reserve accounts comprise the reserves as at December 31, 2025 in the Company's statement of financial position.

#### (a) Capital reserve

The capital reserve represents the excess of capital contributions from the equity holders of the Company over the share capital.

#### (b) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the entities established in the PRC, PRC group entities are required to appropriate 10% of their net profits after tax, as determined under the generally accepted accounting principles of the PRC, to the statutory reserve until the reserve balance reaches 50% of their respective registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the group entities, the statutory reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the group entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

#### (c) (Accumulated losses)/retained earnings

Cumulative net profit and loss recognized in profit or loss.

# Notes to the Consolidated Financial Statements

For the Year Ended December 31, 2025

## 40. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

### (d) Share-based payment reserve

The equity-settled share-based payment reserve comprises the fair value of equity-settled share-based payment granted (Note 34).

### (e) Other reserve

The other reserve comprises the amounts in relation to the recognition of the redemption liabilities as set out in Note 29.

## 41. CONTINGENCIES

During the years ended December 31, 2025 and 2024, there were ongoing disputes and legal proceeding between Xiamen Dangfeng Technology Co., Ltd. (“Dangfeng Technology”), one of the shareholders of the Company, and Zhu Xiaomin (朱曉閩), an independent third party, as to the shareholding of Dangfeng Technology in the Company. Zhu Xiaomin brought a legal action against Dangfeng Technology and the Company, pursuant to which he alleged that Dangfeng Technology held certain shares in the Company on trust for him, representing approximately 0.12% of the total issued share capital. As of December 31, 2024, such legal action was still ongoing and has not yet been settled. The court dismissed Zhu Xiaomin’s claims in the first instance in April 2025 and Zhu Xiaomin filed an appeal in May 2025. Considering (i) as confirmed by the PRC legal adviser of the Company, the Company will not be subject to cash or share payment obligations as a result of such legal proceeding, and (ii) the shares in dispute only account for 0.12% of the total issued share capital, which have no control or influence in the daily operation of the Company, the directors of the Company are of the view that the dispute will not have a material adverse impact on the financial position and operation of the Group. Subsequent to the filing of the appeal in May 2025, the Xiamen Intermediate People’s Court conducted a hearing in June 2025 and issued a final judgment in July 2025. The Court rejected Zhu Xiaomin’s request to be registered as a formal shareholder of the Company on its official register.

As of December 31, 2025, there were no significant contingency items for the Group.

## 42. EVENT AFTER THE REPORTING PERIOD

On March 30, 2026, the Company’s H Shares were listed on the Stock Exchange, where 21,492,050 H Shares were issued and subscribed at an offer price of HK\$76.26 per H Share by way of initial public offering to Hong Kong and overseas investors. Gross proceeds from these issues amounted to approximately HK\$1,640.0 million.

## 43. APPROVAL FOR CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on April 29, 2026.

# Definitions

In this report, unless the context otherwise requires, the following expressions have the following meanings. These expressions and their definitions may not correspond to any industry standard definitions, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Articles” or “Articles of Association”	the articles of association of our Company (as amended from time to time)
“Audit Committee”	the audit committee of the Board
“Board” or “Board of Directors”	the board of Directors
“CG Code”	Corporate Governance Code in Appendix C1 to the Listing Rules
“China” or “PRC”	the People’s Republic of China, for the purpose of this report and for geographical reference only, excluding Hong Kong and Macao Special Administrative Regions and Taiwan
“Company”, “the Company”, “Epiworld” or “our Company”	Epiworld International Co., Ltd. (瀚天天成電子科技(廈門)股份有限公司), formerly known as Hantian Tiancheng Electronics Technology (Xiamen) Co., Ltd. (瀚天天成電子科技(廈門)有限公司) and Hantian Taicheng Electronics Technology (Xiamen) Co., Ltd. (瀚天泰成電子科技(廈門)有限公司), a limited liability company established in the PRC on March 31, 2011 and converted into a joint stock company with limited liability on May 25, 2023
“Director(s)” or “our Director(s)”	the director(s) of the Company
“Dr. Zhao”	Dr. Zhao Jianhui (趙建輝), our founder, chairman of the Board, an executive Director
“Epiworld Core”	Xiamen Hantian Nuclear Core Enterprise Management Partnership (Limited Partnership)* (廈門瀚天核芯企業管理合夥企業(有限合夥)), formerly known as Xiamen Hantian Nuclear Core Equity Investment Partnership (Limited Partnership) (廈門瀚天核芯股權投資合夥企業(有限合夥)), a limited partnership established in the PRC on December 2, 2020
“Epiworld Materials”	Epiworld Semiconductor Materials (Xiamen) Co., Ltd.* (瀚天天成半導體材料(廈門)有限公司), a limited liability company established in the PRC on May 31, 2024, and a wholly owned subsidiary of the Company
“Epiworld Hong Kong”	EPINOVA LIMITED, a private limited company incorporated in Hong Kong on December 10, 2025, and a wholly owned subsidiary of the Company

## Definitions

“Epiworld Malaysia”	EPICENTER SDN. BHD., a limited liability company established in Malaysia, and an indirectly wholly owned subsidiary of the Company
“Epiworld Singapore”	APEXIV INTERNATIONAL PTE. LTD., a limited liability company established in Singapore, and a wholly owned subsidiary of the Company
“Global Offering”	the global offering of the H Shares in Hong Kong as described in the Prospectus
“Group,” “our Group,” “we” or “us”	our Company and its subsidiaries, or any one of them as the context may require, and where the context requires, the businesses operated by our Company and/or its subsidiaries and their predecessors (if any)
“H Share(s)”	listed ordinary share(s) in the share capital of our Company with a nominal value of RMB1.00 each, which are to be subscribed for and traded in Hong Kong dollars and to be listed on the Hong Kong Stock Exchange
“Hong Kong dollars” or “HK dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“IFRS”	the International Financial Reporting Standards, which include standards, amendments and interpretations promulgated by International Accounting Standards Board and the International Accounting Standards and interpretations issued by the International Accounting Standards Committee
“Latest Practicable Date”	April 27, 2026, being the latest practicable date for the purpose of ascertaining certain information in this report prior to its publication
“Listing”	listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
“Listing Date”	March 30, 2026, 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 Hong Kong Stock Exchange, as amended, supplemented or otherwise modified from time to time

## Definitions

“Main Board”	the stock exchange (excluding the option market) operated by the Hong Kong Stock Exchange which is independent from and operated in parallel with Growth Enterprise Market of the Hong Kong Stock Exchange
“Model Code”	the Model Code for Securities Transaction by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“Nomination Committee”	the nomination committee of the Board
“Prospectus”	the prospectus dated March 20, 2026 issued by the Company in connection with Hong Kong public offering under the Global Offering
“Reporting Period”	the year ended December 31, 2025
“Remuneration Committee”	the remuneration committee of the Board
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“R&D”	research and development
“Securities and Futures Ordinance” or “SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) in the capital of our Company with a nominal value of RMB1.00 each, including H Shares and Unlisted Shares
“Shareholder(s)”	holder(s) of shares
“Strategy Committee”	the strategy committee of the Board
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	member(s) of our Supervisory Committee
“Supervisory Committee”	the committee of the Supervisors
“Unlisted Share(s)”	ordinary share(s) issued by our Company, with a nominal value of RMB1.00 each, which is/are not listed on any stock exchange

## Definitions

“U.S.” or “United States”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“Xike Zhongheng”	Xiamen Xike Zhongheng Investment Partnership (Limited Partnership)* (廈門希科眾恒投資合夥企業(有限合夥)), a limited partnership established in the PRC on January 7, 2013
“Xincheng Zhongchuang”	Xiamen Xincheng Zhongchuang Investment Partnership Enterprise (Limited Partnership)* (廈門芯成眾創投資合夥企業(有限合夥)), a limited partnership established in the PRC on July 24, 2017
“%”	per cent

For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including our subsidiary) have been included in this report in both the Chinese and English languages and in the event of any inconsistency, the Chinese version shall prevail.

\* *For identification purposes only*