The following is the text of a report set out on pages [•] to [•], received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF YUANJIE SEMICONDUCTOR TECHNOLOGY CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED AND GF CAPITAL (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of Yuanjie Semiconductor Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-3] to [I-[•]], which comprises the consolidated statements of financial position as at December 31, 2023, 2024 and 2025, and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years then ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-3] to [I-[•]] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**Document**") in connection with the [REDACTED] of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange").**

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-3] have been made.

Dividends

We refer to note 16 to the Historical Financial Information states which contains information about the dividends paid by the Company in respect of the Track Record Period.

BDO Limited
Certified Public Accountants
[•]
Practising Certificate no. P[•]

Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by BDO Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	6	144,404	252,173	601,435
Cost of sales		(102,906)	(193,270)	(266,613)
Gross profit		**41,498**	**58,903**	**334,822**
Other income	7	14,054	2,182	12,041
Other gains or losses, net	8	9,104	3,593	(3,719)
Selling and marketing expenses		(8,355)	(18,532)	(23,784)
General and administrative expenses		(25,937)	(26,053)	(45,135)
Research and development expenses		(30,946)	(54,518)	(80,843)
Impairment losses on financial assets, net of reversal	9	(2,856)	2,829	(6,524)
Finance income, net	10	21,590	17,973	12,883
Share of results of associate	18	2	(1,689)	14,031
Profit/(Loss) before tax	11	18,154	(15,312)	213,772
Income tax (expense)/credit	12	1,326	9,179	(22,848)
Profit/(loss) for the year		**19,480**	**(6,133)**	**190,924**
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations		(29)	21	(7,157)
Item that will not be reclassified to profit or loss				
Changes in the fair value of equity investments at fair value through other comprehensive income		—	—	(3,709)
Income tax impact		—	—	556
		—	—	(3,153)
Other comprehensive income for the year, net of tax		(29)	21	(10,310)
Total comprehensive income for the year		**19,451**	**(6,112)**	**180,614**
Earnings/(loss) per share for profit/(loss) attributable to owners of the Company				
Basic (RMB)	15	0.268	(0.072)	2.235
Diluted (RMB)	15	0.265	(0.072)	2.230

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	19	550,678	576,011	828,777
Right-of-use assets	20	13,365	15,431	74,803
Intangible assets	21	5,445	5,142	3,317
Investments in an associate	18	30,002	118,313	134,373
Financial assets at fair value through other comprehensive income("**FVOCI**")	26	—	—	31,291
Deferred tax assets	35	—	4,663	40,760
Prepayments, other receivables and other assets	22	6,347	16,768	201,990
Total non-current assets		**605,837**	**736,328**	**1,315,311**
Current assets				
Inventories	23	140,819	122,714	133,696
Trade receivables	24	99,736	121,028	264,478
Notes receivables	25	5,154	8,720	24,336
Financial assets at FVOCI	26	19,408	14,110	5,211
Prepayments, other receivables and other assets	22	22,219	21,715	19,921
Income tax recoverable		1	1,695	22
Restricted bank deposits	27	—	40,160	26,379
Cash and cash equivalents	27	1,343,509	1,081,076	795,896
Total current assets		**1,630,846**	**1,411,218**	**1,269,939**
Current liabilities				
Trade payables	28	26,001	22,519	52,632
Notes payables	29	—	—	20,548
Other payables and accruals	30	66,262	28,394	98,156
Contract liabilities	31	2,098	1,452	1,862
Lease liabilities	32	908	938	4,812
Provisions	33	—	646	693
Total current liabilities		**95,269**	**53,949**	**178,703**
Net current assets		**1,535,577**	**1,357,269**	**1,091,236**
Total assets less current liabilities		**2,141,414**	**2,093,597**	**2,406,547**

		As of December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	32	980	3,413	62,521
Provisions	33	3,749	282	1,141
Deferred income	34	15,481	17,135	10,600
Deferred tax liabilities	35	4,516	—	—
Total non-current liabilities		**24,726**	**20,830**	**74,262**
Net assets		**2,116,688**	**2,072,767**	**2,332,285**
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	36	84,839	85,462	85,948
Reserves		2,031,849	1,987,305	2,246,337
Total equity		**2,116,688**	**2,072,767**	**2,332,285**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Capital reserve	Treasury shares	Translation reserve	Surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 36)	*(note 39(a))*	*(note 37 and 39(b))*	*(note 39(d))*	*(note 39(e))*	*(note 39(f))*	
Balance at January 1, 2023	60,000	1,835,178	—	—	27,444	179,840	2,102,462
Profit for the year	—	—	—	—	—	19,480	19,480
Exchange differences arising from translation of foreign operations	—	—	—	(29)	—	—	(29)
Other comprehensive income for the year	—	—	—	(29)	—	—	(29)
Total comprehensive income for the year	—	—	—	(29)	—	19,480	19,451
Exercise of share options *(note 36)*	599	30,016	—	—	—	—	30,615
Share-based payment expense	—	3,549	—	—	—	—	3,549
Dividend *(note 16)*	—	—	—	—	—	(39,389)	(39,389)
Issue of new shares upon capitalisation of capital reserve *(note 36)*	24,240	(24,240)	—	—	—	—	—
Appropriation to reserves	—	—	—	—	1,948	(1,948)	—
Balance at December 31, 2023	84,839	1,844,503	—	(29)	29,392	157,983	2,116,688

	Share capital	Capital reserve	Treasury shares	Translation reserve	Surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 36)	*(note 39(a))*	*(note 37 and 39(b))*	*(note 39(d))*	*(note 39(e))*	*(note 39(f))*	
Balance at January 1, 2024	84,839	1,844,503	—	(29)	29,392	157,983	2,116,688
Loss for the year	—	—	—	—	—	(6,133)	(6,133)
Exchange differences arising from translation of foreign operations	—	—	—	21	—	—	21
Other comprehensive income for the year	—	—	—	21	—	—	21
Total comprehensive income for the year	—	—	—	21	—	(6,133)	(6,112)
Issue of new shares upon the exercise of share options *(note 36)*	623	21,832	—	—	—	—	22,455
Share-based payment expense	—	3,662	—	—	—	—	3,662
Dividend *(note 16)*	—	—	—	—	—	(8,506)	(8,506)
Repurchase of shares *(note 37)*	—	—	(55,420)	—	—	—	(55,420)
Balance at December 31, 2024	85,462	1,869,997	(55,420)	(8)	29,392	143,344	2,072,767

	Share capital *RMB'000* *(note 36)*	Capital reserve *RMB'000* *(note 39(a))*	Treasury shares *RMB'000* *(note 37 and 39(b))*	Other reserve *RMB'000* *(note 39(c))*	Translation reserve *RMB'000* *(note 39(d))*	Surplus reserve *RMB'000* *(note 39(e))*	Retained earnings *RMB'000* *(note 39(f))*	Total *RMB'000*
Balance at January 1, 2025	85,462	1,869,997	(55,420)	—	(8)	29,392	143,344	2,072,767
Profit for the year	—	—	—	—	—	—	190,924	190,924
Exchange differences arising from translation of foreign operations	—	—	—	—	(7,157)	—	—	(7,157)
Changes in fair value of equity investments at fair value through other comprehensive income	—	—	—	(3,709)	—	—	—	(3,709)
Income tax impact	—	—	—	556	—	—	—	556
Other comprehensive income for the year	—	—	—	(3,153)	(7,157)	—	—	(10,310)
Total comprehensive income for the year	—	—	—	(3,153)	(7,157)	—	190,924	180,614
Issue of new shares upon the exercise of share options *(note 36 and 37)*	486	6,845	21,692	—	—	—	—	29,023
Share-based payment expense	—	32,162	—	—	—	—	—	32,162
Tax impact of share-based payment	—	58,389	—	—	—	—	—	58,389
Dividend *(note 16)*	—	—	—	—	—	—	(42,699)	(42,699)
Appropriation to reserves	—	—	—	—	—	13,582	(13,582)	—
Others	—	2,029	—	—	—	—	—	2,029
Balance at December 31, 2025	85,948	1,969,422	(33,728)	(3,153)	(7,165)	42,974	277,987	2,332,285

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(loss) before tax		18,154	(15,312)	213,772
Adjustments for:				
Net foreign exchange losses	8	40	451	4,049
Share-based payments expenses	11	3,549	3,662	32,162
Finance income, net	10	(21,590)	(17,973)	(12,883)
Depreciation of property, plant and equipment	19	39,705	47,494	58,166
Depreciation of right-of-use assets	20	1,185	1,244	4,336
Amortisation of intangible assets	21	1,668	2,476	1,870
Change in fair value of financial assets at fair value through profit and loss ("**FVTPL**")	8	(9,115)	(4,337)	(324)
Net (gains)/losses on disposal of property, plant and equipment	8	(23)	(77)	16
Share of results of associate	18	(2)	1,689	(14,031)
Written down of inventories	11	17,987	22,286	9,970
Impairment losses on financial assets, net of reversal	9	2,856	(2,829)	6,524
Operating profit before working capital changes		**54,414**	**38,774**	**303,627**
Change in inventories		(62,882)	(4,181)	(20,952)
Change in trade receivables		43,614	(18,361)	(149,137)
Change in notes receivables		(30,017)	(43,522)	(90,181)
Change in bank acceptance notes		(4,708)	5,298	8,899
Change in prepayments, other receivables and other assets		(8,433)	(67)	1,762
Change in trade payables		(23,815)	(3,483)	34,696
Change in notes payables		(11,222)	—	20,548
Change in other payables and accruals		16,396	22,590	52,299
Change in contract liabilities		(5,479)	(646)	410
Change in provisions		(2,549)	(2,821)	906
Change in deferred income		1,262	1,654	(6,535)
Change in restricted bank deposits		—	—	(26,379)
		(33,419)	(4,765)	129,963

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash used in operations				
Interest received		15,448	25,419	18,600
Income tax refunded/(paid)		572	(1,694)	1,673
Net cash (used in)/from operating activities		**(17,399)**	**18,960**	**150,236**
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment		(62,366)	(105,412)	(409,374)
Purchase of intangible assets		(4,863)	(533)	(45)
Purchase of financial assets at FVTPL		(1,510,000)	(1,205,101)	(228,190)
Purchase of unlisted equity investment		—	—	(35,000)
Proceeds from disposal of property, plant and equipment		38	105	12
Proceeds from disposal of financial assets at FVTPL		1,569,414	1,169,278	228,514
Capital injection to an associate		(30,000)	(90,000)	—
Release of restricted bank deposits		—	—	40,160
Net cash used in investing activities		**(37,777)**	**(231,663)**	**(403,923)**
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issues of shares, net of issuance cost		30,615	22,455	29,023
Dividends paid to owners of the Company		(39,389)	(8,506)	(42,699)
Proceeds from borrowing		—	—	14,217
Repayment of borrowing		—	—	(14,217)
Repurchase of shares		—	(55,420)	—
[REDACTED] paid		—	—	(190)
Interest paid		—	—	(546)
Repayment of principal of lease liabilities		(911)	(941)	(785)
Repayment of interest of lease liabilities		(78)	(188)	(1,570)
Repayment of accrued share issuance expenses		(17,257)	—	—
Net cash used in financing activities		**(27,020)**	**(42,600)**	**(16,767)**
NET DECREASE IN CASH AND CASH EQUIVALENTS		(82,196)	(255,303)	(270,454)
Effect of exchange rate changes		(70)	128	(11,125)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,414,916	1,332,650	1,077,475
CASH AND CAHS EQUIVALENTS AT END OF THE YEAR	27	1,332,650	1,077,475	795,896

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	19	550,678	576,011	827,621
Right-of-use assets	20	13,365	15,431	14,388
Intangible assets	21	5,445	5,142	3,317
Investments in subsidiaries	17	2,153	2,153	360,793
Investments in an associate	18	30,002	118,313	134,373
Financial assets at FVOCI	26	—	—	31,291
Deferred tax assets	35	—	4,663	39,688
Prepayments, other receivables and other assets	22	6,347	16,768	124,007
Total non-current assets		**607,990**	**738,481**	**1,535,478**
Current assets				
Inventories	23	140,819	122,714	133,696
Trade receivables	24	99,736	121,028	264,450
Notes receivables	25	5,154	8,720	24,336
Financial assets at FVOCI	26	19,408	14,110	5,211
Prepayments, other receivables and other assets	22	22,219	21,715	19,322
Income tax recoverable		1	1,695	1
Restricted bank deposits	27	—	40,160	10,274
Cash and cash equivalents	27	1,341,384	1,080,308	541,268
Total current assets		**1,628,721**	**1,410,450**	**998,558**
Current liabilities				
Trade payables	28	25,979	22,495	52,632
Notes payables	29	—	—	20,548
Other payables and accruals	30	66,262	28,392	97,878
Contract liabilities	31	2,098	1,452	1,862
Lease liabilities	32	908	938	1,105
Provisions	33	—	646	693
Total current liabilities		**95,247**	**53,923**	**174,718**
Net current assets		**1,533,474**	**1,356,527**	**823,840**
Total assets less current liabilities		**2,141,464**	**2,095,008**	**2,359,318**

		As of December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	32	980	3,413	2,520
Provisions	33	3,749	282	1,141
Deferred income	34	15,481	17,135	10,600
Deferred tax liabilities	35	4,516	—	—
Total non-current liabilities		**24,726**	**20,830**	**14,261**
Net assets		**2,116,738**	**2,074,178**	**2,345,057**
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	36	84,839	85,462	85,948
Reserves	39	2,031,899	1,988,716	2,259,109
Total equity		**2,116,738**	**2,074,178**	**2,345,057**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Yuanjie Semiconductor Technology Co., Ltd. (the "**Company**") was incorporated in Shaanxi, People's Republic of China (the "**PRC**") on January 28, 2013 as a limited liability company and was converted into a joint stock company with limited liability by shares on December 23, 2020.The Company was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange in December 2022, with the stock code of 688498. The address of its registered office and principal place of business is No. 1265 Kaiyuan Road, Fengxi New Town, Xixian New Area, Shaanxi Province, the PRC.

The Company and its subsidiaries (collectively, the "**Group**"), are principally engaged as a global provider of laser chips. Particular of the Company's principal subsidiaries are set out in note 17 to the Historical Financial Information.

The Company's ultimate controlling shareholder is XINGANG ZHANG.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with IFRS Accounting Standards which collective term includes individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("**IASB**"). In addition, the Historical Financial Information includes the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period.

At the date of this report, a number of new and amendments to IFRS Accounting Standards have been issued but are not effective and have not been early adopted by the Group:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]

[1] Effective for annual periods beginning on or after January 1, 2026
[2] Effective for annual periods beginning on or after January 1, 2027
[3] The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The directors of the Company have assessed the effect of these new accounting standards and amendments and do not anticipate of these new accounting standards and amendments will have material impact on the Group's consolidated financial statements and/or the disclosures to the Group's Historical Financial Information except the following.

IFRS 18 introduces new requirements for presentation within the statements of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statements of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group's presentation of the consolidated statements of profit or loss and other comprehensive income and disclosures of the Group's financial performance. So far, the Group considers that the new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

(a) Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(b) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss in the statements of financial position of the Company.

(c) Investments in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate.

(d) Revenue recognition and other income

(i) Sales of goods

The Group specialises in the research, development, design, manufacturing, and sales of laser chips.

Revenue from the sales and distribution of products is recognised when control of the products has been transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

The Group provides product quality assurance for the sales of products for a period of 1–3 years and recognises corresponding provisions (note 33) in accordance with IAS 37. The Group does not provide any additional services or additional quality assurance, so the product quality assurance does not constitute a separate fulfilment obligation.

(ii) Provision of technical services

The Group provides laser chips design or development service to external parties. For those contracts that the Group does not has an enforceable right to payment until performance completed, the contract is recognised at a point in time when the services are provided and accepted by the customers.

(iii) Financing components

The consideration is payable when the goods and services are delivered, usually payable within 30–90 days after acceptance. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period between when the Group receives consideration and transferring control of goods or services is one year or less.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

(v) Contract liabilities

A contract liability is recognised when a payment is received, or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories in the ordinary course of business less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

(f) Leasing

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently change.

The Group as lessee

The Group capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities for all leases except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use assets

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Depreciation is provided using the straight-line method from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group presents right-of-use assets separately in the consolidated statements of financial position.

Lease liabilities

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, which is generally the case of the Group, the Group uses the lessee's incremental borrowing rate. The Group presents lease liability separately in the consolidated statements of financial position.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in-substance in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

(g) Foreign currencies

(a) Functional and presentation currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary asses such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into RMB at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the translation reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

(h) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(i) Retirement benefit costs

The Group contributes toward retirement income protection for its employees through the provision of defined benefit pension plans, defined contribution plans, and/or contributions to various public retirement schemes in certain jurisdictions.

The Company's subsidiaries in the PRC participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions. The Company also makes payments to other defined contribution plans and defined benefit plans for the benefit of employees employed by subsidiaries outside of the PRC.

(j) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(k) Taxation

Income tax expense represents the sum of the current tax and deferred tax. Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and the tax rate and tax base that are consistent with manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

(l) Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and buildings	25 years
Machinery and equipment	10 years
Motor vehicles	5 years
Tools and office equipment others	3–5 years
Leasehold improvements	2–5 years

Construction in progress is stated at cost less impairment losses, if any. Cost comprises direct costs of construction and installation as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation 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.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

(m) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is provided on a straight-line basis over their estimated useful lives as follows:

Software	3 years
Emission rights	5 years

The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

(n) Research and development expenses

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(o) Impairment losses on non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows of the asset (or the cash-generating unit) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or the cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than it's carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

(p) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss ("**FVTPL**"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

A financial asset is measured at amortised cost, it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding. These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

A debt instrument is measured at fair value through other comprehensive income ("**FVOCI**"), it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. Dividends are recognised in profit or loss.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Impairment loss on financial assets

The Group recognises a loss allowance for expected credit loss ("**ECL**") on financial assets measured at amortised cost and debt instruments measured at FVOCI. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("**12m ECL**") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognised lifetime ECL for trade receivables and notes receivables using simplified approach. For other financial instruments, the Group measures the loss allowance equal to 12 months ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the a foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if, i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and, iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower 's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the purchase or origination of a financial asset at a deep discount that reflects the incurred losses.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. In estimating ECL on trade receivables and notes receivables, the Group use a provision matrix, taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort. In respect of other financial assets, the measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, notes receivables, other receivables and deposits paid are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

The Group recognises an impairment gain or loss in profit or loss for financial assets measured at amortised cost by adjusting their carrying amount through a loss allowance account. For debt instrument measured at FVOCI, the loss allowance is recognised in other comprehensive income and accumulated in FVOCI reserve.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group shall continue to recognise the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the FVOCI reserve is reclassified to profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

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 recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as measured at amortised cost. Financial liabilities are subsequently measured at amortised cost under the effective interest method. Interest expense (unless they are eligible for capitalisation) and foreign exchange gains and losses are recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(q) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of products are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's 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 benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(r) Share-based payments

The Company operates several restricted share schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Black-Scholes model, further details of which are given in note 38.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity (capital reverse), over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statements of profit or loss and other comprehensive income for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The following are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve-month period.

(i) Useful lives of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Useful lives of intangible assets

The Group's management determines the useful lives and related amortisation charges for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher amortisation charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortisation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Fair value measurement

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the "**fair value hierarchy**"):

Level 1: Quoted prices in active markets for identical items (unadjusted);
Level 2: Observable direct or indirect inputs other than Level 1 inputs;
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures certain financial instruments at fair value. The detailed information in relation to the fair value measurement of the financial instruments is disclosed in note 42.

The Group has various bank acceptance notes and equity instruments during the Track Record Period as set out in note 26. The Group accounts for these financial instruments as financial assets at FVOCI. For those investments with no quoted market prices in an active market, their fair values are estimated by using valuation techniques. These techniques include those further described in note 42 under the heading "Fair value measurement". Should any of the estimates and assumptions be changed, it may lead to a change in the fair value of the financial assets.

(v) Provision of ECL for financial assets at amortised cost

The Group calculates ECL for trade receivables, notes receivables, other receivables and other assets, restricted bank deposits and cash and cash equivalents under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in note 40. Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

(vi) Recognition of deferred tax assets

Deferred income tax assets relating to certain deductible temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(vii) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including property, plant and equipment, intangible assets, right-of-use assets and prepayments for property, plant and equipment) at the end of each reporting period. When impairment indicators exist, management is required to estimate the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(viii) Valuation of share-based payments

The fair value of awarded restricted share at the grant date are determined by using valuation techniques. Significant estimates on assumptions, such as risk-free interest rate, volatility, expected dividend yield and possibility on market conditions are made based on management's best estimates. Further details are set out in note 38 to the Historical Financial Information.

(ix) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting period.

6. SEGMENT INFORMATION AND REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers by major products or service lines			
— Data centre laser chips	4,614	48,013	393,258
— Telecommunications laser chips	133,054	202,304	206,470
Subtotal	137,668	250,317	599,728
— Technical services and others	6,736	1,856	1,707
Total revenue	144,404	252,173	601,435
Timing of revenue recognition:			
At a point in time	144,404	252,173	601,435

(ii) Transaction price allocated to future performance obligations

IFRS 15 requires that the Group to disclose the aggregate amount of transaction price that is allocated to each performance obligation that has not yet been satisfied as at each year end during the Track Record Period. The guidance provides certain practical expedients that limit this requirement and, therefore, for the vast majority of contracts, the Group does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

(iii) Segment information

For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable operating segment which is the chips segment. The operation engages as a global provider of laser chips. The executive directors of the Company, being the chief operating decision maker, review the financial performance and position of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

An analysis of the Group's revenue from external customers, based on country in which customers reside, is presented below:

	Year ended December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Chinese Mainland	144,219	251,935	599,520
Outside Chinese Mainland — other jurisdiction	185	238	1,915
Total revenue	144,404	252,173	601,435

Information about the Group's non-current assets excluding deferred tax assets by geographical location of the assets are presented below:

	Year ended December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	605,837	731,665	1,134,997
United State of America ("**USA**")	—	—	139,554
	605,837	731,665	1,274,551

Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for each reporting period during the Track Record Period are follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	27,501	N/A*	N/A*
Customer B	24,487	35,924	N/A*
Customer C	N/A*	41,300	320,847
Customer D	N/A*	25,924	N/A*

* The corresponding revenue did not contribute over 10% of the total external sales of the Group.

7. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	13,887	1,994	7,240
VAT deduction income**	138	115	4,698
Others	29	73	103
Total	14,054	2,182	12,041

* The amounts represent government grants received from various PRC government authorities as incentives for the Group's industry. Out of the grants with no unfulfilled conditions, some of the grants retain unfulfilled conditions with details set out in note 34 to the Historical Financial Information.

** According to Announcement No. 43 of the Ministry of Finance and the State Administration of Taxation in 2023, the Group has recognised VAT deduction as income as some group entities, qualified as advanced manufacturing enterprises, are eligible for an additional 5% VAT deduction from 1 January 2023 to 31 December 2027.

8. OTHER GAINS OR LOSSES, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Change in fair value of financial assets at FVTPL	9,115	4,337	324
Net gains/(losses) on disposal of property, plant and equipment	23	77	(16)
Net foreign exchange losses	(40)	(451)	(4,049)
Donations	—	(500)	—
Others	6	130	22
Total	9,104	3,593	(3,719)

9. IMPAIRMENT LOSSES ON FINANCIAL ASSETS, NET OF REVERSAL

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	(3,096)	2,931	(5,678)
Notes receivables	266	(89)	(913)
Other receivables	(26)	(13)	67
	(2,856)	2,829	(6,524)

10. FINANCE INCOME, NET

	Year ended December 31, 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Interest income	21,668	18,161	14,999
Interest expense on borrowing	—	—	(546)
Interest expense on lease liabilities	(78)	(188)	(1,570)
	21,590	17,973	12,883

11. PROFIT/(LOSS) BEFORE TAX

	Year ended December 31, 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Cost of inventories	84,919	170,984	256,643
Written down of inventories	17,987	22,286	9,970
	102,906	193,270	266,613
Depreciation of property, plant and equipment	39,705	47,494	58,166
Depreciation of right-of-use assets	1,185	1,244	4,336
Amortisation of intangible assets	1,668	2,476	1,870
	42,558	51,214	64,372
Capitalised in inventories	(34,549)	(40,206)	(49,569)
	8,009	11,008	14,803
Auditor's remuneration	900	900	900
Staff costs (including directors' emoluments):			
— Salaries and other benefits	56,901	63,772	86,200
— Retirement benefits scheme contributions	10,790	11,321	12,591
— Share-based payment expenses	3,549	3,662	32,162
	71,240	78,755	130,953

12. INCOME TAX

	Year ended December 31, 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Current tax			
PRC Enterprise Income Tax ("**EIT**")	—	—	—
Under provision in respect of prior year	39	—	—
	39	—	—
Deferred tax *(note 35)*	(1,365)	(9,179)	22,848
Total income tax expense/(credit)	(1,326)	(9,179)	22,848

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiary approved as "High and New Technology Enterprise" by the relevant government authorities, it is subject to a preferential rate of 15%.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

The income tax expense/(credit) for the Track Record Period can be reconciled to the profit/(loss) before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) before tax	18,154	(15,312)	213,772
Tax at the applicable tax rate of 15%	2,723	(2,297)	32,066
Effect of different tax rates of subsidiaries operating in other jurisdictions	—	(28)	(300)
Tax effect of expenses not deductible for tax purpose	144	82	2,889
Utilisation of tax losses previously not recognised	—	—	20
Effect of deductible temporary differences and tax losses not recognised as deferred tax asset	4	235	—
Effect of super deduction *(note (a))*	(4,236)	(7,171)	(9,722)
Effect of investment income of an associate	—	—	(2,105)
Under-provision of current tax in prior year	39	—	—
Total income tax expense/(credit)	(1,326)	(9,179)	22,848

Note:

(a) According to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC that was effective from 2018 onwards, enterprises engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year ("**Super Deduction**").

According to Public Notice 2023 No.7 promulgated by the State Tax Bureau of Chinese Mainland in March 2023, the enterprises entitled to claim 200% of their research and development expenses incurred as tax deductible expenses in determining tax assessable profits from 2023 onwards.

The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended December 31, 2023, 2024, and 2025.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during the Track Record Period are as follows:

Year ended December 31, 2023

	Directors' fee	Salaries and other benefits	Performance-based bonus	Social security costs and housing benefits	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:						
ZHANG XINGANG	—	1,000	—	42	—	1,042
Executive directors:						
PAN Yanting *(note (e))*	—	674	—	67	239	980
WANG Yonghui *(note (c))*	—	244	—	64	30	338
YANG Bin *(note (d))*	—	—	—	—	—	—
Non-executive directors:						
ZHANG Xinying	—	42	—	—	—	42
QIN Weixing	—	—	—	—	—	—
Independent executive directors:						
WANG Luping	60	—	—	—	—	60
LI Zhiqiang *(note (g))*	60	—	—	—	—	60
DENG Yuanming *(note (h))*	60	—	—	—	—	60
Supervisors:						
YUAN Bo	—	—	—	—	—	—
GENG Xue	—	79	—	22	—	101
LIN Yanyan *(note (j))*	—	—	—	—	—	—
	180	2,039	—	195	269	2,683

Year ended December 31, 2024

	Directors' fee *RMB'000*	Salaries and other benefits *RMB'000*	Performance-based bonus *RMB'000*	Social security costs and housing benefits *RMB'000*	Share-based payment *RMB'000*	Total *RMB'000*
Chairman:						
ZHANG XINGANG	—	1,000	—	72	161	1,233
Executive directors:						
CHENG Shuo *(note (b))*	—	623	50	110	382	1,165
WANG Yuxi *(note (k))*	—	425	35	91	140	691
WANG Yonghui *(note (c))*	—	16	—	4	20	40
YANG Bin *(note (d))*	—	—	—	—	—	—
PAN Yanting *(note (e))*	—	695	28	73	201	997
Non-executive directors:						
ZHANG Xinying	—	42	4	—	—	46
QIN Weixing	—	—	—	—	—	—
Independent executive directors:						
ZHANG Hai *(note (f))*	56	—	—	—	—	56
WANG Luping	60	—	—	—	—	60
LI Zhiqiang *(note (g))*	60	—	—	—	—	60
DENG Yuanming *(note (h))*	8	—	—	—	65	73
Supervisors:						
YUAN Bo	—	—	—	—	—	—
ZHAO Xinai *(note (i))*	—	97	7	—	—	104
GENG Xue	—	80	6	22	—	108
LIN Yanyan *(note (j))*	—	—	—	—	—	—
	184	2,978	130	372	969	4,633

Year ended December 31, 2025

	Directors' fee *RMB'000*	Salaries and other benefits *RMB'000*	Performance-based bonus *RMB'000*	Social security costs and housing benefits *RMB'000*	Share-based payment *RMB'000*	Total *RMB'000*
Chairman:						
ZHANG XINGANG	—	1,000	250	72	550	1,872
Executive directors:						
CHENG Shuo *(note (b))*	—	711	180	91	725	1,707
WANG Yuxi *(note (k))*	—	510	135	90	821	1,556
Non-executive directors:						
ZHANG Xinying	—	43	11	—	—	54
QIN Weixing	—	—	—	—	—	—
Independent executive directors:						
ZHANG Hai *(note (f))*	91	—	—	—	—	91
WANG Luping	91	—	—	—	—	91
LI Zhiqiang *(note (g))*	15	—	—	—	—	15
LI Xiaoming *(note (l))*	73	—	—	—	—	73
Supervisors:						
YUAN Bo	—	—	—	—	—	—
ZHAO Xinai *(note (i))*	—	—	23	—	19	42
GENG Xue *(note (m))*	—	—	20	—	87	107
	270	2,264	619	253	2,202	5,608

Notes:

(a) The executive director's emoluments shown above were for his/her services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The performance- based bonus are determined based on the duties and performances of the relevant individuals and the operating result of the Group. None of the directors of the Company waived or agreed to waive any emoluments during the Track Record Period.

(b) CHENG Shuo was appointed as an executive director of the Company on January 24, 2024.

(c) WANG Yonghui was resigned from an executive director of the Company on January 24, 2024.

(d) YANG Bin was resigned from an executive director of the Company on January 24, 2024.

(e) PAN Yanting was resigned from an executive director of the Company on January 24, 2024.

(f) ZHANG Hai was appointed as an independent executive director of the Company on January 24, 2024.

(g) LI Zhiqiang was resigned from an independent executive director of the Company on March 6, 2025.

(h) DENG Yuanming was resigned from an independent executive director of the Company on January 24, 2024.

(i) ZHAO Xinai was appointed as a supervisor of the Company on January 24, 2024 and resigned from a supervisor of the Company in June 2025.

(j) LIN Yanyan was resigned from a supervisor of the Company on January 24, 2024.

(k) WANG Yuxi was appointed as an executive director of the Company on September 18, 2024.

(l) LI Xiaoming was appointed as an independent executive director of the Company on April 17, 2025.

(m) GENG Xue was resigned from a supervisor of the Company in June 2025.

14. FIVE HIGHEST PAID INDIVIDUALS

During the years ended December 31, 2023, 2024 and 2025, the five individuals with the highest emoluments in the Group include 1, 1 and 1 director of the Company, details of whose remuneration are set out in note 13 above. The emoluments of the remaining 4, 4 and 4 individuals during the Track Record Period were as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	2,456	2,544	2,834
Performance-based bonus	—	366	722
Social security costs and housing benefits	412	357	358
Share-based payment	2,351	1,347	2,908
	5,219	4,614	6,822

The emoluments of the remaining individuals were within the following bands:

	Number of individuals Year ended December 31,		
	2023	**2024**	**2025**
Nil to HK$1,000,000	—	1	—
HK$1,000,001 to HK$1,500,000	4	3	—
HK$1,500,001 to HK$2,000,000	—	—	4
	4	4	4

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the Track Record Period.

15. EARNINGS/LOSS PER SHARE

(a) Basis earnings/loss per share

The calculation of the basic earnings/loss per share amount is based on the following data.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	19,480	(6,133)	190,924

Number of shares:

	Year ended December 31,		
	2023	**2024**	**2025**
Weighted average number of ordinary shares in issue exclude treasury share for the purpose of calculating basic earnings/(loss) per share *(note)*	72,618,967	85,079,828	85,418,308

Note: Treasury shares were excluded in calculating the weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share.

(b) Diluted earnings/loss per share

The restricted shares granted under the restricted share schemes in 2021, 2024 and 2025 have potential dilutive effect on the earnings per share. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding by the assumption of the conversion of all potential dilutive ordinary shares.

For the year ended December 31, 2024, the restricted shares were not included in the calculation of the diluted loss per share as the inclusion would have been anti-dilutive.

The calculation of the diluted earnings/loss per share amount is based on the following data.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) attributable to owners of the Company for the purpose of calculating basic earnings/(loss) per share	19,480	(6,133)	190,924

Number of shares:

	Year ended December 31,		
	2023	**2024**	**2025**
Weighted average number of ordinary shares in issue exclude treasury share for the purpose of calculating basic earnings per share	72,618,967	85,079,828	85,418,308
Effect of restricted shares	952,864	—	213,710
Weighted average number of ordinary shares in issue exclude treasury share for the purpose of calculating diluted earnings per share	73,571,831	85,079,828	85,632,018

16. DIVIDENDS

In May 2023, a dividend of RMB0.65 per share, in aggregate amount of approximately RMB39,389,000 for the year ended December 31, 2022 was approved in the annual general meeting of the Company and paid in 2023.

In May 2024, a dividend of RMB0.1 per share, in aggregate amount of approximately RMB8,506,000 for the year ended December 31, 2023 was approved in the annual general meeting of the Company and paid in 2024.

In November 2024, a dividend of RMB0.1 per share, in aggregate amount of approximately RMB8,500,000 for the year ended December 31, 2024 was approved in the extraordinary general meeting of the Company and paid in 2025.

In June 2025, a dividend of RMB0.1 per share, in aggregate amount of approximately RMB8,550,000 for the year ended December 31, 2024 was approved in the annual general meeting of the Company and paid in 2025.

In August 2025, a dividend of RMB0.3 per share, in aggregate amount of approximately RMB25,649,000 for the year ended December 31, 2025 was approved in the board of directors of the Company and paid in 2025.

17. INVESTMENTS IN SUBSIDIARIES

(a) Investment cost

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Company			
Investments in subsidiaries			
— Unlisted shares, at cost less impairment loss	2,153	2,153	360,793

(b) Particular of the Company's principal subsidiaries at the date of this report are as follows:

Name of subsidiaries	Date and place of incorporation establishment	Registered capital	Direct/ Indirect	Equity interests attributable to the Company as of December 31, 2023	December 31, 2024	December 31, 2025	Principal activities
YUANJIE TECHNOLOGY PTE. LTD. *(note (b))*	June 9, 2023 Singapore	USD50,300,000	Direct	100%	100%	100%	Wholesale trade and holding company
			Indirect	—	—	—	
YST SEMICONDUCTOR TECHNOLOGY CORPORATION *(note (c))*	March 25, 2024 USA	USD50	Direct	—	—	—	Production and sale of laser chips
			Indirect	—	100%	100%	

Notes:

a) All companies comprising the Group have adopted December 31, as their financial year end date.

b) The statutory financial statements of the subsidiary for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with relevant accounting principles and financial regulations applicable in the relevant jurisdiction.

c) No statutory audited financial statements were prepared for the entity since its date of incorporation as it is incorporated in a jurisdiction where there are no local statutory audit requirements or exempted from statutory audit requirements.

18. INVESTMENTS IN AN ASSOCIATE

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Group and Company			
Share of net assets	30,002	118,313	134,373
At the beginning of the year	—	30,002	118,313
Capital injection	30,000	90,000	—
Share of post-acquisition profit/(loss)	2	(1,689)	14,031
Others	—	—	2,029
	30,002	118,313	134,373

The Group and Company had interests in the following associate during the Track Record Period:

Name of associates	Place of incorporation/ establishment and operation	Authorised share capital/registered capital	% of ownership interests As of December 31, 2023	2024	2025	Principal activities
北京觀新光源創業投資基金中心(有限合夥)	PRC	RMB300,000,000	68%	40%	40%	Investment fund

Note:

北京觀新光源創業投資基金中心(有限合夥)is a limited partnership investment fund established in the PRC. The Group and Company does not have control over the fund's financial and operating activities, which are managed by the general partner. The Group is one of the members out of three of the investment committee of the fund. As such, the Group is considered to have significant influence over the fund during the Track Record Period and therefore is accounted for as an associate.

For the year ended December 31, 2023, the Company and other shareholders of the associate have made capital contribution to the associate of RMB30,000,000 and RMB14,000,000, respectively, changing the Company's continuing interest to 68%. For the year ended December 31, 2024, the Company and other shareholders of the associate have made further contributions to the associate of RMB90,000,000 and RMB166,000,000, respectively, changing the Company's continuing interest to 40%.

The following table illustrates the summarised financial information of 北京觀新光源創業投資基金中心(有限合夥), the material associate of the Group which is accounted for using equity method:

	北京觀新光源創業投資基金中心(有限合夥) 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
As of 31 December,			
Current assets	44,004	218,670	149,971
Non-current assets	—	77,112	185,961
Year ended 31 December			
Revenue	—	—	—
Profit and total comprehensive income	4	(4,222)	35,077
Reconciled to the Group's and Company interest in the associate			
Gross amount of net assets of the associate	44,004	295,782	335,932
Group's and Company's effective equity interest	68%	40%	40%
Group's and Company's share of net assets of the associate and carrying amount in the consolidated financial statements	30,002	118,313	134,373

19. PROPERTY, PLANT AND EQUIPMENT

Group

	Property and buildings	Machinery and equipment	Motor vehicles	Tools and office equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As of January 1, 2023	214,836	261,336	1,403	20,192	5,880	121,066	624,713
Additions	—	39	—	1,859	—	69,569	71,467
Transfer from construction in progress	8,014	77,111	—	286	—	(85,411)	—
Disposals	—	—	(284)	(17)	(259)	—	(560)
As of December 31, 2023 and January 1, 2024	222,850	338,486	1,119	22,320	5,621	105,224	695,620
Additions	—	—	179	669	647	71,360	72,855
Transfer from construction in progress	12,683	119,863	—	389	—	(132,935)	—
Disposals	—	—	(109)	(463)	—	—	(572)
As of December 31, 2024 and January 1, 2025	235,533	458,349	1,189	22,915	6,268	43,649	767,903
Additions	—	—	—	1,311	179	309,482	310,972
Transfer from construction in progress	23,462	170,259	—	3,022	—	(196,743)	—
Disposals	—	(120)	—	(94)	—	—	(214)
Exchange realignment	—	—	—	(12)	—	—	(12)
As of December 31, 2025	258,995	628,488	1,189	27,142	6,447	156,388	1,078,649
Accumulated depreciation							
As of January 1, 2023	1,922	89,261	929	8,808	4,790	—	105,710
Depreciation charged	8,383	27,495	66	3,274	487	—	39,705
Disposals	—	—	(270)	(16)	(187)	—	(473)
As of December 31, 2023 and January 1, 2024	10,305	116,756	725	12,066	5,090	—	144,942
Depreciation charged	8,699	35,112	59	3,111	513	—	47,494
Disposals	—	—	(104)	(440)	—	—	(544)
As of December 31, 2024 and January 1, 2025	19,004	151,868	680	14,737	5,603	—	191,892
Depreciation charged	9,050	45,390	62	3,064	600	—	58,166
Disposals	—	(97)	—	(89)	—	—	(186)
As of December 31, 2025	28,054	197,161	742	17,712	6,203	—	249,872
Carrying amount							
As of December 31, 2023	212,545	221,730	394	10,254	531	105,224	550,678
As of December 31, 2024	216,529	306,481	509	8,178	665	43,649	576,011
As of December 31, 2025	230,941	431,327	447	9,430	244	156,388	828,777

Company

	Property and buildings	Machinery and equipment	Motor vehicles	Tools and office equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As of January 1, 2023	214,836	261,336	1,403	20,192	5,880	121,066	624,713
Additions	—	39	—	1,859	—	69,569	71,467
Transfer from construction in progress	8,014	77,111	—	286	—	(85,411)	—
Disposals	—	—	(284)	(17)	(259)	—	(560)
As of December 31, 2023 and January 1, 2024	222,850	338,486	1,119	22,320	5,621	105,224	695,620
Additions	—	—	179	669	647	71,360	72,855
Transfer from construction in progress	12,683	119,863	—	389	—	(132,935)	—
Disposals	—	—	(109)	(463)	—	—	(572)
As of December 31, 2024 and January 1, 2025	235,533	458,349	1,189	22,915	6,268	43,649	767,903
Additions	—	—	—	260	179	309,316	309,755
Transfer from construction in progress	23,462	170,259	—	3,022	—	(196,743)	—
Disposals	—	(120)	—	(94)	—	—	(214)
As of December 31, 2025	258,995	628,488	1,189	26,103	6,447	156,222	1,077,444
Accumulated depreciation							
As of January 1, 2023	1,922	89,261	929	8,808	4,790	—	105,710
Depreciation charged	8,383	27,495	66	3,274	487	—	39,705
Disposals	—	—	(270)	(16)	(187)	—	(473)
As of December 31, 2023 and January 1, 2024	10,305	116,756	725	12,066	5,090	—	144,942
Depreciation charged	8,699	35,112	59	3,111	513	—	47,494
Disposals	—	—	(104)	(440)	—	—	(544)
As of December 31, 2024 and January 1, 2025	19,004	151,868	680	14,737	5,603	—	191,892
Depreciation charged	9,050	45,390	62	3,015	600	—	58,117
Disposals	—	(97)	—	(89)	—	—	(186)
As of December 31, 2025	28,054	197,161	742	17,663	6,203	—	249,823
Carrying amount							
As of December 31, 2023	212,545	221,730	394	10,254	531	105,224	550,678
As of December 31, 2024	216,529	306,481	509	8,178	665	43,649	576,011
As of December 31, 2025	230,941	431,327	447	8,440	244	156,222	827,621

As of December 31, 2023, 2024 and 2025, the Group's and Company's of property and buildings which the certificate of title had not been obtained were approximately RMB199,308,000, RMB205,603,000 and RMB220,406,000 respectively. The certificates of those property and buildings were obtained in 2026.

20. RIGHT-OF-USE ASSETS

Details of the right-of-use assets recognised and movements during the years:

Group

	Land *RMB'000*	**Buildings** *RMB'000*	**Total** *RMB'000*
Cost			
As of January 1, 2023	12,715	6,102	18,817
Disposals	—	(1,747)	(1,747)
As of December 31, 2023 and January 1, 2024	12,715	4,355	17,070
Modifications *(note)*	—	3,310	3,310
As of December 31, 2024 and January 1, 2025	12,715	7,665	20,380
Additions	—	64,393	64,393
Exchange realignment	—	(720)	(720)
As of December 31, 2025	12,715	71,338	84,053
Accumulated depreciation			
As of January 1, 2023	950	3,317	4,267
Depreciation charged	254	931	1,185
Disposals	—	(1,747)	(1,747)
As of December 31, 2023 and January 1, 2024	1,204	2,501	3,705
Depreciation charged	254	990	1,244
As of December 31, 2024 and January 1, 2025	1,458	3,491	4,949
Depreciation charged	254	4,082	4,336
Exchange realignment	—	(35)	(35)
As of December 31, 2025	1,712	7,538	9,250
Carrying amount			
As of December 31, 2023	11,511	1,854	13,365
As of December 31, 2024	11,257	4,174	15,431
As of December 31, 2025	11,003	63,800	74,803

Company

	Land *RMB'000*	**Buildings** *RMB'000*	**Total** *RMB'000*
Cost			
As of January 1, 2023	12,715	6,102	18,817
Disposals	—	(1,747)	(1,747)
As of December 31, 2023 and January 1, 2024	12,715	4,355	17,070
Modifications *(note)*	—	3,310	3,310
As of December 31, 2024 and January 1, 2025	12,715	7,665	20,380
Additions	—	212	212
As of December 31, 2025	12,715	7,877	20,592
Accumulated depreciation			
As of January 1, 2023	950	3,317	4,267
Depreciation charged	254	931	1,185
Disposals	—	(1,747)	(1,747)
As of December 31, 2023 and January 1, 2024	1,204	2,501	3,705
Depreciation charged	254	990	1,244
As of December 31, 2024 and January 1, 2025	1,458	3,491	4,949
Depreciation charged	254	1,001	1,255
As of December 31, 2025	1,712	4,492	6,204
Carrying amount			
As of December 31, 2023	11,511	1,854	13,365
As of December 31, 2024	11,257	4,174	15,431
As of December 31, 2025	11,003	3,385	14,388

Note: Modifications represented the renewal of lease upon the end of the previous lease term.

The leased land and buildings are used for the purpose of office and manufacturing plant. For the Group, lease contracts of land and buildings are entered into for fixed term of 50 years and 5 to 10 years. For the Company, lease contracts of land and buildings are entered into for fixed term of 50 years and 5 years. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group and Company applies the definition of a contract and determines the period for which the contract is enforceable. The leases comprise only fixed payments over the lease terms and do not include any extension nor termination options.

As at December 31, 2023 and 2024 and 2025, the Group's lease liabilities of approximately Nil, RMB3,310,000, and RMB64,393,000 are recognised with related right-of-use assets of approximately Nil, RMB3,310,000, and RMB64,393,000, respectively.

21. INTANGIBLE ASSETS

Group and Company

	Software	**Emission rights**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As of January 1, 2023	4,358	—	4,358
Additions	3,640	694	4,334
As of December 31, 2023 and January 1, 2024	7,998	694	8,692
Additions	2,173	—	2,173
As of December 31, 2024 and January 1, 2025	10,171	694	10,865
Additions	45	—	45
As of December 31, 2025	10,216	694	10,910
Accumulated amortisation			
As of January 1, 2023	1,579	—	1,579
Amortisation charged	1,580	88	1,668
As of December 31, 2023 and January 1, 2024	3,159	88	3,247
Amortisation charged	2,337	139	2,476
As of December 31, 2024 and January 1, 2025	5,496	227	5,723
Amortisation charged	1,730	140	1,870
As of December 31, 2025	7,226	367	7,593
Carrying amount			
As of December 31, 2023	4,839	606	5,445
As of December 31, 2024	4,675	467	5,142
As of December 31, 2025	2,990	327	3,317

All of the Group's and the Company's software and emission rights were acquired from third parties.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

		As of December 31,	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Prepayments for property, plant and equipment	6,347	16,768	201,990
Current portion			
Prepayments	677	355	1,285
Other tax receivables	18,006	14,831	2,317
Prepayments to suppliers	3,447	6,492	8,362
Deferred listing expenses	—	—	7,950
Others	89	37	7
	22,219	21,715	19,921
Total	28,566	38,483	221,911

Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Prepayments for property, plant and equipment	6,347	16,768	124,007
Current portion			
Prepayments	677	355	1,285
Other tax receivables	18,006	14,831	2,317
Prepayments to suppliers	3,447	6,492	7,763
Deferred listing expenses	—	—	7,950
Others	89	37	7
	22,219	21,715	19,322
Total	28,566	38,483	143,329

23. INVENTORIES

Group and Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	6,042	5,676	31,939
Work in progress	77,231	89,530	66,992
Finished goods	72,903	53,680	50,223
Goods in transit	1,343	1,055	4,315
Less: write-downs of inventories	(16,700)	(27,227)	(19,773)
Total	140,819	122,714	133,696

24. TRADE RECEIVABLES

Group

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Third parties	112,339	131,946	281,074
Related parties	1,246	—	—
Less: loss allowance for trade receivables	(13,849)	(10,918)	(16,596)
Total	99,736	121,028	264,478

Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Third parties	112,339	131,946	281,035
Related parties	1,246	—	—
Less: loss allowance for trade receivables	(13,849)	(10,918)	(16,585)
Total	99,736	121,028	264,450

The Group and Company allows a credit period of 30 to 90 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each reporting period:

Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	69,486	118,824	264,364
1 to 2 years	30,250	226	114
2 to 3 years	—	1,978	—
	99,736	121,028	264,478

Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	69,486	118,824	264,336
1 to 2 years	30,250	226	114
2 to 3 years	—	1,978	—
	99,736	121,028	264,450

Movements in lifetime ECL that have been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended December 31, 2023, 2024 and 2025:

Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	10,753	13,849	10,918
Impairment losses, net of reversal	3,096	(2,931)	5,678
At the end of year	13,849	10,918	16,596

Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	10,753	13,849	10,918
Impairment losses, net of reversal	3,096	(2,931)	5,667
At the end of year	13,849	10,918	16,585

25. NOTES RECEIVABLES

Group and Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Commercial acceptance notes	5,528	9,183	25,712
Less: loss allowance for notes receivable	(374)	(463)	(1,376)
Total	5,154	8,720	24,336

The Group's and Company's notes receivable, which have been endorsed but not matured yet as at the balance sheet date, are as follows:

	As of December 31, 2023		2024		2025	
	Derecognised	Not derecognised	Derecognised	Not derecognised	Derecognised	Not derecognised
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Type						
Commercial acceptance notes	—	—	—	5,339	—	24,200

As at December 31, 2024 and 2025, the Group and the Company endorsed certain notes receivables accepted by the banks in the PRC (the "**Endorsed Bills**") to certain of its suppliers in order to settle the trade payables and other payables. The Endorsed Bills had a maturity of one to six months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills have a right to recourse against the Group if the banks default (the "**Continuing Involvement").**

In the opinion of the directors of the Company, the Group and the Company has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and associated trade payables settled. These financial assets are measured at amortised cost in the Historical Financial Information. The related payable is presented as other payables and accruals in note 30 of the Historical Financial Information.

Movements in lifetime ECL that have been recognised for notes receivables in accordance with the simplified approach set out in IFRS 9 for the years ended December 31, 2023 and 2024 and 2025:

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	640	374	463
Impairment, net	(266)	89	913
At the end of year	374	463	1,376

26. FINANCIAL ASSETS AT FVOCI

Group and Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Investments in an unlisted company *(note (a))*	—	—	31,291
Current portion			
Bank acceptance notes *(note (b))*	19,408	14,110	5,211

(a) Unlisted equity investment which are not held for trading, and which the Group and the Company has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group and the Company considers this classification to be more relevant. On disposal of these equity investment, any related balance within the other reserve is reclassified to retained earnings.

Information about the methods and assumptions used in determining fair value is provided in note 42.

(b) The Group and the Company's bank acceptance notes measured at fair value, which have been discounted but not matured yet as at the balance sheet date, are as follows:

	As of December 31,					
	2023		2024		2025	
	Derecognised	Not derecognised	Derecognised	Not derecognised	Derecognised	Not derecognised
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance notes	16,924	—	35,478	—	54,376	—

The Group and the Company endorsed certain notes receivables as stated in note 25.

In the opinion of the directors of the Company, the risk of the Group and the Group being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of approximately RMB16,924,000, RMB35,478,000 and RMB54,376,000 as at December 31, 2023, 2024 and 2025 respectively, and the Group and Company have transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of RMB16,924,000 and RMB35,478,000 and RMB54,376,000 (the "**Derecognised Bills**") and the associated trade payables of the same amount. The maximum exposure to loss from the Continuing Involvement of the Group and the Company in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. No gain or loss was recognised on the date of transfer of the Derecognised Bills, nor any gain or loss from the Continuing Involvement, both during the year or cumulatively. These financial assets are measured at FVOCI in the Historical Financial Information.

27. RESTRICTED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Group

	Note	As of 31 December, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balance	(a)	812,650	872,882	795,896
Time deposits		530,859	203,601	—
Deposits with other financial institutions		—	4,593	—
Cash and cash equivalents in the consolidated statements of financial position		1,343,509	1,081,076	795,896
Less: accrued interest arising from deposits		(10,859)	(3,601)	—
Cash and cash equivalents in the consolidated statements of cash flows		1,332,650	1,077,475	795,896
Restricted bank deposits	(b)	—	40,160	26,379

Company

	Note	As of 31 December, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balance	(a)	810,525	872,114	541,268
Time deposits		530,859	203,601	—
Deposits with other financial institutions		—	4,593	—
Cash and cash equivalents in the consolidated statements of financial position		1,341,384	1,080,308	541,268
Less: accrued interest arising from deposits		(10,859)	(3,601)	—
Cash and cash equivalents in the consolidated statements of cash flows		1,330,525	1,076,707	541,268
Restricted bank deposits	(b)	—	40,160	10,274

Notes:

(a) At the end of each reporting period, cash and bank of the Group and Company comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates which are 0.0001%–2.15%, 0.0001%–1.15%, 0.0001%–0.45% per annum as of December 31, 2023, 2024 and 2025, respectively.

(b) As of December 31, 2024, bank deposits with balances of RMB40,160,000 was restricted and are denominated in RMB. The restrictions on bank deposits of the Group and the Company are attributable to the redemption freeze on wealth management products.

As of December 31, 2025, the Group's bank deposits with balances of RMB26,379,000 was restricted and are denominated in RMB and US$. The restrictions on bank deposits of the Group are mainly attributable to guarantee for bank acceptance notes of RMB10,274,000 and letters of guarantee of RMB15,786,000.

As of December 31, 2025, the Company's bank deposits with balances of RMB10,274,000 was restricted and are denominated in RMB. The restrictions on bank deposits of the Company are attributable to guarantee for bank acceptance notes.

(c) The Group and Company's cash and bank, deposits with other financial institutions and time deposits, restricted bank deposits are mainly dominated in RMB. The conversion of the RMB denominated balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and restricted bank deposits are deposited with creditworthy banks and financial institution with no recent history of default.

28. TRADE PAYABLES

Group

		As of December 31,	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Third parties	25,983	22,519	52,632
Related parties	18	—	—
Total	26,001	22,519	52,632

Company

		As of December 31,	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Third parties	25,961	22,495	52,632
Related parties	18	—	—
Total	25,979	22,495	52,632

Payment terms with suppliers are mainly on credit ranging from 30–60 days from invoice date. The following is an aging analysis of trade payables presented based on invoice date at the end of each reporting period:

Group

		As of December 31,	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	23,736	22,313	52,377
1–2 years	2,102	20	126
2–3 years	4	25	18
Over 3 years	159	161	111
Total	26,001	22,519	52,632

Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	23,714	22,289	52,377
1–2 years	2,102	20	126
2–3 years	4	25	18
Over 3 years	159	161	111
Total	25,979	22,495	52,632

29. NOTES PAYABLES

Group and Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Third parties	—	—	20,548

The following is an aging analysis of notes payables presented based on invoice date at the end of each reporting period:

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	—	—	20,548

As at 31 December 2025, the Group and the Company's notes payable of approximately RMB20,548,000 were secured by certain of the Group and Company's restricted bank deposits of approximately RMB10,274,000.

These relate to trade payables in which the Group and the Company have issued bills to the relevant suppliers for settlement of trade payables. The suppliers can obtain the invoice amounts from the bank on the maturity date of the notes. The Group and the Company continue to recognise these note payables as the Group and the Company are obliged to make payments to the relevant banks on due dates of the notes, under the same conditions as agreed with the suppliers without further extension. In the consolidated statements of cash flows, settlements of these bills by the Group and the Company are included within operating cash flows based on the nature of the arrangements.

30. OTHER PAYABLES AND ACCRUALS

Group

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salary payable	6,365	9,583	19,975
Notes receivables endorsed and not matured *(note 25)*	—	5,339	24,200
Other tax payable	1,117	929	2,909
Payables for property, plant and equipment	57,333	6,454	35,753
Services fee payable	950	5,533	6,811
Payables for [REDACTED]	—	—	7,760
Others	497	556	748
	66,262	28,394	98,156

Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salary payable	6,365	9,583	19,741
Notes receivables endorsed and not matured *(note 25)*	—	5,339	24,200
Other tax payable	1,117	929	2,909
Payables for property, plant and equipment	57,333	6,454	35,753
Services fee payable	950	5,533	6,787
Payables for [REDACTED]	—	—	7,760
Others	497	554	728
	66,262	28,392	97,878

31. CONTRACT LIABILITIES

Group and Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Sales of goods	1,419	1,452	1,862
Provision of technical services	679	—	—
Total	2,098	1,452	1,862

Contract liabilities relating to sales of goods and provision of technical services primarily relate to the non-refundable deposits received from customers. These amounts will be recognised as contract liabilities until the control of the goods and technical services has been transferred to the customer, being at the point the goods and technical services are delivered to the customers.

Changes in contract liabilities primarily relate to the Group's and the Company's performance of goods or services under the contracts. Contract liabilities relating to sales of goods of RMB169,000, RMB80,000 and RMB26,000 as well as provision of technical services of RMB4,127,000, RMB679,000 and Nil as of December 31, 2022, 2023 and 2024 are recognised as revenue during the years ended December 31, 2023, 2024 and 2025, respectively.

The Group expects that the contract liabilities as of December 31, 2023, 2024 and 2025 will be recognised as revenue within a year.

32. LEASE LIABILITIES

The following table shows the remaining contractual maturities of lease liabilities at the end of each reporting period:

Group

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	908	938	4,812
One to two years	980	2,168	5,912
Two to five years	—	1,245	18,218
More than five years	—	—	38,391
	1,888	4,351	67,333
Less: Amounts due for settlement within 12 months shown under current liabilities	(908)	(938)	(4,812)
Amount due for settlement after 12 months shown under non-current liabilities	980	3,413	62,521

Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	908	938	1,105
One to two years	980	2,168	2,520
Two to five years	—	1,245	—
	1,888	4,351	3,625
Less: Amounts due for settlement within 12 months shown under current liabilities	(908)	(938)	(1,105)
Amount due for settlement after 12 months shown under non-current liabilities	980	3,413	2,520

33. PROVISIONS

Group and Company

	As of December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Product warranties			
Non-current portion	3,749	282	1,141
Current portion	—	646	693
	3,749	928	1,834

	Warranty claims
	RMB'000
As of 1 January 2023	6,298
Charged to profit or loss	1,722
Utilised during the year	(709)
Released during the year	(3,562)
As of 31 December 2023 and 1 January 2024	3,749
Charged to profit or loss	1,433
Utilised during the year	(304)
Released during the year	(3,950)
As of 31 December 2024 and 1 January 2025	928
Charged to profit or loss	1,622
Utilised during the year	(536)
Released during the year	(180)
As of 31 December 2025	1,834

34. DEFERRED INCOME

The Group and Company received government subsidies for the capital expenditures and expansions on the high-tech development. These government subsidies were recognised as deferred income and would be amortised over estimated useful life of the underlying property, plant and equipment.

35. DEFERRED TAX (LIABILITIES)/ASSETS

The following is a summary of the deferred tax balances of the Group and Company for financial reporting purposes:

Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	—	4,663	40,760
Deferred tax liabilities	(4,516)	—	—
	(4,516)	4,663	40,760

Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	—	4,663	39,688
Deferred tax liabilities	(4,516)	—	—
	(4,516)	4,663	39,688

Group

The movements in deferred tax assets/(liabilities) during the Track Record Period, without taking into consideration of offsetting of balances within the same jurisdiction, are as follows:

	Provision for asset impairments	Provision for impairment losses	Provisions	Tax losses	Deferred income	Accrued expense	Share-based payment	Change in fair value of financial assets and financial liabilities	Lease liabilities	Depreciation and amortisation	Expenditures for Public Welfare Donations	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At of January 1, 2023	157	1,779	944	5,845	2,133	250	1,963	(195)	408	(18,748)	—	(417)	(5,881)
(Charged)/credited to profit or loss	2,348	428	(382)	(3,235)	189	(73)	533	195	(125)	1,349	—	138	1,365
As of December 31, 2023 and January 1, 2024	2,505	2,207	562	2,610	2,322	177	2,496	—	283	(17,399)	—	(279)	(4,516)
(Charged)/credited to profit or loss	1,579	(424)	(424)	5,657	248	(58)	549	—	370	1,954	75	(347)	9,179
As of December 31, 2024 and January 1, 2025	4,084	1,783	138	8,267	2,570	119	3,045	—	653	(15,445)	75	(626)	4,663
(Charged)/credited to profit or loss	(1,118)	977	137	(5,556)	(980)	(119)	1,309	—	12,696	(17,625)	—	(12,569)	(22,848)
Deferred tax credited to capital reserve during the year	—	—	—	—	—	—	58,389	—	—	—	—	—	58,389
Deferred tax credited to other comprehensive income during the year	—	—	—	—	—	—	—	556	—	—	—	—	556
As of December 31, 2025	2,966	2,760	275	2,711	1,590	—	62,743	556	13,349	(33,070)	75	(13,195)	40,760

Company

The movements in deferred tax assets/(liabilities) during the Track Record Period, without taking into consideration of offsetting of balances within the same jurisdiction, are as follows:

	Provision for asset impairments *RMB'000*	Provision for impairment losses *RMB'000*	Provisions *RMB'000*	Tax losses *RMB'000*	Deferred income *RMB'000*	Accrued expense *RMB'000*	Share-based payment *RMB'000*	Change in fair value of financial assets and financial liabilities *RMB'000*	Lease liabilities *RMB'000*	Depreciation and amortisation *RMB'000*	Expenditures for Public Welfare Donations *RMB'000*	Right-of-use assets *RMB'000*	Total *RMB'000*
At of January 1, 2023	157	1,779	944	5,845	2,133	250	1,963	(195)	408	(18,748)	—	(417)	(5,881)
(Charged)/credited to profit or loss	2,348	428	(382)	(3,235)	189	(73)	533	195	(125)	1,349	—	138	1,365
As of December 31, 2023 and January 1, 2024	2,505	2,207	562	2,610	2,322	177	2,496	—	283	(17,399)	—	(279)	(4,516)
(Charged)/credited to profit or loss	1,579	(424)	(424)	5,657	248	(58)	549	—	370	1,954	75	(347)	9,179
As of December 31, 2024 and January 1, 2025	4,084	1,783	138	8,267	2,570	119	3,045	—	653	(15,445)	75	(626)	4,663
(Charged)/credited to profit or loss	(1,118)	977	137	(6,509)	(980)	(119)	1,309	—	(109)	(17,626)	—	118	(23,920)
Deferred tax credited to capital reserve during the year	—	—	—	—	—	—	58,389	—	—	—	—	—	58,389
Deferred tax credited to other comprehensive income during the year	—	—	—	—	—	—	—	556	—	—	—	—	556
As of December 31, 2025	2,966	2,760	275	1,758	1,590	—	62,743	556	544	(33,071)	75	(508)	39,688

Note:

As at December 31, 2023, 2024 and 2025, deferred tax assets of the Group of RMB13,162,000, RMB16,071,000 and RMB46,265,000 were offset against deferred tax liabilities within the same tax jurisdictions.

As of December 31, 2023, 2024 and 2025, the Group had unused tax losses of RMB21,000, RMB1,381,000, and RMB116,000, respectively, available to offset against future profits for which no deferred tax assets had been recognised as of December 31, 2023, 2024 and 2025, respectively, as it is not probable that taxable profit will be available against which the unused tax losses can be utilised. The material unused tax losses can be carried forward indefinitely with no expiry date.

As of December 31, 2023, 2024 and 2025, there were no unused tax losses for the Company available to offset against future profits for which no deferred tax assets had been recognised.

36. SHARE CAPITAL

Group and Company

	Number of ordinary shares	Authorised capital *RMB'000*	Issued and paid shares *RMB'000*
Ordinary shares of RMB1.00 each			
As of January 1, 2023	60,000,000	60,000	60,000
Issue of new shares upon the exercise of share options *(note (a))*	599,000	599	599
Issue of new shares upon capitalisation of capital reserve *(note (b))*	24,239,600	24,240	24,240
As of December 31, 2023 and January 1, 2024	84,838,600	84,839	84,839
Issue of new shares upon the exercise of share options *(note (c))*	623,070	623	623
As of December 31, 2024 and January 1, 2025	85,461,670	85,462	85,462
Issue of new shares upon the exercise of share options *(note (d))*	486,056	486	486
As of December 31, 2025	85,947,726	85,948	85,948

Notes:

(a) On 12 January 2023, pursuant to the directors' resolution, a total of 599,000 restricted shares were exercised by the eligible employees at a consideration of approximately RMB30,615,000. Consequently, share capital increased by approximately RMB559,000, with the corresponding amounts of approximately RMB30,016,000 allocated to the capital reserve. The detailed information in relation to the restricted share schemes is disclosed in note 38.

(b) On 18 May 2023, pursuant to the directors' resolution, based on the total share capital of 60,599,000 shares prior to the implementation of capital reserve capitalisation plan, the Company capitalised its capital reserve to issue share capital of 0.4 shares for each existing share held by all shareholders. This resulted in a total capitalisation of 24,239,600 shares. After this distribution, the Company's total share capital amounted to 84,838,600 restricted shares.

(c) On 8 January 2024, pursuant to the directors' resolution, a total of 623,070 restricted shares were exercised by the eligible employees at a consideration of approximately RMB22,455,000. Consequently, share capital increased by approximately RMB623,000, with the corresponding amounts of approximately RMB21,832,000 allocated to the capital reserve. The detailed information in relation to the restricted share schemes is disclosed in note 38.

(d) On 20 February 2025, pursuant to the directors' resolution, a total of 486,056 restricted shares were exercised by the eligible employees at a consideration of approximately RMB17,420,000. Consequently, share capital increased by approximately RMB486,056, with the corresponding amounts of approximately RMB16,934,000 allocated to the capital reserve. The detailed information in relation to the restricted share schemes is disclosed in note 38.

37. TREASURY SHARES

Group and Company

	As of December 31,					
	2023		**2024**		**2025**	
	Number of shares	*RMB'000*	*Number of shares*	*RMB'000*	*Number of shares*	*RMB'000*
Opening balance	—	—	—	—	452,149	55,420
Repurchase of shares *(note (a))*	—	—	452,149	55,420	—	—
Exercise of share option *(note (b))*	—	—	—	—	(176,980)	(21,692)
Closing balance	—	—	452,149	55,420	275,169	33,728

Note:

(a) During the year ended December 31, 2024, pursuant to the directors' resolution passed on February 7, 2024, the Company has repurchased 452,149 shares of A-shares from the market. The implementation of the repurchase meets the requirements of the Company's share repurchase plan and relevant laws and regulations.

(b) During the year ended December 31, 2025, pursuant to the directors' resolution passed on September 19, 2025, a total of 176,980 restricted shares were exercised to the eligible employees under 2024 Restricted Share Scheme Part 1 — Phase 1 at a consideration of approximately RMB11,603,000 with an exercise price of RMB65.56 per share. Consequently, treasury shares decreased by RMB21,692,000. The implementation of the repurchase meets the requirements of the Company's share repurchase plan and relevant laws and regulations.

38. SHARE-BASED PAYMENT

During the Track Record Period, the Company launched and adopted restricted share schemes in 2021 ("**2021 Restricted Share Scheme**") and in 2024 ("**2024 Restricted Share Scheme**"). The restricted share schemes are designed to provide an incentive to attract and retain employees of the Group and to align the long-term interests of employees and shareholders. Eligible employees of these restricted share schemes include directors, senior management, core technical personnel, and key staff in management, technology, and business fields of the Group. Under the schemes, eligible employees may grant restricted shares subject to vesting conditions based on revenue performance target of the Company and individual performance appraisal.

2021 Restricted Share Scheme

In June 2021, the Company adopted 2021 Restricted Share Scheme which the Company may grant up to 1,511,600 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting at price of RMB51.11 per share, which will be valid and effective for a period of 5 years. Subject to vesting conditions, 2021 Restricted Share Scheme are vested in three tranches of 40%, 30% and 30% over lockup periods of 12, 24 and 36 months respectively. In May 2023, the exercise share price changed from RMB51.11 per share to RMB36.04 per share as a result of capitalisation and dividend declared. In February 2024, the exercise share price changed from RMB36.04 per share to RMB35.84 per share as a result of dividend declared.

Upon satisfying the vesting conditions, the eligible employees are entitled to purchase newly issued shares of the Company at the corresponding prices.

2021 Restricted Share Scheme — Phase 1

Under the 2021 Restricted Share Scheme — Phase 1, the Company may grant up to 604,600 restricted shares. On January 12, 2023, 599,000 restricted shares were exercised to 99 eligible employees at initial exercise price of RMB51.11 per share.

2021 Restricted Share Scheme — Phase 2

Under the 2021 Restricted Share Scheme — Phase 2, the Company may grant up to 453,500 restricted shares. On January 8, 2024, 623,070 restricted shares upon capitalisation (note 36) were exercised to 96 eligible employees at exercise price of RMB36.04 per share.

2021 Restricted Share Scheme — Phase 3

Under the 2021 Restricted Share Scheme — Phase 3, the Company may grant up to 453,500 restricted shares. On February 20, 2025, 486,056 restricted shares were exercised to 92 eligible employees at exercise price of RMB35.84 per share.

2024 Restricted Share Scheme

In August 2024, the Company adopted 2024 Restricted Share Scheme which the Company may initial grant ("**Part 1**") up to 457,400 restricted shares and reserve grant ("**Part 2**") up to 114,300 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting at price of RMB66.06 per share, which will be valid and effective for a period of 5 years. Subject to vesting conditions, Part 1 of 2024 Restricted Share Scheme are vested in three tranches of 40%, 30% and 30% over lockup periods of 24, 36 and 48 months respectively; Part 2 of 2024 Restricted Share Scheme are vested in two tranches of 50% and 50% over lockup periods of 36 and 48 months, respectively. In September 2025, the exercise share price changed from RMB66.06 per share to RMB65.56 per share as a result of dividend declared.

Upon satisfying the vesting conditions, the eligible employees are entitled to purchase newly issued shares of the Company or treasury shares at the corresponding prices.

2024 Restricted Share Scheme Part 1 — Phase 1

Under the 2024 Restricted Share Scheme Part 1 — Phase 1, the Company may grant up to 182,960 restricted shares. On September 19, 2025, 176,980 restricted shares were exercised to 163 eligible employees at initial exercise price of RMB65.56 per share.

2025 Restricted Share Scheme

In September 2025, the Company adopted 2025 Restricted Share Scheme which the Company may initial grant ("**Part 1**") up to 507,600 restricted shares and reserve grant ("**Part 2**") up to 126,900 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting at price of RMB149.09 per share, which will be valid and effective for a period of 6 years. Subject to vesting conditions, Part 1 of 2025 Restricted Share Scheme are vested in four tranches of 25%, 25%, 25% and 25% over lockup periods of 24, 36, 48 and 60 months respectively; Part 2 of 2025 Restricted Share Scheme are vested in three tranches of 33%, 33% and 34% over lockup periods of 24, 36 and 48 months, respectively.

Upon satisfying the vesting conditions, the eligible employees are entitled to purchase newly issued shares of the Company or treasury shares at the corresponding prices.

The Group uses the Black-Scholes valuation model to determine the estimated fair value for each of the restricted share schemes granted, with highly subjective assumptions, changes in which could materially affect the estimated fair value. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of the Company trading on Shanghai Stock Exchange. The risk-free interest rate used for each period presented is based on the China Bond Government Bond Yield Curve at the time of grant for the period equal to the expected life.

	2021 Restricted Share Scheme — Phase 1	**2021 Restricted Share Scheme — Phase 2**	**2021 Restricted Share Scheme — Phase 3**
Share price at date of grant of share options	RMB55.56	RMB55.56	RMB55.56
Expected volatility	9.21%	11.73%	11.76%
Expected life	1 year	2 years	3 years
Risk-free rate	2.84%	2.84%	2.84%
Expected dividend yield	—	—	—
Weighted average fair value of share options at the date of grant	RMB9.71	RMB13.97	RMB16.74

	2024 Restricted Share Scheme Part 1 — Phase 1	2024 Restricted Share Scheme Part 1 — Phase 2	2024 Restricted Share Scheme Part 1 — Phase 3
Share price at date of grant of share options	RMB94.61	RMB94.61	RMB94.61
Expected volatility	30.90%	26.93%	28.35%
Expected life	1 year	2 years	3 years
Risk-free rate	1.52%	1.71%	1.82%
Expected dividend yield	0.27%	0.27%	0.27%
Weighted average fair value of share options at the date of grant	RMB30.63	RMB32.61	RMB35.53

	2024 Restricted Share Scheme Part 2 — Phase 1	2024 Restricted Share Scheme Part 2 — Phase 2
Share price at date of grant of share options	RMB205.20	RMB205.20
Expected volatility	19.93%	16.92%
Expected life	1 year	2 years
Risk-free rate	1.38%	1.44%
Expected dividend yield	0.08%	0.08%
Weighted average fair value of share options at the date of grant	RMB139.99	RMB140.79

	2025 Restricted Share Scheme Part 1 — Phase 1	2025 Restricted Share Scheme Part 1 — Phase 2	2025 Restricted Share Scheme Part 1 — Phase 3	2025 Restricted Share Scheme Part 1 — Phase 4
Share price at date of grant of share options	RMB365.10	RMB365.10	RMB365.10	RMB365.10
Expected volatility	20.05%	16.96%	15.80%	16.05%
Expected life	1 year	2 years	3 years	4 years
Risk-free rate	1.27%	1.31%	1.49%	1.58%
Expected dividend yield	0.05%	0.05%	0.05%	0.05%
Weighted average fair value of share options at the date of grant	RMB217.69	RMB219.48	RMB221.92	RMB224.37

Set out below are details of the movements of the outstanding restricted shares granted under the restricted share schemes during the Track Record Period:

	As of December 31,					
	2023		2024		2025	
	Weighted average exercise price *RMB*	Number	Weighted average exercise price *RMB*	Number	Weighted average exercise price *RMB*	Number
2021 Restricted Share Scheme — Phase 1						
Outstanding at the beginning of the year	51.11	599,400	—	—	—	—
Forfeited *(note)*	51.11	(400)	—	—	—	—
Exercised *(note 36(a))*	51.11	(599,000)	—	—	—	—
Outstanding at the end of the year	—	—	—	—	—	—
2021 Restricted Share Scheme — Phase 2						
Outstanding at the beginning of the year	51.11	451,650	36.04	628,530	—	—
Effect of capitalisation *(note 36(b))*	36.04	180,660	—	—	—	—
Forfeited *(note)*	36.04	(3,780)	36.04	(5,460)	—	—
Exercised *(note 36(c))*	—	—	36.04	(623,070)	—	—
Outstanding at the end of the year	36.04	628,530	—	—	—	—

	As of December 31,					
	2023		2024		2025	
	Weighted average exercise price *RMB*	**Number**	**Weighted average exercise price** *RMB*	**Number**	**Weighted average exercise price** *RMB*	**Number**
2021 Restricted Share Scheme — Phase 3						
Outstanding at the beginning of the year	51.11	451,650	36.04	534,251	35.84	487,486
Effect of capitalisation *(note 36(b))*	36.04	180,660	—	—	—	—
Forfeited *(note)*	36.04	(98,059)	35.84	(46,765)	35.84	(1,430)
Exercised *(note 36(d))*	—	—	—	—	35.84	(486,056)
Outstanding at the end of the year	36.04	534,251	35.84	487,486	—	—
2024 Restricted Share Scheme Part 1 — Phase 1						
Outstanding at the beginning of the year	—	—	—	—	66.06	181,300
Granted	—	—	66.06	182,960	—	—
Forfeited *(note)*	—	—	66.06	(1,660)	65.56	(4,320)
Exercised *(note 37(b))*	—	—	—	—	65.56	(176,980)
Outstanding at the end of the year	—	—	66.06	181,300	—	—
2024 Restricted Share Scheme Part 1 — Phase 2						
Outstanding at the beginning of the year	—	—	—	—	66.06	136,170
Granted	—	—	66.06	137,220	—	—
Forfeited *(note)*	—	—	66.06	(1,050)	65.56	(3,885)
Outstanding at the end of the year	—	—	66.06	136,170	65.56	132,285
2024 Restricted Share Scheme Part 1 — Phase 3						
Outstanding at the beginning of the year	—	—	—	—	66.06	136,170
Granted	—	—	66.06	137,220	—	—
Forfeited *(note)*	—	—	66.06	(1,050)	65.56	(3,885)
Outstanding at the end of the year	—	—	66.06	136,170	65.56	132,285
2024 Restricted Share Scheme Part 2 — Phase 1						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	66.06	57,150
Forfeited *(note)*	—	—	—	—	65.56	(350)
Outstanding at the end of the year	—	—	—	—	65.56	56,800

	As of December 31,					
	2023		2024		2025	
	Weighted average exercise price *RMB*	Number	Weighted average exercise price *RMB*	Number	Weighted average exercise price *RMB*	Number
2024 Restricted Share Scheme Part 2 — Phase 2						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	66.06	57,150
Forfeited *(note)*	—	—	—	—	65.56	(350)
Outstanding at the end of the year	—	—	—	—	65.56	56,800
2025 Restricted Share Scheme Part 1 — Phase 1						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	149.09	126,900
Forfeited *(note)*	—	—	—	—	149.09	(175)
Outstanding at the end of the year	—	—	—	—	149.09	126,725
2025 Restricted Share Scheme Part 1 — Phase 2						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	149.09	126,900
Forfeited *(note)*	—	—	—	—	149.09	(175)
Outstanding at the end of the year	—	—	—	—	149.09	126,725
2025 Restricted Share Scheme Part 1 — Phase 3						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	149.09	126,900
Forfeited *(note)*	—	—	—	—	149.09	(175)
Outstanding at the end of the year	—	—	—	—	149.09	126,725
2025 Restricted Share Scheme Part 1 — Phase 4						
Outstanding at the beginning of the year	—	—	—	—	—	—
Granted	—	—	—	—	149.09	126,900
Forfeited *(note)*	—	—	—	—	149.09	(175)
Outstanding at the end of the year	—	—	—	—	149.09	126,725

Note: The restricted shares were forfeited as a result of employee resignations or failure to meet the Group's performance eligibility criteria.

The weighted average remaining contractual lives of the restricted shares outstanding at December 31, 2023, 2024 and 2025 were 0.2 years, 0.8 years and 1.7 years, respectively.

39. RESERVES

Reserves movement of the Company

	Capital reserve *RMB'000*	Treasury shares *RMB'000*	Other reserve *RMB'000*	Surplus reserve *RMB'000*	Retained earnings *RMB'000*	Total *RMB'000*
Balance at January 1, 2023	1,835,178	—	—	27,444	179,840	2,042,462
Profit for the year	—	—	—	—	19,501	19,501
Issuance of new shares upon the exercise of share option *(note 36(a))*	30,016	—	—	—	—	30,016
Issuance of new shares upon capitalisation of capital reserve *(note 36(b))*	(24,240)	—	—	—	—	(24,240)
Share-based payment expense	3,549	—	—	—	—	3,549
Dividend	—	—	—	—	(39,389)	(39,389)
Appropriation to reserves	—	—	—	1,950	(1,950)	—
Balance at December 31, 2023 and January 1, 2024	1,844,503	—	—	29,394	158,002	2,031,899
Loss for the year	—	—	—	—	(4,751)	(4,751)
Issuance of new shares upon the exercise of share option *(note 36(c))*	21,832	—	—	—	—	21,832
Share-based payment expense	3,662	—	—	—	—	3,662
Dividend	—	—	—	—	(8,506)	(8,506)
Purchase of shares	—	(55,420)	—	—	—	(55,420)
Balance at December 31, 2024 and January 1, 2025	1,869,997	(55,420)	—	29,394	144,745	1,988,716
Profit for the year	—	—	—	—	195,128	195,128
Changes in fair value of equity investments at fair value through other comprehensive income	—	—	(3,709)	—	—	(3,709)
Income tax impact	—	—	556	—	—	556
Issuance of new shares upon the exercise of share option *(note 36 (d) and note 37)*	6,845	21,692	—	—	—	28,537
Share-based payment expense	32,162	—	—	—	—	32,162
Tax impact of share -based payment	58,389	—	—	—	—	58,389
Dividend	—	—	—	—	(42,699)	(42,699)
Appropriation to reserves	—	—	—	13,580	(13,580)	—
Others	2,029	—	—	—	—	2,029
Balance at December 31, 2025	1,969,422	(33,728)	(3,153)	42,974	283,594	2,259,109

Description of the Group's and the Company's reserves as below:

(a) Capital reserve

The amount represents capital contribution in excess of nominal value of share capital and share-based payment.

(b) Treasury reserve

Own equity instruments which held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the consolidated statements of profit or loss and other comprehensive income on the purchase, sale, issue or cancelation of the Group's own equity instruments.

(c) Other reserve

The amount represents the fair value changes of equity investments designated at fair value through other comprehensive income.

(d) Translation reserve

The amount represents exchange differences on translating the net assets of foreign operations into presentation currency of the Group.

(e) Surplus reserve

In accordance with the articles of association of subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years’ losses, expand the existing operations or convert into additional capital of the subsidiaries.

(f) Retained earnings

Cumulative net gains and losses recognised in profit or loss.

40. OVERVIEW OF THE GROUP’S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group’s maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of the financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group’s credit risk grading to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group’s own historical repayment records to rate its major customers and other debtors. The Group’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate exposure is spread amongst approved counterparties.

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

Trade receivables and notes receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables that are credit-impaired, the Group determines the ECL on these items collectively based on loss patterns as reflected in the debtors’ historical payment pattern. The Group determines the ECL on these items by using a provision matrix as of December 31, 2023, 2024 and 2025 within lifetime ECL (not credit impaired) estimated based on the financial quality of debtors and historical credit loss experience over the past 3 years under roll rate method, adjusted as appropriate to reflect current conditions and estimates of future economic conditions with reference to general macroeconomic conditions (such as gross domestic products, unemployment rate and inflation rate that may affect the ability of debtors to settle receivables. To measure the ECL, the trade receivables has been grouped into the categories based on share credit risk characteristics and the days past due.

Bank acceptance note

For bank acceptance note, management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12m ECL, unless when there are indicators that the financial asset is credit-impaired, the Group recognises lifetime ECL. The Group recognises lifetime ECL when there is evidence indicating (i) there has been significant increase in credit risk since initial recognition; (ii) the asset is credit-impaired but the Group has realistic prospect of recovery; or (iii) the debtor is in severe financial difficulty.

The Group accepts bank acceptance note issued or guaranteed by reputable PRC banks if trade receivables are settled by bank acceptance note and therefore the management of the Group considers the credit risk arising from bank acceptance note is insignificant and thus no loss allowance is recognised.

Other receivables

For other receivables, management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12m ECL, unless when there are indicators that the financial asset is credit-impaired, the Group recognises lifetime ECL. The Group recognises lifetime ECL when there is evidence indicating (i) there has been significant increase in credit risk since initial recognition; (ii) the asset is credit-impaired but the Group has realistic prospect of recovery; or (iii) the debtor is in severe financial difficulty.

In determining the ECL for other receivables, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the financial assets that are subject to impairment occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Restricted bank deposits, time deposits, deposits with other financial institutions and cash and bank

For the purposes of impairment assessment, cash and bank, deposits with other financial institutions, time deposits and restricted bank deposits that are subject to impairment are considered to have low credit risk as the counterparties are reputable banks and financial institution with high credit rating assigned by international credit agencies. Accordingly, for the purpose of impairment assessment for these items' assets, the loss allowance is measured at an amount equal to 12m ECL, by reference to information relating to probability of default and loss given default of respect credit rating grades published by external credit agency. The directors of the Company considered that the ECL allowance is insignificant as of December 31, 2023, 2024 and 2025.

The following table details the credit risk exposures of the Group and Company's trade receivables which are subject to ECL assessment:

Group

	Average expected credit loss rate	**Gross amounts**	**Loss allowance**
		RMB'000	*RMB'000*
As of December 31, 2023			
Within 1 year	5%	73,144	3,658
1 to 2 years	20%	37,812	7,562
over 3 years	100%	2,629	2,629
		113,585	13,849
As of December 31, 2024			
Within 1 year	5%	125,079	6,255
1 to 2 years	20%	282	56
2 to 3 years	50%	3,956	1,978
over 3 years	100%	2,629	2,629
		131,946	10,918
As of December 31, 2025			
Within 1 year	5%	278,279	13,915
1 to 2 years	20%	142	28
2 to 3 years	100%	24	24
over 3 years	100%	2,629	2,629
		281,074	16,596

The Group considers that there is no significant change in credit risk rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

Company

	Average expected credit loss rate	Gross amounts *RMB'000*	Loss allowance *RMB'000*
As of December 31, 2023			
Within 1 year	5%	73,144	3,658
1 to 2 years	20%	37,812	7,562
over 3 years	100%	2,629	2,629
		113,585	13,849
As of December 31, 2024			
Within 1 year	5%	125,079	6,255
1 to 2 years	20%	282	56
2 to 3 years	50%	3,956	1,978
over 3 years	100%	2,629	2,629
		131,946	10,918
As of December 31, 2025			
Within 1 year	5%	278,240	13,904
1 to 2 years	20%	142	28
2 to 3 years	100%	24	24
over 3 years	100%	2,629	2,629
		281,035	16,585

The following table details the credit risk exposures of the Group and Company's notes receivables which are subject to ECL assessment:

Group and Company

	Average expected credit loss rate	Gross amounts *RMB'000*	Loss allowance *RMB'000*
As of December 31, 2023			
Within 1 year	5%	4,879	244
1 to 2 years	20%	649	130
		5,528	374
As of December 31, 2024			
Within 1 year	5%	9,157	458
1 to 2 years	20%	26	5
		9,183	463
As of December 31, 2025			
Within 1 year	5%	25,109	1,255
1 to 2 years	20%	603	121
		25,712	1,376

The Group considers that there is no significant change in credit risk rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

The following table below details the credit risk exposures of the Group and Company's other receivables which are subject to ECL assessment:

Group and Company

	Average expected credit loss rate	**Gross amounts** *RMB'000*	**Loss allowance** *RMB'000*
As of December 31, 2023			
Not credit-impaired	85%	579	490
As of December 31, 2024			
Not credit-impaired	93%	540	503
As of December 31, 2025			
Not credit-impaired	98%	443	436

41. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities comprising the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The Group monitors it capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debts (which included lease liabilities) less cash and cash equivalents, capital comprises all components of equity and non-controlling interests.

Management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

42. FINANCIAL INSTRUMENTS

Categories of financial instruments

Group

		As of December 31,	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at amortised cost			
— Other receivables and other assets *(note 22)*	89	37	7
— Trade receivables *(note 24)*	99,736	121,028	264,478
— Notes receivables *(note 25)*	5,154	8,720	24,336
— Restricted bank deposits *(note 27)*	—	40,160	26,379
— Cash and cash equivalents *(note 27)*	1,343,509	1,081,076	795,896
	1,448,488	1,251,021	1,111,096
Financial assets at FVOCI *(note 26)*	19,408	14,110	36,502
Financial liabilities			
Financial liabilities at amortised cost			
— Trade payables *(note 28)*	26,001	22,519	52,632
— Note payables *(note 29)*	—	—	20,548
— Other payables and accruals, excluding salary payable and tax payables *(note 30)*	58,780	17,882	75,272
— Lease liabilities *(note 32)*	1,888	4,351	67,333
	86,669	44,752	215,785

Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at amortised cost			
— Other receivables and other assets *(note 22)*	89	37	7
— Trade receivables *(note 24)*	99,736	121,028	264,450
— Notes receivables *(note 25)*	5,154	8,720	24,336
— Restricted bank deposits *(note 27)*	—	40,160	10,274
— Cash and cash equivalents *(note 27)*	1,341,384	1,080,308	541,268
	1,446,363	1,250,253	840,335
Financial assets at FVOCI *(note 26)*	19,408	14,110	36,502
Financial liabilities			
Financial liabilities at amortised cost			
— Trade payables *(note 28)*	25,979	22,495	52,632
— Note payables *(note 29)*	—	—	20,548
— Other payables and accruals, excluding salary payable and tax payables *(note 30)*	58,780	17,880	75,228
— Lease liabilities *(note 32)*	1,888	4,351	3,625
	86,647	44,726	152,033

Financial risk management objectives and policies

The Group's and Company's major financial assets and liabilities include trade receivables, notes receivables, financial assets at FVOCI, other receivables and other assets, restricted bank deposits, time deposits, deposits with other financial institutions and cash and bank, trade payables, notes payables, other payables and accruals and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and Company's activities expose it primarily to currency risk, credit risk, liquidity and interest rate risk. There has been no change in the Group's and Company's exposure to these risks or the manner in which it managed and measured the risks during each of the reporting period.

Currency risk

Some subsidiaries of the Company have foreign currency sales, capital expenditure and cash and cash equivalents, which expose the Group to foreign currency risk.

The subsidiaries are mainly exposed to foreign currency of United States Dollars ("**US$**").

Sensitivity analysis

The following table demonstrates the Group's and Company's sensitivity to a reasonably possible change in RMB against US$, the foreign currency with which the Group may have a material exposure, of the Group's profit before tax and the Group's equity. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate.

Group and Company

	Increase/ (decrease) by	Increase/ (decrease) in profit before tax *RMB'000*
As of December 31, 2023		
US$	5%	91
US$	(5%)	(91)
As of December 31, 2024		
US$	5%	42
US$	(5%)	(42)
As of December 31, 2025		
US$	5%	8,814
US$	(5%)	(8,814)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure for during the Track Record Period.

Credit risk

As of December 31, 2023, 2024 and 2025 the Group has concentration of credit risk as 12%,23% and 37%, respectively, of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 39%, 66% and 31% of the total trade receivables as of December 31, 2023, 2024 and 2025, respectively.

The Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Liquidity risk

In the management of the liquidity risk, the Group monitor and maintain a level of cash and cash equivalents to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Group

	Effective interest rate	On demand or less than one year *RMB'000*	One to two years *RMB'000*	Two years or above *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As of December 31, 2023						
Trade payables *(note 28)*	N/A	26,001	—	—	26,001	26,001
Other payables and accruals, excluding salary payable and tax payables *(note 30)*	N/A	58,780	—	—	58,780	58,780
Lease liabilities *(note 32)*	4.20%	953	989	—	1,942	1,888
Total		85,734	989	—	86,723	86,669
As of December 31, 2024						
Trade payables *(note 28)*	N/A	22,519	—	—	22,519	22,519
Other payables and accruals, excluding salary payable and tax payables *(note 30)*	N/A	17,882	—	—	17,882	17,882
Lease liabilities *(note 32)*	4.20%	1,089	2,343	1,260	4,692	4,351
Total		41,490	2,343	1,260	45,093	44,752

Group

	Effective interest rate	On demand or less than one year *RMB'000*	One to two years *RMB'000*	Two to five years *RMB'000*	Five years or above *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As of December 31, 2025							
Trade payables *(note 28)*	N/A	52,632	—	—	—	52,632	52,632
Note payables *(note 29)*	N/A	20,548	—	—	—	20,548	20,548
Other payables and accruals, excluding salary payable and tax payables *(note 30)*	N/A	75,272	—	—	—	75,272	75,272
Lease liabilities *(note 32)*	3.50%–4.50%	7,677	8,532	24,512	42,887	83,608	67,333
Total		156,129	8,532	24,512	42,887	232,060	215,785

Company

	Effective interest rate	On demand or less than one year *RMB'000*	One to two years *RMB'000*	Two to five years *RMB'000*	Total undiscounted cash flows *RMB'000*	Carrying amount *RMB'000*
As of December 31, 2023						
Trade payables *(note 28)*	N/A	25,979	—	—	25,979	25,979
Other payables and accruals, excluding salary payable and tax payables *(note 30)*	N/A	58,780	—	—	58,780	58,780
Lease liabilities *(note 32)*	4.20%	953	989	—	1,942	1,888
Total		85,712	989	—	86,701	86,647
As of December 31, 2024						
Trade payables *(note 28)*	N/A	22,495	—	—	22,495	22,495
Other payables and accruals, excluding salary payable and tax payables *(note 30)*	N/A	17,880	—	—	17,880	17,880
Lease liabilities *(note 32)*	4.20%	1,089	2,343	1,260	4,692	4,351
Total		41,464	2,343	1,260	45,067	44,726
As of December 31, 2025						
Trade payables *(note 28)*	N/A	52,632	—	—	52,632	52,632
Note payables *(note 29)*	N/A	20,548	—	—	20,548	20,548
Other payables and accruals, excluding salary payable and tax payables *(note 30)*	N/A	75,228	—	—	75,228	75,228
Lease liabilities *(note 32)*	3.50%–4.50%	1,220	1,270	1,333	3,823	3,625
Total		149,628	1,270	1,333	152,231	152,033

Fair value measurement

(i) Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis

This note provides information about how the Group and Company determines fair value of the following financial assets that are measured at fair value on a recurring basis.

Financial assets	31 December 2023	31 December 2024	31 December 2025	Fair value hierarchy	Valuation technique(s)	Significant unobservable inputs	Input	Sensitivity of fair value to the input
	RMB'000	*RMB'000*	*RMB'000*					
Financial assets at FVOCI								
— Unlisted equity investment	—	—	31,291	Level 3	Valuation multiples	EV/Sales	12.72	10% increase/decrease in multiple would result in increase/decrease in fair value by approximately RMB3,235,000
						Discounted for lack of marketability	30.80%	5% increase/decrease in discount would result in decrease/increase in fair value by approximately RMB2,365,000
— Bank acceptance notes	19,408	14,110	5,211	Level 2	Discounted cash flows	N/A	N/A	N/A

There were no transfers between level during the Track Record Period.

The fair values of unlisted equity investment designated at FVOCI have been estimated using a market-based valuation technique that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise multiple ("**EV/Sales**"), for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investment to measure the fair value. The valuation also requires the directors to determine the amounts of premiums and discounts that market participants would take into account when pricing the investments. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statements of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

43. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows as cash flows from financing activities.

	Lease liabilities	Borrowing	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	2,717	—	2,717
Financing cash flow			
— Repayment of principal of lease liabilities	(911)	—	(911)
— Repayment of interest of lease liabilities	(78)	—	(78)
Non-cash changes			
— Interest expense recognised	78	—	78
Other change			
— Others	82	—	82
At December 31, 2023 and January 1, 2024	1,888	—	1,888
Financing cash flow			
— Repayment of principal of lease liabilities	(941)	—	(941)
— Repayment of interest of lease liabilities	(188)	—	(188)
Non-cash changes			
— Interest expense recognised	188	—	188
— Lease modification	3,310	—	3,310
Other change			
— Others	94	—	94
At December 31, 2024 and January 1, 2025	4,351	—	4,351
Financing cash flow			
— Proceeds from borrowing	—	14,217	14,217
— Repayment of principal	(785)	(14,217)	(15,002)
— Repayment of interest	(1,570)	(546)	(2,116)
Non-cash changes			
— Interest expense recognised	1,570	546	2,116
— New leases	64,393	—	64,393
Exchange realignment	(724)	—	(724)
Other change			
— Others	98	—	98
At of December 31, 2025	67,333	—	67,333

44. CAPITAL COMMITMENTS

At the end of each reporting period, capital commitments contracted but not provided for in the Track Record Period are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Capital expenditure contracted for but not provided for purchase of property, plant and equipment	30,217	27,603	488,822

45. RELATED PARTY TRANSACTION AND BALANCES

The related parties of the Group during the Track Record Period are as follows:

Names of related parties	Relationship
ZHANG XINGANG	Shareholder, chairman and general manager
CHENG Shuo	Director, deputy general manager and secretary to the board of directors
WANG Yuxi	Director
YUAN Bo	Supervisor
GENG Xue	Supervisor
DENG Yuanming	Independent non-executive directors of the Group until January 2024
CHEN Wenjun	Deputy general manager
PAN Yanting	Deputy general manager
LIRUIJUAN	The person is the immediate family member of ZHANG XINGANG
Innolight Technology (Suzhou) Ltd.	Controlled by Zhongji InnoLight Co., Ltd.**
Innolight Technology (Chengdu) Ltd.	Controlled by Innolight Technology (Suzhou) Ltd.
S.F. Holding Co., Ltd.	Lin Zheying, a shareholder of the Group until March 2023, also serves as key management personnel
Xianyang Huahan Optoelectronic Sealing Products Co., Ltd.	Qin Weixing and Qin Yansheng, both shareholders of the Group, also serves as a key management personnel
Shanghai ChengKe Microelectronics Technology Co., Ltd.	Yuan Bo a supervisor of the Group, also serves as a key management personnel

* The English name of the related party registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

** Zhongji InnoLight Co., Ltd., which was an indirect shareholder of the Group, ceased to be a related party of the Group from March 10, 2024.

In addition to the transactions and balances disclosed in respective notes, the Group had the following significant transactions and balances with related parties during the Track Record Period:

(a) Related party transactions:

(i) Sales revenue from related parties

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Innolight Technology (Suzhou) Ltd.	—	260	—
Innolight Technology (Chengdu) Ltd.	2,212	200	—
Shanghai ChengKe Microelectronics Technology Co., Ltd.	—	—	7
	2,212	460	7

(ii) Cost of sales from related parties

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
S.F. Holding Co., Ltd.	214	67	—

(iii) Rental fees paid to related parties

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Xianyang Huahan Optoelectronic Sealing Products Co., Ltd.	911	941	785

(b) Related party balances:

As at the end of each reporting period, the Group had balances with related parties as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Innolight Technology (Chengdu) Ltd.	1,184	—	—

Trade receivables from a related party represent sales of goods made in the normal course of business.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
S.F. Holding Co., Ltd.	18	—	—

Trade payables to a related party represent the cost of express services rendered.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other payables and accruals			
ZHANG XINGANG	15	123	13
GENG Xue	1	8	1
CHENG Shuo	—	3	—
DENG Yuanming	—	5	—
CHEN Wenjun	102	31	252
PAN Yanting	—	—	3
WANG Yuxi	—	—	2
LIRUIJUAN	—	2	—
	118	172	271

Other payables and accruals due to related parties are unsecured, interest-free advances repayable on demand.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
Shanghai ChengKe Microelectronics Technology Co., Ltd.	—	—	47

Contract liabilities to a related party represent advances received for sales of goods to be made in the normal course of business.

(c) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Directors' fee, salaries and other benefits	4,143	4,373	4,276
Performance-based bonus	—	432	1,006
Social security costs and housing benefits	482	546	425
Share-based payment	2,283	1,733	4,378
	6,908	7,084	10,085

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

46. SUBSEQUENT EVENTS

Other than those disclosed elsewhere in the Historical Financial Information, there are no material subsequent events undertaken by the Group after [December 31, 2025] and up to the date of this report.

47. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to [December 31, 2025].