The following is the text of a report, prepared for inclusion in this document, received from the independent reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the letterhead of the firm]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SIGMASTAR TECHNOLOGY LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of SigmaStar Technology Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[4] to I-[96], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[4] to I-[87] forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated [●] (the "Prospectus") in connection with the [**REDACTED**] of the shares of the Company on the [**REDACTED**] of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[●]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	5	2,020,426	2,352,510	2,969,827
Cost of sales		(1,310,098)	(1,504,620)	(1,958,541)
Gross profit		710,328	847,890	1,011,286
Other income and gains	5	136,097	176,414	172,980
Research and development expenses		(493,916)	(602,350)	(651,951)
Selling and distribution expenses		(22,217)	(22,280)	(33,283)
Administrative expenses		(92,413)	(110,073)	(115,615)
Other expenses		(29,399)	(226)	(30,355)
Finance costs	7	(14,355)	(26,923)	(30,280)
PROFIT BEFORE TAX	6	194,125	262,452	322,782
Income tax credit/(expense)	10	10,588	(6,192)	(15,043)
PROFIT FOR THE YEAR		204,713	256,260	307,739
Attributable to:				
Owners of the parent		204,713	256,260	308,367
Non-controlling interests		–	–	(628)
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	12	0.54	0.62	0.73

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(103)	(220)	(106)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	(103)	(220)	(106)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	204,610	256,040	307,633
Attributable to:			
Owners of the parent	204,610	256,040	308,261
Non-controlling interests	–	–	(628)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*14*	288,025	292,343	284,932
Right-of-use assets	*15*	27,932	25,042	22,311
Goodwill	*16*	–	–	152,851
Other intangible assets	*17*	176,110	205,255	153,505
Deferred tax assets	*18*	41,282	42,523	43,706
Debt investments at fair value through other comprehensive income	*21*	478,714	292,375	83,643
Prepayments, other receivables and other assets	*22*	458,579	540,389	502,351
Financial assets at fair value through profit or loss	*23*	281,570	176,626	729,067
Total non-current assets		1,752,212	1,574,553	1,972,366
CURRENT ASSETS				
Inventories	*19*	742,987	770,855	930,310
Trade receivables	*20*	138,469	115,015	242,203
Debt investments at fair value through other comprehensive income	*21*	–	284,925	217,615
Prepayments, other receivables and other assets	*22*	104,501	121,550	164,174
Financial assets at fair value through profit or loss	*23*	231,964	1,116,966	1,365,495
Derivative financial instruments	*24*	–	4,486	–
Amounts due from related parties	*38*	480	365	365
Time deposits	*25*	233,270	78,052	31,608
Pledged deposits	*25*	475	463	11,120
Cash and cash equivalents	*25*	235,708	232,035	279,746
Total current assets		1,687,854	2,724,712	3,242,636
CURRENT LIABILITIES				
Trade and bills payables	*26*	214,686	183,191	368,413
Contract liabilities	*27*	21,216	30,649	30,137
Other payables and accruals	*28*	260,228	259,810	273,470
Interest-bearing bank borrowings	*29*	383,243	351,831	774,346
Derivative financial instruments	*24*	–	107	2,171
Lease liabilities	*15*	5,866	6,424	6,902
Amounts due to related parties	*38*	3,790	39,497	51
Income tax payable		130	–	10,090
Total current liabilities		889,159	871,509	1,465,580
NET CURRENT ASSETS		**798,695**	**1,853,203**	**1,777,056**
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,550,907**	**3,427,756**	**3,749,422**

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*29*	343,345	372,675	433,056
Deferred income	*30*	11,061	4,787	6,570
Deferred tax liabilities	*18*	5,698	13,170	4,321
Lease liabilities	*15*	6,941	3,956	892
Long-term payables	*28*	94,036	64,747	5,737
Total non-current liabilities		461,081	459,335	450,576
Net assets		**2,089,826**	**2,968,421**	**3,298,846**
EQUITY				
Equity attributable to owners of the parent				
Share capital	*31*	378,947	421,060	421,715
Reserves	*32*	1,710,879	2,547,361	2,815,374
		2,089,826	2,968,421	3,237,089
Non-controlling interests		–	–	61,757
Total equity		**2,089,826**	**2,968,421**	**3,298,846**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 *(note 31)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000*	*RMB'000*
At 1 January 2023	378,947	543,424	56,052	488	131,149	742,721	1,852,781
Profit for the year	–	–	–	–	–	204,713	204,713
Other comprehensive income for the year:							
Exchange differences related to foreign operations	–	–	–	(103)	–	–	(103)
Total comprehensive income for the year	–	–	–	(103)	–	204,713	204,610
Share-based payments	–	–	32,435	–	–	–	32,435
Transfer from retained profits	–	–	–	–	22,059	(22,059)	–
At 31 December 2023	378,947	543,424	88,487	385	153,208	925,375	2,089,826

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained profits*	Total equity
	RMB'000 *(note 31)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000* *(note 32)*	*RMB'000*	*RMB'000*
At 1 January 2024	378,947	543,424	88,487	385	153,208	925,375	2,089,826
Profit for the year	–	–	–	–	–	256,260	256,260
Other comprehensive income for the year:							
Exchange differences related to foreign operations	–	–	–	(220)	–	–	(220)
Total comprehensive income for the year	–	–	–	(220)	–	256,260	256,040
Issue of shares	42,113	585,790	–	–	–	–	627,903
Share-based payments	–	–	36,758	–	–	–	36,758
Dividend declared	–	–	–	–	–	(42,106)	(42,106)
Transfer from retained profits	–	–	–	–	25,446	(25,446)	–
At 31 December 2024	421,060	1,129,214	125,245	165	178,654	1,114,083	2,968,421

Year ended 31 December 2025

	Attributable to owners of the parent							
	Share capital	Capital reserve*	Share-based payment reserve*	Foreign currency translation reserve*	Statutory surplus reserve*	Retained profits*	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 31)	*(note 32)*	*(note 32)*	*(note 32)*	*(note 32)*			
At 1 January 2025	421,060	1,129,214	125,245	165	178,654	1,114,083	–	2,968,421
Profit for the year	–	–	–	–	–	308,367	(628)	307,739
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	(106)	–	–	–	(106)
Total comprehensive income for the year	–	–	–	(106)	–	308,367	(628)	307,633
Acquisition of a subsidiary *(note 36)*	–	–	–	–	–	–	62,385	62,385
Issue of shares upon exercising of share-based payment scheme	655	28,686	(17,430)	–	–	–	–	11,911
Share-based payments	–	–	32,708	–	–	–	–	32,708
Dividend declared	–	–	–	–	–	(84,212)	–	(84,212)
Transfer from retained profits	–	–	–	–	19,872	(19,872)	–	–
At 31 December 2025	421,715	1,157,900	140,523	59	198,526	1,318,366	61,757	3,298,846

* These reserve accounts comprise the consolidated reserves of RMB1,710,879,000, RMB2,547,361,000 and RMB2,815,374,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax:		194,125	262,452	322,782
Adjustments for:				
Foreign exchange (gains)/losses		(7,049)	(7,557)	13,036
Bank interest income	*5*	(29,315)	(25,986)	(23,701)
Finance costs	*7*	14,355	26,923	30,280
Fair value (gains)/losses of financial assets at fair value through profit or loss	*6*	(4,451)	(27,402)	9,047
Fair value (gains)/losses of derivative financial instruments	*6*	–	(4,379)	6,549
Loss/(gain) on disposal of financial assets	*6*	17,298	(38,816)	(69,483)
Loss on disposal of items of property, plant and equipment	*6*	3	56	15
Loss on termination of leasehold land purchase agreement		5,201	–	–
Gain on disposal of other intangible assets	*6*	(524)	–	–
Loss/(gain) on disposal of items of right-of-use assets	*6*	4	–	(234)
Depreciation of property, plant and equipment	*6*	31,864	34,402	34,478
Amortisation of other intangible assets	*6*	70,736	95,787	102,299
Amortisation of right-of-use assets	*6*	11,023	7,023	5,870
Amortisation of unrecognized financing expenses		–	8,985	11,967
Impairment of trade receivables, net	*6*	(123)	53	(108)
Write-down/(reversal of write-down) of inventories to net realizable value	*6*	20,492	(12,832)	(5,055)
Equity-settled share-based payment expenses		32,435	36,758	32,708
Decrease/(increase) in inventories		25,188	(15,036)	(83,838)
(Increase)/decrease in trade receivables		(41,303)	23,401	(120,659)
(Increase)/decrease in debt investments at fair value through other comprehensive income		–	(1,155)	974
Decrease/(increase) in prepayments, other receivables and other assets		13,513	(7,013)	(11,561)
Decrease in amounts due from related parties		1,314	115	–
Decrease/(increase) in pledged deposits		11,721	12	(12)
Increase/(decrease) in trade and bills payables		79,271	(31,495)	166,525
(Decrease)/increase in other payables and accruals		(25,110)	85,974	27,125
Increase/(decrease) in contract liabilities		3,917	9,433	(3,570)
Increase/(decrease) in amounts due to related parties		821	1,745	(5,484)
(Decrease)/increase in deferred income		(2,316)	(6,274)	1,783
Cash generated from operations		423,090	415,174	441,733
Interest received		11,471	3,699	4,697
Tax paid		(42)	(91)	(10)
Net cash flows generated from operating activities		434,519	418,782	446,420

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases for items of property, plant and equipment		(201,731)	(135,685)	(34,410)
Purchases for intangible assets		(7,884)	(62,864)	(57,504)
Acquisition of a subsidiary		–	–	(188,887)
Proceeds from disposal of items of property, plant and equipment		–	–	83
Repayment for termination of land use rights agreements		20,800	–	–
Purchases of financial assets		(1,381,105)	(3,199,577)	(4,113,286)
Proceeds from disposal of financial assets		560,388	2,472,973	3,749,047
Proceeds from disposal of derivative instruments		(32,484)	201	3,290
Refunds of deposits for land and properties		72,109	18,000	–
Payment of capacity guarantee deposit		(243,649)	–	–
Net cash flows used in investing activities		(1,213,556)	(906,952)	(641,667)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank borrowings		1,056,733	424,999	780,019
Repayment of bank borrowings		(424,171)	(433,611)	(312,946)
Transaction costs of the acquisition		–	–	(2,286)
Lease payments		(12,098)	(6,908)	(6,172)
Proceeds from issue of shares		–	627,903	11,911
Dividends paid		–	(42,106)	(84,212)
Interest paid		(10,699)	(18,487)	(28,854)
Interest subsidy received		962	1,531	2,698
Payment of long-term payables		(59,857)	(71,445)	(96,164)
[REDACTED]		[REDACTED]	[REDACTED]	[REDACTED]
Net cash flows generated from financing activities		[REDACTED]	[REDACTED]	[REDACTED]

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(229,925)	(7,068)	52,363
Cash and cash equivalents at beginning of year		459,372	235,708	232,035
Effect of foreign exchange rate changes, net		6,261	3,395	(4,652)
CASH AND CASH EQUIVALENTS AT END OF YEAR		235,708	232,035	279,746
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		235,708	232,035	279,746
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows	*25*	235,708	232,035	279,746

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investment in subsidiaries	*13*	225,188	409,359	786,966
Property, plant and equipment	*14*	153,916	151,347	147,721
Right-of-use assets	*15*	20,283	19,922	17,861
Other intangible assets	*17*	159,582	173,990	110,184
Deferred tax assets	*18*	41,280	38,036	24,330
Debt investments at fair value though other comprehensive income	*21*	478,714	292,375	83,643
Prepayments, other receivables and other assets	*22*	458,418	540,068	501,064
Financial assets at fair value through profit or loss	*23*	281,570	176,626	629,003
Total non-current assets		1,818,951	1,801,723	2,300,772
CURRENT ASSETS				
Inventories	*19*	695,904	607,703	658,906
Trade receivables	*20*	125,275	102,938	169,447
Debt investments at fair value through other comprehensive income	*21*	–	284,925	217,434
Prepayments, other receivables and other assets	*22*	94,760	82,964	97,342
Financial assets at fair value through profit or loss	*23*	231,964	1,101,956	1,219,081
Derivative financial instruments	*24*	–	4,486	–
Amounts due from related parties and subsidiaries	*38*	2,845	10,296	35,375
Time deposits	*25*	233,270	78,052	31,608
Pledged deposits	*25*	475	463	10,520
Cash and cash equivalents	*25*	208,951	201,213	185,884
Total current assets		1,593,444	2,474,996	2,625,597

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and bills payables	26	185,329	124,142	285,442
Contract liabilities	27	18,538	25,900	17,296
Other payables and accruals	28	185,540	237,666	220,812
Interest-bearing bank borrowings	29	383,243	351,831	742,077
Derivative financial instruments	24	–	107	2,171
Lease liabilities	15	3,174	3,038	2,192
Amounts due to related parties and subsidiaries	38	4,632	39,426	3,522
Total current liabilities		780,456	782,110	1,273,512
NET CURRENT ASSETS		**812,988**	**1,692,886**	**1,352,085**
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,631,939**	**3,494,609**	**3,652,857**
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	29	343,345	372,675	433,056
Deferred income	30	11,061	4,787	5,675
Deferred tax liabilities	18	5,698	12,396	–
Lease liabilities	15	734	1,134	240
Long-term payables	28	92,891	48,608	–
Total non-current liabilities		453,729	439,600	438,971
Net assets		**2,178,210**	**3,055,009**	**3,213,886**
EQUITY				
Equity attributable to owners of the parent				
Share capital	31	378,947	421,060	421,715
Reserves	32	1,799,263	2,633,949	2,792,171
Total equity		**2,178,210**	**3,055,009**	**3,213,886**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a joint stock company with limited liability established in Xiamen, the People's Republic of China (the "PRC") on 21 December 2017. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the ChiNext market of the Shenzhen Stock Exchange (stock code: 301536) on 28 March 2024. The registered office address of the Company is 423-29, No. 942, Tonglong Second Road, Torch High-tech Development Zone (Xiang'an), Xiamen, Fujian Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were principally engaged in the fabless design of vision AI SoCs which are highly integrated chips specifically designed for video and image processing.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's principal subsidiaries are set out below:

Entity name	*Notes*	Place and date of incorporation/ registration and place of operations	Registered share capital	Percentage of equity interest attributable to the Company		Principal activities
				Direct	Indirect	
Xiamen SIStar Technology Ltd. (廈門星覺科技有限公司)	*b*	PRC/Chinese mainland, 10 October 2023	RMB300,000,000	100%	–	Research and development and sale of chip products
Ruichenwei Co., Ltd. (銳宸微(上海)科技有限公司)	*a*	PRC/Chinese mainland, 16 December 2020	RMB130,000,000	100%	–	Research and development and sale of chip products
SigmaStar Electronics (Shenzhen) Co., Ltd. (星宸微電子(深圳)有限公司)	*c*	PRC/Chinese mainland, 25 October 2021	RMB100,000,000	100%	–	Research and development and sale of chip products
JIECHEN Technology Ltd. (上海頡晨科技有限公司)	*a*	PRC/Chinese mainland, 4 December 2023	RMB180,000,000	100%	–	Research and development and sale of chip products
SigmaStar Technology Singapore Pte. Ltd.	*a*	Singapore, 6 January 2025	US$2,000,000	100%	–	Research and development of chip products
SigmaStar Technology Ltd.(Shanghai) (上海璟宸微電子有限公司)	*d*	PRC/Chinese mainland, 11 April 2018	RMB1,000,000	100%	–	Research and development and design of chip products
SigmaStar Technology Shenzhen Ltd. (深圳市理宸科技有限公司)	*e*	PRC/Chinese mainland, 31 January 2018	RMB3,000,000	100%	–	Research and development and sale of chip products
Shanghai Frequen Microelectronics Co., Ltd. (上海富芮坤微電子有限公司)	*f*	PRC/Chinese mainland, 8 January 2014	RMB24,855,359	53.31%	–	Research and development and sale of chip products
Qingdao Frequen Microelectronics Technology Co., Ltd. (青島富芮坤微電子科技有限公司)	*f*	PRC/Chinese mainland, 4 April 2019	RMB34,797,200	–	45.27%	Research and development and sale of chip products

Notes:

(a) No audited financial statements have been prepared as these companies are either newly incorporated or they are incorporated in jurisdictions which do not have any statutory audit requirements.

(b) The statutory financial statements of this entity for the year ended 31 December 2024 and 2025, prepared in accordance with Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued by the Ministry of Finance, were audited by Fujian Puhe Certified Public Accountants Co., Ltd. (福建普和會計師事務所有限公司), certified public accountants registered in the PRC.

(c) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025, prepared in accordance with Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued by the Ministry of Finance, were audited by Shenzhen Ruibo Certified Public Accountants (General Partnership) (深圳瑞博會計師事務所(普通合夥)), certified public accountants registered in the PRC.

(d) This subsidiary was deregistered on 30 April 2025.

(e) This subsidiary was deregistered on 17 October 2024.

(f) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024, prepared in accordance with Accounting Standards for Business Enterprises — Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued by the Ministry of Finance, were audited by Yongtuo Certified Public Accountants (General Partnership) (永拓會計師事務所).

During the year, the Group acquired Shanghai Frequen Microelectronics Co., Ltd and its subsidiary. Qingdao Frequen Microelectronics Technology Co., Ltd. from independent third parties. Further details of this acquisition are included in notes 36 to the financial statements.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial information of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of the subsidiaries is prepared for the same reporting periods as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting standards, that have been issued but are not yet effective, in the Historical Financial Information.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[3]
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 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendment to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[3]
Annual Improvements to IFRS Accounting Standards-Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

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

2 No mandatory effective date yet determined but available for adoption

3 Effective for annual/reporting periods beginning on or after 1 January 2027

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statements of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Interests in subsidiaries

Interests in subsidiaries are stated in the statement of financial position of the Company at cost less impairment loss, if any.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its certain financial assets at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognized impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognized impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognized for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the periods in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	2.38% to 2.71%
Plant and machinery	19.00% to 31.67%
Motor vehicles	23.75%
Electronic and office equipment	19.00% to 31.67%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents

Purchased patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 5 years.

Software

Purchased computer software is stated at cost less any impairment losses and is amortized on a straight-line basis over its estimated useful life of 3 years. The useful life of the computer software is assessed by the Group considering the purposes and usage of the software.

IP licenses

Purchased IP licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 6 years.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognized at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 5 years
Leasehold land	40 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognized at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognized as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of offices and employee dormitories (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the periods generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables and derivative financial instruments.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, lease liabilities, interest-bearing bank borrowings, amounts due to related parties, lease liabilities, other current liabilities, other non-current liabilities and derivative financial instruments.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortized cost (trade and bills payable, other payables, and borrowings)

After initial recognition, trade and bills payable, other payables, and interest-bearing bank borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability, and the difference between the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The fair value of commodity purchase contracts that meet the definition of a derivative as defined by IFRS 9 is recognised in the statement of profit or loss as cost of sales. Commodity contracts that are entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with the Group's expected purchase, sale or usage requirements are held at cost.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or
- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction, or a foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, the risk management objective and its strategy for undertaking the hedge.

The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is "an economic relationship" between the hedged item and the hedging instrument;
- The effect of credit risk does not "dominate the value changes" that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of materials consigned for processing, work in progress and finished goods, mainly comprises material cost and manufacturing cost arising from outsourcing wafer fabrication, chip packaging and testing. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain products for general repairs of defects occurring during the warranty periods. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the periods when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future periods in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received, and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on acceptance of the delivered products.

Some contracts for the sale of products provide customers with volume rebates, giving rise to variable consideration.

Volume rebates

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the periods exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. The expected value method or the most likely amount method is used to best estimate the variable consideration for the expected future rebates. The variable consideration is estimated at the end of each reporting period and is constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(b) Provision of technical services

The Group provides technical services to customers which are typically completed within twelve months. Revenue from the provision of technical services is recognised at a point in time upon completion of the provision of services as none of the following criteria are met: (i) the customer simultaneously receives and consumes the benefits as the Group performs; (ii) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (iii) the asset delivered has no alternative use and the Group has an enforceable right to payment for performance completed to date.

Other income

Rental income is recognized on a time proportion basis over the lease terms.

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.

Contract liabilities

A contract liability is recognized 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 recognized as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share awards is determined by an external valuer using the Black-Scholes model. Further details are included in note 33 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the 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 profit or loss 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.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Housing fund and other social insurances — Chinese mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan and other social insurance plans operated by the local municipal government. Contributions to these plans by the Group are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period. it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognized as a liability when they are approved by the equity holders of relevant entities comprising the Group in a general meeting. Proposed dividends are disclosed in the notes to the Historical Financial Information.

Foreign currencies

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 financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Business models

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers the methods used to evaluate and report financial asset performance to key management, the risks affecting the performance of financial assets and the risk management, and the manner in which the relevant management receives remuneration. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Contractual cash flow characteristics

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics, and the judgements on whether the contractual cash flows are solely payments of principal and interest on the principal amount outstanding, including assessing the modification of the time value of money, determining whether there is any significant difference from the benchmark cash flow and evaluating whether the fair value of the prepayment features is insignificant for financial assets with prepayment features, etc.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets as at the end of each of the Relevant Periods. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade receivables

The provision rate of trade receivables is made based on assessment of their recoverability and ageing analysis of trade receivables as well as other quantitative and qualitative information and on management's judgement and assessment of the forward-looking information. At the end of each of the Relevant Periods, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a debtor's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the Historical Financial Information, respectively.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was RMB152,851,000. Further details are given in note 16.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Assessment of beneficial period of other intangible assets

The Group determines the relevant beneficial period of other intangible assets based on the shorter of the useful life stipulated in the contract and the expected useful life. The Group regularly reviews the expected beneficial period of other intangible assets. If the beneficial period changes, the amount of amortisation recorded in the reporting period will be adjusted accordingly.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are disclosed in note 18 to the Historical Financial Information.

Write-down of inventories to net realizable value

The Group, pursuant to the accounting policy for inventories, writes down inventories from cost to net realizable value and makes provision against obsolete and slow-moving items by using the lower of cost and net realizable value rule. The assessment of the write-down required involves management's judgement and estimates. Where the actual outcome or expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down of inventories in the period in which the estimate has been changed. As at 31 December 2023, 2024 and 2025, the carrying amount of inventory was RMB742,987,000, RMB770,855,000 and RMB930,310,000 respectively.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in the note 40 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3.

Share-based payment

The Company implemented restricted shares to exchange the services provided by employees. The equity instruments granted under the plan are measured at fair value on the grant date. If the instruments granted only vest after the respective employees complete a specific period of service or achieve a performance condition, an expense during the vesting period is amortised using the straight-line method based on the best estimate of the exercisable number of the instruments and capital reserves are increased by a corresponding amount. At the end of each reporting period during the vesting period, the Company determines whether the performance forecast satisfies the prescriptive conditions of the incentive plan according to the recent development. The best estimate of exercisable number of instruments is revised if recent evidence indicates that the estimated future performance of the Company does not meet the prescriptive conditions of the incentive plan. The Company's management's judgement is necessary in forecasting the performance to determine whether the vesting conditions are satisfied.

4. OPERATING SEGMENT INFORMATION

The Group manages its business as a whole for the purpose of making decision on resource allocation and performance assessment, therefore, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	1,546,137	1,823,530	2,138,778
Other countries/regions	474,289	528,980	831,049
Total	2,020,426	2,352,510	2,969,827

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All significant operating assets of the Group are located in Chinese mainland. Accordingly, no geographical information of non-current assets is presented.

Information about major customers

Revenue from each of the major customers, which accounted for 10% or more of the Group's revenue during the Relevant Periods are set out below:

		Year ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Customer A		790,134	882,334	1,047,303
Customer B		360,379	400,313	575,164
Customer C	*a*	N/A*	N/A*	381,322
Customer D		287,549	317,463	348,307
Customer E		214,825	N/A*	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

Note:

(a) The Group commenced sales to the new customer C starting in 2023. The controlling shareholder of customer C is a third party, while another shareholder holding 22% stake and one director were formerly employees of the Group. In January 2024, the aforementioned two former employees left the Group.
The Group's director Mr. Sun Mingyong, also serves as a part-time advisor for customer C. In April 2025, Mr. Sun Mingyong left Customer C.
During the years ended 31 December 2023, 2024 and 2025, sales from customer C amounted to RMB9,878,000, RMB68,604,000, and RMB381,322,000 respectively.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	2,020,426	2,352,510	2,969,827

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Sale of products	2,018,845	2,352,392	2,969,650
Services	1,581	118	177
Total	2,020,426	2,352,510	2,969,827
Geographical markets			
Chinese mainland	1,546,137	1,823,530	2,138,778
Other countries/regions	474,289	528,980	831,049
Total	2,020,426	2,352,510	2,969,827
Timing of revenue recognition			
Products transferred at a point in time	2,018,845	2,352,392	2,969,650
Services provided at a point in time	1,581	118	177
Total	2,020,426	2,352,510	2,969,827

The following table shows the amounts of revenue recognised in the current reporting periods that were included in the contract liabilities at the beginning of the reporting periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting periods:			
Sale of goods	17,299	21,216	30,649

(b) Performance obligations

Information about the Group's performance obligations is summarized below:

Sale of products

The performance obligation is satisfied upon the acceptance of delivered products and payment is mainly due within 30 days from delivery or made in advance. Some contracts provide customers with volume rebates which give rise to variable consideration subject to constraint.

Rendering of services

For technical services, revenue is recognised at a point in time upon completion of the provision of services.

Other income and gains

An analysis of other income and gains is as follows:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Other income				
Rental income		–	1,020	2,236
Bank interest income		29,315	25,986	23,701
Government grants	*(a)*	91,678	76,425	75,390
Others		283	172	1,951
Other gains				
Gain on disposal of long-term assets, net				
– Property, plant and equipment		(3)	–	(15)
– Other intangible assets		524	–	–
– Right-of-use assets		(4)	–	234
Gain on disposal of financial assets		–	38,816	69,483
Fair value gains, net:				
– Wealth management products		3,387	19,769	–
– Derivative financial instruments		–	4,379	–
– Equity investments		797	7,633	–
– Debt investments		267	–	–
Foreign exchange gains, net		9,853	2,214	–
Total		136,097	176,414	172,980

(a) The Group has received certain government grants related to assets and income. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant asset, when all attaching conditions and requirements are complied with. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold and services provided		1,310,098	1,504,620	1,958,541
Research and development expenses		493,916	602,350	651,951
Employee benefit expense (excluding directors' and chief executive officer's and supervisors' remuneration) *(note 8)*:				
Wages and salaries*		302,272	352,286	429,426
Pension scheme contributions, social welfare and other welfare*		57,333	58,268	68,222
Share-based payment expenses*		16,002	19,059	24,622
Total employee benefit expense		375,607	429,613	522,270
Depreciation of property, plant and equipment**	*14*	31,864	34,402	34,478
Depreciation of right-of-use assets**	*15(a)*	11,023	7,023	5,870
Amortisation of other intangible asset**	*17*	70,736	95,787	102,299
Expense relating to short-term leases and leases of low-value assets	*15(c)*	538	1,325	448
(Reversal of impairment)/impairment of trade receivables	*20*	(123)	53	(108)
Write-down/(reversal of write-down) of inventories to net realizable value***		20,492	(12,832)	(5,055)
Foreign exchange differences, net		(9,853)	(2,214)	12,413
Loss on disposal of items of property, plant and equipment		3	56	15
Gain on disposal of items of other intangible assets		(524)	–	–
Loss/(gain) on disposal of items of right-of-use assets		4	–	(234)
Changes in fair value of financial assets at fair value through profit or loss		(4,451)	(31,781)	15,596
Loss/(gain) on disposal of financial assets		17,298	(38,816)	(69,483)

* The wages and salaries, pension scheme contributions, social welfare and other welfare and share-based payment expenses are included in "Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

** The depreciation of property, plant and equipment, amortisation of other intangible assets and depreciation of right-of-use assets are included in" Selling and distribution expenses", "Administrative expenses", and "Research and development expenses" in profit or loss.

*** The amounts are included in "Cost of sales" in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank borrowings	10,671	21,674	24,154
Interest on lease liabilities	464	291	260
Interest on unrecognized financing expenses	3,220	4,958	5,675
Others	–	–	191
Total	14,355	26,923	30,280

8. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S AND SUPERVISORS' REMUNERATION

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors or senior management of these subsidiaries. The remuneration of each of these directors which has been recorded in the financial statements of the Group's subsidiaries is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	120	230	345
Other emoluments:			
Salaries, allowances and benefits in kind	4,794	5,572	6,154
Pension scheme contributions	505	682	588
Share-based payment expenses	16,433	17,699	8,086
Total	21,852	24,183	15,173

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Lin Yongyu *(i)*	–	1,633	107	16,181	17,921
Mr. Sun Mingyong *(i)*	–	1,426	155	252	1,833
Subtotal	–	3,059	262	16,433	19,754
Non-executive directors:					
Ms. Chen Heng-chen *(ii)*	–	–	–	–	–
Independent non-executive directors:					
Mr. Xue Chun *(iii)*	60	–	–	–	60
Mr. Wang Xiaojian *(iii)*	60	–	–	–	60
Subtotal	120	–	–	–	120
Supervisors:					
Mr. Sun Kai *(iv)*	–	959	155	–	1,114
Mr. Tsai Ping-hsien *(iv)*	–	–	–	–	–
Mr. Chen Maoguang *(iv)*	–	776	88	–	864
Subtotal	–	1,735	243	–	1,978
Total	120	4,794	505	16,433	21,852

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Lin Yongyu *(i)*	–	1,133	110	16,556	17,799
Mr. Sun Mingyong *(i)*	–	1,013	157	396	1,566
Mr. Chen Lijing *(i)*	–	448	75	282	805
Mr. Shiau Pei-jiun *(i)*	–	925	64	353	1,342
Subtotal	–	3,519	406	17,587	21,512
Non-executive directors:					
Ms. Chen Heng-chen *(ii)*	–	–	–	–	–
Ms. Chen Hsuan-ni *(ii)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Independent non-executive directors:					
Mr. Xue Chun *(iii)*	86	–	–	–	86
Mr. Wang Xiaojian *(iii)*	86	–	–	–	86
Mr. Yi Ruofeng *(iii)*	58	–	–	–	58
Subtotal	230	–	–	–	230
Supervisors:					
Mr. Sun Kai *(iv)*	–	1,091	157	–	1,248
Mr. Tsai Ping-hsien *(iv)*	–	–	–	–	–
Mr. Hong Boyong *(iv)*	–	204	20	112	336
Mr. Chen Maoguang *(iv)*	–	758	99	–	857
Subtotal	–	2,053	276	112	2,441
Total	230	5,572	682	17,699	24,183

Year ended 31 December 2025

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Lin Yongyu *(i)*	–	1,605	108	7,270	8,983
Mr. Chen Lijing *(i)*	–	1,170	110	350	1,630
Mr. Shiau Pei-jiun *(i)*	–	1,322	101	296	1,719
Subtotal	–	4,097	319	7,916	12,332
Non-executive directors:					
Ms. Chen Hsuan-ni *(ii)*	–	–	–	–	–
Ms. Zhou Ai *(ii)*	–	140	26	62	228
Subtotal	–	140	26	62	228
Independent non-executive directors:					
Mr. Xue Chun *(iii)*	108	–	–	–	108
Mr. Wang Xiaojian *(iii)*	108	–	–	–	108
Mr. Yi Ruofeng *(iii)*	108	–	–	–	108
Mr. Zhao Ruikun *(iii)*	21	–	–	–	21
Subtotal	345	–	–	–	345
Supervisors:					
Mr. Sun Kai *(iv)*	–	988	119	–	1,107
Mr. Hong Boyong *(iv)*	–	312	42	108	462
Mr. Chen Maoguang *(iv)*	–	617	82	–	699
Subtotal	–	1,917	243	108	2,268
Total	345	6,154	588	8,086	15,173

Notes:

(i) Mr. Lin Yongyu was appointed as an executive director and general manager of the Company with effect from December 2017.

Mr. Sun Mingyong was appointed as an executive director of the Company with effect from May 2021 to May 2024, and was appointed as deputy general manager of the Company with effect from May 2024. The compensation disclosed for the year ended 31 December 2024 also includes his remuneration as deputy general manager from May 2024 to December 2024.

Mr. Chen Lijing was appointed as an executive director of the Company with effect from May 2024.

Mr. Shiau Pei-jiun was appointed as an executive director of the Company with effect from May 2024.

(ii) Ms. Chen Heng-chen was appointed as a non-executive director of the Company with effect from May 2021 to February 2024.

Ms. Chen Hsuan-ni was appointed as a non-executive director of the Company with effect from February 2024.

Ms. Zhou Ai was appointed as a non-executive director of the Company with effect from September 2025.

(iii) Mr. Xue Chun was appointed as an independent non-executive director of the Company with effect from June 2021.

Mr. Wang Xiaojian was appointed as an independent non-executive director of the Company with effect from May 2021.

Mr. Yi Ruofeng was appointed as an independent non-executive director of the Company with effect from May 2024.

Mr. Zhao Ruikun was appointed as an independent non-executive director of the Company with effect from September 2025.

(iv) Mr. Sun Kai was appointed as a supervisor of the Company with effect from May 2021.

Mr. Tsai Ping-hsien was appointed as a supervisor of the Company with effect from May 2021 to May 2024.

Mr. Chen Maoguang was appointed as a supervisor of the Company with effect from May 2021.

Mr. Hong Boyong was appointed as a supervisor of the Company with effect from May 2024.

Approved by the shareholders' meeting in September 2025, the company no longer sets up a board of supervisors, and the audit committee exercises the functions and powers of the board of supervisors as stipulated in the Company Law.

There was no arrangement under which a director or the chief executive or a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025, included 2, 2 and 2 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining 3, 3 and 3 highest paid employees, who are neither a director nor chief executive officer of the Group during the years ended 31 December 2023, 2024 and 2025, respectively, are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	3,319	3,275	3,960
Pension scheme contributions	305	414	241
Share-based payment expenses	3,339	2,586	2,135
Total	6,963	6,275	6,336

The number of non-director and non-chief executive officer highest paid employees whose remuneration fell within the following band are as follows:

	Year ended 31 December		
	2023	2024	2025
HK$1,500,001 to HK$2,000,000	–	1	1
HK$2,000,001 to HK$2,500,000	1	1	1
HK$2,500,001 to HK$3,000,000	2	–	–
HK$3,000,001 to HK$3,500,000	–	1	1
Total	3	3	3

During the Relevant Periods, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group. None of the five highest paid employees waived any remuneration during the Relevant Periods.

10. INCOME TAX CREDIT/(EXPENSE)

Chinese mainland

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

Under the Corporate Income Tax Law of the PRC (the "CIT Law") and Implementation Regulation of the CIT Law, the CIT rate of PRC subsidiaries was 25% during the Relevant Periods except those subject to tax concession set out below.

Pursuant to relevant laws and regulations in the PRC and with approval from the tax authorities in charge, the company, SigmaStar Electronics (Shenzhen) Co., Ltd. and Xiamen SIStar Technology Ltd are qualified as a high and new technology enterprises and entitled to a preferential tax rate of 15% from 2022 to 2025, 2024 to 2027 and 2025 to 2028, respectively. The Company completed the re-certification of a high and new technology enterprises with a valid period from 2025 to 2028.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, SigmaStar Technology Ltd. (Shanghai) (deregistered on 30 April 2025), SigmaStar Technology Shenzhen Ltd. (deregistered on 17 October 2024), Ruichenwei Co., Ltd. are qualified as Small and Micro Enterprises and entitled to a preferential income tax rate of 20% from 2023 to 2027.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, Shanghai Frequen Microelectronics Co., Ltd and Qingdao Frequen Microelectronics Technology Co., Ltd. are qualified as a high and new technology enterprises and entitled to a preferential tax rate of 15% from 2025 to 2028 and 2024 to 2027, respectively.

Taiwan

Income tax for the Taiwan branch of the Company is levied at a rate of 20% on taxable income.

Singapore

SigmaStar Technology Singapore Pte. Ltd is subject to a rate of 17% on taxable income.

CIT of the Group has been provided at the applicable tax rate on the estimated taxable profits arising in Chinese mainland during the Relevant Periods. The major components of income tax expense of the Group are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	43	(39)	10,100
Deferred *(note 18)*	(10,631)	6,231	4,943
Total tax (credit)/charge for the year	(10,588)	6,192	15,043

A reconciliation of the tax expense applicable to profit before tax at the statutory rate in Chinese mainland to the tax (credit)/expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	194,125	262,452	322,782
Tax at the statutory tax rate of 25%	48,531	65,613	80,696
Lower tax rates for specific provinces or enacted by local authority	251	(829)	(955)
Adjustments in respect of current tax of previous periods	–	(39)	–
Income not subject to tax	(3)	–	(20)
Expenses not deductible for tax	10,046	9,580	4,513
Effect on opening deferred tax of changes in tax rates	(8,853)	–	–
Tax losses utilised from previous periods	(3,108)	(21,142)	(6,645)
Tax losses not recognized	10,559	19,430	25,568
Research and development super deduction	(64,198)	(62,273)	(78,044)
Impact of tax incentives on income tax recognition	(3,813)	(4,148)	(10,070)
Tax (credit)/charge at the Group's effective rate	(10,588)	6,192	15,043

11. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared or paid during the year (tax inclusive)	–	42,106	84,212

The final dividends of RMBnil, RMB0.1 and RMB0.2 (inclusive of tax) for each ordinary share to all shareholders whose names were registered in the register of members and who were entitled to participate in the distribution on the record date in respect of the years ended 31 December 2023, 2024 and 2025 were approved by the General Meeting of the Company.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares under the restricted share award schemes.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculations	204,713	256,260	308,367
Shares			
Weighted average number of ordinary shares outstanding during the year/period end used in the basic earnings per share calculation	378,947	412,085	421,315
Effect of dilution – weighted average number of ordinary shares: Restricted share award schemes	–	105	919
Total	378,947	412,190	422,234

13. INVESTMENT IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	225,188	409,359	786,966

14. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023

	Buildings	Plant and machinery	Motor vehicles	Electronic and office equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:							
Cost	116,192	48,048	–	35,869	–	13,457	213,566
Accumulated depreciation	(749)	(25,915)	–	(16,873)	–	(2,145)	(45,682)
Net carrying amount	115,443	22,133	–	18,996	–	11,312	167,884
At 1 January 2023, net of accumulated depreciation	115,443	22,133	–	18,996	–	11,312	167,884
Additions	–	11,877	486	6,615	127,062	5,956	151,996
Disposals	–	–	–	(3)	–	–	(3)
Depreciation provided during the year	(3,004)	(14,187)	(48)	(10,038)	–	(4,587)	(31,864)
Exchange differences on translation	–	3	–	9	–	–	12
At 31 December 2023, net of accumulated depreciation	112,439	19,826	438	15,579	127,062	12,681	288,025
At 31 December 2023:							
Cost	116,192	59,944	486	42,484	127,062	19,413	365,581
Accumulated depreciation	(3,753)	(40,118)	(48)	(26,905)	–	(6,732)	(77,556)
Net carrying amount	112,439	19,826	438	15,579	127,062	12,681	288,025

31 December 2024

	Buildings	Plant and machinery	Motor vehicles	Electronic and office equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:							
Cost	116,192	59,944	486	42,484	127,062	19,413	365,581
Accumulated depreciation	(3,753)	(40,118)	(48)	(26,905)	–	(6,732)	(77,556)
Net carrying amount	112,439	19,826	438	15,579	127,062	12,681	288,025
At 1 January 2024, net of accumulated depreciation	112,439	19,826	438	15,579	127,062	12,681	288,025
Additions	–	16,622	160	8,434	3,916	9,660	38,792
Disposals	–	(1)	–	(48)	–	(7)	(56)
Depreciation provided during the year	(4,817)	(14,272)	(138)	(9,051)	–	(6,124)	(34,402)
Exchange differences on translation	–	(3)	–	(13)	–	–	(16)
Transfer	130,874	–	–	–	(130,874)	–	–
At 31 December 2024, net of accumulated depreciation	238,496	22,172	460	14,901	104	16,210	292,343
At 31 December 2024:							
Cost	247,066	76,515	646	49,850	104	28,916	403,097
Accumulated depreciation	(8,570)	(54,343)	(186)	(34,949)	–	(12,706)	(110,754)
Net carrying amount	238,496	22,172	460	14,901	104	16,210	292,343

31 December 2025

	Buildings	Plant and machinery	Motor vehicles	Electronic and office equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025:							
Cost	247,066	76,515	646	49,850	104	28,916	403,097
Accumulated depreciation	(8,570)	(54,343)	(186)	(34,949)	–	(12,706)	(110,754)
Net carrying amount	238,496	22,172	460	14,901	104	16,210	292,343
At 1 January 2025, net of accumulated depreciation	238,496	22,172	460	14,901	104	16,210	292,343
Additions	–	1,953	391	15,760	119	7,538	25,761
Acquisition of a subsidiary	–	–	179	1,220	–	–	1,399
Disposals	–	(46)	(28)	(19)	–	–	(93)
Depreciation provided during the year	(6,112)	(11,121)	(166)	(9,640)	–	(7,439)	(34,478)
At 31 December 2025, net of accumulated depreciation	232,384	12,958	836	22,222	223	16,309	284,932
At 31 December 2025:							
Cost	247,066	77,554	1,188	69,760	223	36,456	432,247
Accumulated depreciation	(14,682)	(64,596)	(352)	(47,538)	–	(20,147)	(147,315)
Net carrying amount	232,384	12,958	836	22,222	223	16,309	284,932

The Company

31 December 2023

	Buildings	Plant and machinery	Motor vehicles	Electronic and office equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:							
Cost	116,192	47,630	–	31,473	–	9,647	204,942
Accumulated depreciation	(749)	(25,776)	–	(15,233)	–	(1,902)	(43,660)
Net carrying amount	115,443	21,854	–	16,240	–	7,745	161,282
At 1 January 2023, net of accumulated depreciation	115,443	21,854	–	16,240	–	7,745	161,282
Additions	–	11,835	486	5,032	–	3,801	21,154
Depreciation provided during the year	(3,004)	(14,056)	(48)	(8,708)	–	(2,716)	(28,532)
Exchange differences on translation	–	3	–	9	–	–	12
At 31 December 2023, net of accumulated depreciation	112,439	19,636	438	12,573	–	8,830	153,916
At 31 December 2023:							
Cost	116,192	59,484	486	36,560	–	13,448	226,170
Accumulated depreciation	(3,753)	(39,848)	(48)	(23,987)	–	(4,618)	(72,254)
Net carrying amount	112,439	19,636	438	12,573	–	8,830	153,916

31 December 2024

	Buildings	Plant and machinery	Motor vehicles	Electronic and office equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:							
Cost	116,192	59,484	486	36,560	–	13,448	226,170
Accumulated depreciation	(3,753)	(39,848)	(48)	(23,987)	–	(4,618)	(72,254)
Net carrying amount	112,439	19,636	438	12,573	–	8,830	153,916
At 1 January 2024, net of accumulated depreciation	112,439	19,636	438	12,573	–	8,830	153,916
Additions	–	16,589	–	6,882	104	1,813	25,388
Depreciation provided during the year	(3,004)	(14,149)	(115)	(7,398)	–	(3,275)	(27,941)
Exchange differences on translation	–	(3)	–	(13)	–	–	(16)
At 31 December 2024, net of accumulated depreciation	109,435	22,073	323	12,044	104	7,368	151,347
At 31 December 2024:							
Cost	116,192	76,034	486	43,329	104	15,254	251,399
Accumulated depreciation	(6,757)	(53,961)	(163)	(31,285)	–	(7,886)	(100,052)
Net carrying amount	109,435	22,073	323	12,044	104	7,368	151,347

31 December 2025

	Buildings	Plant and machinery	Motor vehicles	Electronic and office equipment	Construction in progress	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025:							
Cost	116,192	76,034	486	43,329	104	15,254	251,399
Accumulated depreciation	(6,757)	(53,961)	(163)	(31,285)	–	(7,886)	(100,052)
Net carrying amount	109,435	22,073	323	12,044	104	7,368	151,347
At 1 January 2025, net of accumulated depreciation	109,435	22,073	323	12,044	104	7,368	151,347
Additions	–	1,952	–	14,311	119	6,221	22,603
Disposals	–	(46)	–	(17)	–	–	(63)
Depreciation provided during the year	(3,003)	(11,075)	(117)	(8,071)	–	(3,900)	(26,166)
At 31 December 2025, net of accumulated depreciation	106,432	12,904	206	18,267	223	9,689	147,721
At 31 December 2025:							
Cost	116,192	77,073	486	57,309	223	21,476	272,759
Accumulated depreciation	(9,760)	(64,169)	(280)	(39,042)	–	(11,787)	(125,038)
Net carrying amount	106,432	12,904	206	18,267	223	9,689	147,721

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of office premises. Leases of office premises generally have lease terms between 2 and 5 years. Other rental agreements generally have lease terms of 12 months or less and are individually of low value.

(a) Right-of-use assets

The Group

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	42,928	21,355	64,283
Additions	–	406	406
Disposals	(25,477)	(288)	(25,765)
Depreciation charge	(997)	(10,026)	(11,023)
Exchange differences on translation	–	31	31
At 31 December 2023 and 1 January 2024	16,454	11,478	27,932
Additions	–	4,155	4,155
Depreciation charge	(464)	(6,559)	(7,023)
Exchange differences on translation	–	(22)	(22)
At 31 December 2024 and 1 January 2025	15,990	9,052	25,042
Additions	–	2,187	2,187
Additions as a result of acquisition of a subsidiary	–	1,807	1,807
Disposals	–	(564)	(564)
Depreciation charge	(463)	(5,407)	(5,870)
Exchange differences on translation	–	(291)	(291)
At 31 December 2025	15,527	6,784	22,311

The Company

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

	Leasehold land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	42,928	10,417	53,345
Additions	–	406	406
Disposals	(25,477)	(288)	(25,765)
Depreciation charge	(997)	(6,737)	(7,734)
Exchange differences on translation	–	31	31
At 31 December 2023 and 1 January 2024	16,454	3,829	20,283
Additions	–	4,155	4,155
Depreciation charge	(464)	(4,030)	(4,494)
Exchange differences on translation	–	(22)	(22)
At 31 December 2024 and 1 January 2025	15,990	3,932	19,922
Additions	–	2,187	2,187
Disposals	–	(564)	(564)
Depreciation charge	(463)	(2,930)	(3,393)
Exchange differences on translation	–	(291)	(291)
At 31 December 2025	15,527	2,334	17,861

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Office premises			
Carrying amount at beginning of year	24,319	12,807	10,380
New leases	406	4,155	2,187
Additions as a result of acquisition of a subsidiary	–	–	1,846
Disposals	(316)	–	(798)
Accretion of interest recognized during the year	464	291	260
Payments	(12,098)	(6,908)	(6,172)
Exchange differences on translation	32	35	91
Carrying amount at end of year	12,807	10,380	7,794
Analysed into:			
Current	5,866	6,424	6,902
Non-current	6,941	3,956	892

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Office premises			
Carrying amount at beginning of year	12,136	3,908	4,172
New leases	406	4,155	2,187
Disposals	(316)	–	(798)
Accretion of interest recognized during the year	143	69	115
Payments	(8,493)	(3,984)	(3,335)
Exchange differences on translation	32	24	91
Carrying amount at end of year	3,908	4,172	2,432
Analysed into:			
Current	3,174	3,038	2,192
Non-current	734	1,134	240

(c) The amounts recognized in profit or loss in relation to leases are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases and leases of low-value assets (included in administrative expenses)	538	1,325	448
Depreciation charge of right-of-use assets	11,023	7,023	5,870
Interest expense on lease liabilities	464	291	260
Total amount recognised in profit or loss	12,025	8,639	6,578

The Group as a lessor

The Group leases certain of its building units under operating lease arrangements. Leases for buildings were negotiated for terms of one to five years. Rental income recognized by the Group during the years ended 31 December 2023, 2024 and 2025 was nil, RMB1,020,000 and RMB2,236,000, respectively, details of which are included in note 5 to the Historical Financial Information.

As at the end of each of the Relevant Periods, the undiscounted lease payments in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	–	1,348	1,497
After one year but within two years	–	1,151	879
After two years but within three years	–	829	623
After three years but within four years	–	490	320
After four years but within five years	–	174	–
Total	–	3,992	3,319

16. GOODWILL

The Group

	RMB'000
At 1 January 2025	–
Cost	–
Accumulated impairment	–
Net carrying amount	–
Cost at 1 January 2025, net of accumulated impairment	
Acquisition of a subsidiary	152,851
At 31 December 2025	152,851
At 31 December 2025:	
Cost	152,851
Accumulated impairment	–
Net carrying amount	152,851

Goodwill acquired through business combinations is allocated to the Shanghai Frequen Microelectronics Co., Ltd. and its subsidiary as a cash-generating unit for impairment testing.

The recoverable amount of the Shanghai Frequen Microelectronics Co., Ltd. and its subsidiary has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management.

The pre-tax discount rate applied to the cash flow projections, the revenue growth rate and the terminal growth rate used to extrapolate the cash flows of the cash-generating unit beyond the five-year period are as follows:

	31 December
	2025
Revenue growth rate	15.00%-50.72%
Pre-tax discount rate	11.88%
Terminal growth rate	0.00%

Revenue growth rate — The budgeted sales amount is based on the historical data and management's expectation on the future market.

Pre-tax discount rate — The rate reflects management's estimate of the risks specific to the unit.

17. OTHER INTANGIBLE ASSETS

The Group

	Patents	IP Licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023:				
Cost	3,806	266,225	5,873	275,904
Accumulated amortisation	(3,806)	(129,009)	(4,201)	(137,016)
Net carrying amount	–	137,216	1,672	138,888
At 1 January 2023, net of accumulated amortisation	–	137,216	1,672	138,888
Additions	–	103,052	4,905	107,957
Amortisation provided during the year	–	(68,024)	(2,712)	(70,736)
Exchange differences on translation	–	–	1	1
At 31 December 2023, net of accumulated amortisation	–	172,244	3,866	176,110
At 31 December 2023:				
Cost	3,806	369,290	10,376	383,472
Accumulated amortisation	(3,806)	(197,046)	(6,510)	(207,362)
Net carrying amount	–	172,244	3,866	176,110
31 December 2024				
At 1 January 2024:				
Cost	3,806	369,290	10,376	383,472
Accumulated amortisation	(3,806)	(197,046)	(6,510)	(207,362)
Net carrying amount	–	172,244	3,866	176,110
At 1 January 2024, net of accumulated amortisation	–	172,244	3,866	176,110
Additions	–	123,186	1,752	124,938
Amortisation provided during the year	–	(92,498)	(3,289)	(95,787)
Exchange differences on translation	–	(1)	(5)	(6)
At 31 December 2024, net of accumulated amortisation	–	202,931	2,324	205,255
At 31 December 2024:				
Cost	3,806	492,447	12,101	508,354
Accumulated amortisation	(3,806)	(289,516)	(9,777)	(303,099)
Net carrying amount	–	202,931	2,324	205,255

	Patents	IP Licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025				
At 1 January 2025:				
Cost	3,806	492,447	12,101	508,354
Accumulated amortisation	(3,806)	(289,516)	(9,777)	(303,099)
Net carrying amount	–	202,931	2,324	205,255
At 1 January 2025, net of accumulated amortisation	–	202,931	2,324	205,255
Additions	–	19,902	3,992	23,894
Acquisition of a subsidiary	26,605	–	50	26,655
Amortisation provided during the year	(889)	(98,787)	(2,623)	(102,299)
At 31 December 2025, net of accumulated amortisation	25,716	124,046	3,743	153,505
At 31 December 2025:				
Cost	30,526	512,350	16,185	559,061
Accumulated amortisation	(4,810)	(388,304)	(12,442)	(405,556)
Net carrying amount	25,716	124,046	3,743	153,505

The Company

	Patents	IP Licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023:				
Cost	3,806	235,632	5,873	245,311
Accumulated amortisation	(3,806)	(121,144)	(4,201)	(129,151)
Net carrying amount	–	114,488	1,672	116,160
At 1 January 2023, net of accumulated amortisation	–	114,488	1,672	116,160
Additions	–	99,240	3,820	103,060
Amortisation provided during the year	–	(57,137)	(2,502)	(59,639)
Exchange differences on translation	–	–	1	1
At 31 December 2023, net of accumulated amortisation	–	156,591	2,991	159,582
At 31 December 2023:				
Cost	3,806	334,885	9,290	347,981
Accumulated amortisation	(3,806)	(178,294)	(6,299)	(188,399)
Net carrying amount	–	156,591	2,991	159,582
31 December 2024				
At 1 January 2024:				
Cost	3,806	334,885	9,290	347,981
Accumulated amortisation	(3,806)	(178,294)	(6,299)	(188,399)
Net carrying amount	–	156,591	2,991	159,582
At 1 January 2024, net of accumulated amortisation	–	156,591	2,991	159,582
Additions	–	92,348	1,126	93,474
Amortisation provided during the year	–	(76,708)	(2,352)	(79,060)

	Patents	IP Licenses	Software	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Exchange differences on translation	–	(1)	(5)	(6)
At 31 December 2024, net of accumulated amortisation	–	172,230	1,760	173,990
At 31 December 2024:				
Cost	3,806	427,203	10,387	441,396
Accumulated amortisation	(3,806)	(254,973)	(8,627)	(267,406)
Net carrying amount	–	172,230	1,760	173,990
31 December 2025				
At 1 January 2025:				
Cost	3,806	427,203	10,387	441,396
Accumulated amortisation	(3,806)	(254,973)	(8,627)	(267,406)
Net carrying amount	–	172,230	1,760	173,990
At 1 January 2025, net of accumulated amortisation	–	172,230	1,760	173,990
Additions	–	19,610	3,625	23,235
Amortisation provided during the year	–	(84,940)	(2,101)	(87,041)
At 31 December 2025, net of accumulated amortisation	–	106,900	3,284	110,184
At 31 December 2025:				
Cost	3,806	446,814	14,013	464,633
Accumulated amortisation	(3,806)	(339,914)	(10,729)	(354,449)
Net carrying amount	–	106,900	3,284	110,184

18. DEFERRED TAX ASSETS/LIABILITIES

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

The Group

Deferred tax assets

	Deferred income	Impairment of assets	Tax losses	Lease liabilities	Accrued expenses	Variations in depreciation and amortisation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,336	2,987	–	4,176	10,787	10,386	29,672
Deferred tax credited/ (charged) to the statement of profit or loss during the year	323	3,647	14,333	(1,302)	(2,783)	246	14,464
Gross deferred tax assets at 31 December 2023 and 1 January 2024	1,659	6,634	14,333	2,874	8,004	10,632	44,136
Deferred tax (charged)/ credited to the statement of profit or loss during the year	(941)	(2,671)	1,271	(1,162)	2,712	(192)	(983)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	718	3,963	15,604	1,712	10,716	10,440	43,153
Deferred tax credited/ (charged) to the statement of profit or loss during the year	267	809	19,039	(781)	(9,078)	(1,173)	9,083
Gross deferred tax assets at 31 December 2025	985	4,772	34,643	931	1,638	9,267	52,236

Deferred tax liabilities

	Right-of-use assets	Changes in fair value of financial assets at fair value through profit or loss and derivative financial instruments	Accrued Interest income of time deposits and Certificates of deposit	Fair-value adjustment from business combination	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	4,250	469	–	–	4,719
Deferred tax (credited)/charged to the statement of profit or loss during the year	(1,395)	534	4,694	–	3,833
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	2,855	1,003	4,694	–	8,552
Deferred tax (credited)/charged to the statement of profit or loss during the year	(1,340)	4,767	1,821	–	5,248
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	1,515	5,770	6,515	–	13,800
Deferred tax (credited)/charged to the statement of profit or loss during the year	(764)	(2,211)	(2,162)	4,188	(949)
Gross deferred tax liabilities at 31 December 2025	751	3,559	4,353	4,188	12,851

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	41,282	42,523	43,706
Net deferred tax liabilities recognised in the consolidated statement of financial position	5,698	13,170	4,321

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	135,709	119,917	258,384
Impairment of assets	4,736	4,420	689
Lease liabilities	1,682	19	30
Variations in depreciation and amortisation	346	1,404	–

The Group has accumulated tax losses in Chinese mainland of RMB119,295,000, RMB119,887,000 and RMB257,088,000 in aggregate at 31 December 2023, 2024 and 2025, respectively, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred.

The Group also has accumulated tax losses in overseas of RMB16,414,000, RMB30,000 and RMB1,296,000 in aggregate at 31 December 2023, 2024 and 2025, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above losses can be utilised.

The Company

Deferred tax assets

	Deferred income	**Impairment of assets**	**Tax losses**	**Lease liabilities**	**Accrued expense**	**Variations in depreciation and amortisation**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,336	2,987	–	1,382	10,787	10,386	26,878
Deferred tax credited/ (charged) to the statement of profit or loss during the year	323	3,647	14,333	(720)	(2,783)	246	15,046
Gross deferred tax assets at 31 December 2023 and 1 January 2024	1,659	6,634	14,333	662	8,004	10,632	41,924
Deferred tax (charged)/ credited to the statement of profit or loss during the year	(941)	(2,681)	(2,223)	119	2,712	(244)	(3,258)

	Deferred income	Impairment of assets	Tax losses	Lease liabilities	Accrued expense	Variations in depreciation and amortisation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross deferred tax assets at 31 December 2024 and 1 January 2025	718	3,953	12,110	781	10,716	10,388	38,666
Deferred tax credited/ (charged) to the statement of profit or loss during the year	133	(1,063)	4,994	(687)	(9,078)	(861)	(6,562)
Gross deferred tax assets at 31 December 2025	851	2,890	17,104	94	1,638	9,527	32,104

Deferred tax liabilities

	Right-of-use assets	Changes in fair value of financial assets at fair value through profit or loss and derivative financial instruments	Accrued Interest income of time deposits and Certificates of deposit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,462	469	–	1,931
Deferred tax (credited)/charged to the statement of profit or loss during the year	(817)	534	4,694	4,411
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	645	1,003	4,694	6,342
Deferred tax charged to the statement of profit or loss during the year	102	4,761	1,821	6,684
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	747	5,764	6,515	13,026
Deferred tax credited to the statement of profit or loss during the year	(663)	(2,427)	(2,162)	(5,252)
Gross deferred tax liabilities at 31 December 2025	84	3,337	4,353	7,774

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	41,280	38,036	24,330
Net deferred tax liabilities recognised in the statement of financial position	5,698	12,396	–

19. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	233,533	191,365	275,260
Finished goods	251,916	237,332	208,573
Materials consigned for processing and work in progress	306,410	371,233	478,394
Goods in transit	–	1,622	522
Subtotal	791,859	801,552	962,749
Provision	(48,872)	(30,697)	(32,439)
Total	742,987	770,855	930,310

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	226,295	182,948	251,245
Finished goods	231,351	178,602	127,963
Materials consigned for processing and work in progress	287,119	276,736	299,080
Goods in transit	–	–	522
Subtotal	744,765	638,286	678,810
Provision	(48,861)	(30,583)	(19,904)
Total	695,904	607,703	658,906

20. TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	138,561	115,160	242,265
Impairment	(92)	(145)	(62)
Total	138,469	115,015	242,203

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	125,367	103,083	169,496
Impairment	(92)	(145)	(49)
Total	125,275	102,938	169,447

The Group grants a credit period to its customers (other than direct sales to end users). The credit period is generally one month. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by customer service department. The balances of trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025, based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	129,366	100,572	236,097
1 to 6 months	9,103	14,443	6,106
Total	138,469	115,015	242,203

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	116,172	88,525	164,551
1 to 6 months	9,103	14,413	4,896
Total	125,275	102,938	169,447

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	215	92	145
Additions as a result of acquisition of a subsidiary	–	–	25
Impairment losses, net *(note 6)*	(123)	53	(108)
At end of year	92	145	62

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	214	92	145
Impairment losses, net	(122)	53	(96)
At end of year	92	145	49

An impairment analysis was performed at 31 December 2023, 2024 and 2025 using a provision matrix to measure ECLs of trade receivables.

The Group writes off trade receivables when there is information indicating that the counterparty is in severe financial difficulties and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner, also taking into account legal advice where appropriate.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

	As at 31 December 2023		
	Expected credit loss rate	Gross carrying amount	ECLs
		RMB'000	RMB'000
Within 1 month	0.00%	129,366	–
1 to 6 months	1.00%	9,195	92
Total		138,561	92

	As at 31 December 2024		
	Expected credit loss rate	Gross carrying amount	ECLs
		RMB'000	RMB'000
Within 1 month	0.00%	100,572	–
1 to 6 months	1.00%	14,588	145
Total		115,160	145

	As at 31 December 2025		
	Expected credit loss rate	Gross carrying amount	ECLs
		RMB'000	RMB'000
Within 1 month	0.00%	236,097	–
1 to 6 months	1.00%	6,168	62
Total		242,265	62

The Company

	As at 31 December 2023		
	Expected credit loss rate	Gross carrying amount	ECLs
		RMB'000	RMB'000
Within 1 month	0.00%	116,172	–
1 to 6 months	1.00%	9,195	92
Total		125,367	92

	As at 31 December 2024		
	Expected credit loss rate	Gross carrying amount	ECLs
		RMB'000	*RMB'000*
Within 1 month	0.00%	88,525	–
1 to 6 months	1.00%	14,558	145
Total		103,083	145

	As at 31 December 2025		
	Expected credit loss rate	Gross carrying amount	ECLs
		RMB'000	*RMB'000*
Within 1 month	0.00%	164,551	–
1 to 6 months	1.00%	4,945	49
Total		169,496	49

21. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Bank acceptance bills	–	1,155	181
Certificates of deposit	–	283,770	217,434
Total	–	284,925	217,615
Non-current			
Certificates of deposit	478,714	292,375	83,643

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Bank acceptance bills	–	1,155	–
Certificates of deposit	–	283,770	217,434
Total	–	284,925	217,434
Non-current			
Certificates of deposit	478,714	292,375	83,643

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Current				
Prepayments		41	208	13,010
Other receivables		20,422	12,342	5,590
Prepaid tax		5,941	11,516	12,941
Value-added tax and other taxes recoverable		78,097	97,484	113,952
[**REDACTED**]		–	–	[**REDACTED**]
Total		104,501	121,550	[**REDACTED**]
Non-current				
Time deposits over one year		82,417	30,814	–
Certificates of deposit	*(i)*	–	132,420	136,283
[**REDACTED**]		[**REDACTED**]	–	–
Prepayments for long-term assets		405	1,351	1,560
Capacity guarantee rights	*(ii)*	65,890	56,905	44,938
Capacity guarantee Deposit	*(ii)*	304,950	318,899	319,570
Total		[**REDACTED**]	540,389	502,351

The Company

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Current				
Prepayments		36	144	970
Other receivables		19,784	11,690	4,503
Prepaid tax		5,941	9,531	12,461
Value-added tax and other taxes recoverable		68,999	61,599	[**REDACTED**]
[**REDACTED**]		–	–	[**REDACTED**]
Total		94,760	82,964	[**REDACTED**]
Non-current				
Time deposits over one year		82,417	30,814	–
Certificates of deposit	*(i)*	–	132,420	136,283
[**REDACTED**]		[**REDACTED**]	–	–
Prepayments for long-term assets		244	1,030	273
Capacity guarantee rights	*(ii)*	65,890	56,905	44,938
Capacity guarantee deposit	*(ii)*	304,950	318,899	319,570
Total		[**REDACTED**]	540,068	501,064

Notes:

(i) As at 31 December 2024 and 2025, the Group and the Company held deposit certificates with maturities due in 2027, bearing interest rates ranging from 2.90% to 3.00%.

(ii) In September 2021, the Group entered into a long-term capacity reservation agreement with one supplier to secure future wafer supply capacity, with the contractual term extending through 31 December 2029. Pursuant to the agreement, the Group committed to pay the capacity reservation deposit of US$51 million to the supplier by 31 July 2023. Upon expiration of the agreement and full settlement of all outstanding payments, the supplier shall refund the deposit to the Group on a non-interest bearing basis.
In September 2021, the Group and the Company paid the capacity reservation deposit of US$16.83 million (equivalent to RMB107,303,000), which included unrealized financing income of RMB28,488,000. Subsequently, in July 2023, the Group and the Company paid the remaining deposit of US$34.17 million (equivalent to RMB243,649,000), which included unrealized financing income of RMB37,402,000.
During the years ended 31 December 2023, 2024 and 2025, the Group and the Company recognized realized financing income of RMB5,263,000, RMB8,557,000, and RMB8,811,000 respectively.

ECLs are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables and deposits was minimal.

The financial assets included in prepayments, other receivables and other assets above are interest-free and are not secured with collateral.

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current Portion			
Wealth management products	231,964	1,116,966	1,365,495
Non-current Portion			
Debt investments, at fair value	51,724	21,724	25,291
Equity investments, at fair value	22,710	26,788	102,438
Wealth management products	207,136	128,114	601,338
Subtotal	281,570	176,626	729,067
Total	513,534	1,293,592	2,094,562

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current Portion			
Wealth management products	231,964	1,101,956	1,219,081
Non-current Portion			
Debt investments, at fair value	51,724	21,724	25,291
Equity investments, at fair value	22,710	26,788	102,438
Wealth management products	207,136	128,114	501,274
Subtotal	281,570	176,626	629,003
Total	513,534	1,278,582	1,848,084

The above debt and equity investments were classified and measured at fair value through profit or loss as they are not held within the business model with the objective to collect contractual cashflows nor the business model with the objective of both collecting contractual cashflows and selling.

The wealth management products were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Derivative financial assets			
Currency swap derivatives	–	4,486	–
Forward foreign exchange derivatives	–	–	–
Total	–	4,486	–
Derivative financial liabilities			
Foreign exchange option derivatives	–	107	2,171

25. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	469,453	310,550	322,474
Less: Pledged deposits*	475	463	11,120
Time deposits*	233,270	78,052	31,608
Cash and cash equivalents	235,708	232,035	279,746
Denominated in:			
RMB	108,900	81,725	57,329
United States Dollar ("US$")	124,966	149,802	220,469
New Taiwan Dollar ("NT$")	1,842	508	1,864
Hong Kong Dollar ("HK$")	–	–	84
Total	235,708	232,035	279,746

* As at 31 December 2023, the bank deposits secured for customs guarantees amounted to RMB475,000. The time deposit amounting to US$315,000 (equivalent to RMB233,270,000) have maturities ranging from 3 months to 1 year and earned interest at the applicable fixed deposit rates.

* As at 31 December 2024, the bank deposits secured for customs guarantees amounted to RMB463,000. The time deposit amounting to RMB78,052,000 have maturities ranging from 3 months to 1 year and earned interest at the applicable fixed deposit rates, with RMB24,000,000 restricted due to options purchase.

* As at 31 December 2025, the bank deposits secured for customs guarantees, bank acceptance bills and option derivatives were amounted to RMB469,000, RMB600,000 and RMB10,051,000, respectively. The time deposit amounting to RMB31,608,000 will mature within one year and earned interest at the applicable fixed deposit rate.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	442,696	279,728	228,012
Less: Pledged deposits*	475	463	10,520
Time deposits*	233,270	78,052	31,608
Cash and cash equivalents	208,951	201,213	185,884
Denominated in:			
RMB	82,262	52,766	22,292
United States Dollar ("US$")	124,847	147,939	161,644
New Taiwan Dollar ("NT$")	1,842	508	1,864
Hong Kong Dollar ("HK$")	–	–	84
Total	208,951	201,213	185,884

* As at 31 December 2023, the bank deposits secured for customs guarantees amounted to RMB475,000. The time deposit amounting to US$315,000 (equivalent to RMB233,270,000) have maturities ranging from 3 months to 1 year and earned interest at the applicable fixed deposit rates.

* As at 31 December 2024, the bank deposits secured for customs guarantees amounted to RMB463,000. The time deposit amounting to RMB78,052,000 have maturities ranging from 3 months to 1 year and earned interest at the applicable fixed deposit rates, with RMB24,000,000 restricted due to options purchase.

* As at 31 December 2025, the bank deposits secured for customs guarantees and option derivatives were amounted to RMB469,000 and RMB10,051,000, respectively. The time deposit amounting to RMB31,608,000 will mature within one year and earned interest at the applicable fixed deposit rate.

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized 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 twelve months depending on the immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

26. TRADE AND BILLS PAYABLES

Trade payables are non-interest-bearing and are normally settled on terms of within 60 days.

An ageing analysis of the trade and bills payables as at 31 December 2023, 2024 and 2025, based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	214,503	181,836	365,655
Over 1 year	183	1,355	2,758
Total	214,686	183,191	368,413

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	185,146	122,787	284,275
Over 1 year	183	1,355	1,167
Total	185,329	124,142	285,442

27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	21,216	30,649	30,137

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sale of goods	18,538	25,900	17,296

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Salaries and benefits payables	85,294	107,871	138,708
Payables for purchases of property and construction	67,334	4,300	1,550
Other payables	17,328	33,055	42,104
Other tax payables	8,740	9,006	17,009
Long-term payables due within one year	81,532	105,578	74,099
Total	260,228	259,810	273,470
Non-current			
Long-term payables	94,036	64,747	5,737

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Salaries and benefits payables	79,467	101,075	125,745
Payables for purchases of property and construction	10,906	4,300	1,518
Other payables	14,122	31,134	16,874
Other tax payables	7,661	6,795	12,609
Long-term payables due within one year	73,384	94,362	64,066
Total	185,540	237,666	220,812
Non-current			
Long-term payables	92,891	48,608	–

Other payables and accruals are unsecured, non-interest-bearing and are expected to be settled within 12 months.

29. INTEREST-BEARING BANK BORROWINGS

The Group

	As at 31 December 2023		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – secured	2.37	2024	69,461
Bank loans – unsecured	2.40-2.70	2024	312,331
Current portion of long-term bank loans – unsecured	2.00-2.80	2024	1,451
Total current			383,243
Non-current			
Bank loans – unsecured	2.00-2.80	2025-2026	343,345
Total			726,588

	As at 31 December 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – secured	2.56	2025	66,950
Bank loans – unsecured	4.71-5.95	2025	263,937
Current portion of long-term bank loans – unsecured	2.00-2.45	2025	20,944
Total current			351,831
Non-current			
Bank loans – unsecured	2.00-2.45	2026-2027	372,675
Total			724,506

	As at 31 December 2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – secured	2.30-2.90	2026	99,312
Bank loans – unsecured	2.11-4.50	2026	312,856
Current portion of long-term bank loans – unsecured	1.50-3.60	2026	362,178
Total current			774,346
Non-current			
Bank loans – unsecured	1.50-3.00	2027-2028	433,056
Total			1,207,402

The Company

	As at 31 December 2023		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – secured	2.37	2024	69,461
Bank loans – unsecured	2.40-2.70	2024	312,331
Current portion of long-term bank loans – unsecured	2.00-2.80	2024	1,451
Total current			383,243
Non-current			
Bank loans – unsecured	2.00-2.80	2025-2026	343,345
Total			726,588

	As at 31 December 2024		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – secured	2.56	2025	66,950
Bank loans – unsecured	4.71-5.95	2025	263,937
Current portion of long-term bank loans – unsecured	2.00-2.45	2025	20,944
Total current			351,831
Non-current			
Bank loans – unsecured	2.00-2.45	2026-2027	372,675
Total			724,506

	As at 31 December 2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*
Current			
Bank loans – secured	2.57	2026	67,043
Bank loans – unsecured	2.11-4.50	2026	312,856
Current portion of long-term bank loans – unsecured	1.50-3.60	2026	362,178
Total current			742,077
Non-current			
Bank loans – unsecured	1.50-3.00	2027-2028	433,056
Total			1,175,133

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	383,243	351,831	774,346
In the second year	19,750	322,875	88,440
In the third to fifth years, inclusive	323,595	49,800	344,616
Total	726,588	724,506	1,207,402

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year or on demand	383,243	351,831	742,077
In the second year	19,750	322,875	88,440
In the third to fifth years, inclusive	323,595	49,800	344,616
Total	726,588	724,506	1,175,133

The principal amounts of the Group's bank borrowings guaranteed by the executive director and general manager of the Group, Mr. Lin Yongyu are RMB69,420,000, RMB66,870,000 and RMB66,930,000 as at 31 December 2023, 2024 and 2025, respectively.

30. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	11,061	4,787	6,570

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	11,061	4,787	5,675

The Group's deferred government grants represented government grants received for projects and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

31. SHARE CAPITAL

The Group and the Company

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

	Notes	Number of shares in issue	Share capital
			RMB'000
At 31 December 2023		378,947,370	378,947
Ordinary shares contributed by shareholders of RMB1 each	*(i)*	42,112,630	42,113
At 31 December 2024		421,060,000	421,060
Ordinary shares contributed by shareholders of RMB1 each	*(ii)*	655,232	655
At 31 December 2025		421,715,232	421,715

(i) On 28 March 2024, the Company received capital contributions from its initial public offering with total capital of RMB627,903,000, with approximately RMB42,113,000 and RMB585,790,000 credited to the Company's share capital and capital reserve, respectively.

(ii) On 11 August 2025, the Company issued 655,232 shares under the share-based payment scheme for a total cash consideration of RMB11,911,000. An amount of RMB17,430,000 was transferred from share-based payment reserve to capital reserve upon the issuance of the restricted shares.

32. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information. The relevant notes to certain movements of the Group's equity during the Relevant Periods are included below:

(i) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which are set out in note 33 to the Historical Financial Information.

(iii) Foreign currency translation reserve

The Group's foreign currency translation reserve represents the differences arising from the translation of the financial statements of the Group's subsidiary and a branch of the Company outside Chinese mainland in accordance with the accounting policy set out for "Foreign currencies" in note 2.3 to the Historical Financial Information.

(iv) Statutory surplus reserve

Pursuant to the relevant laws in the PRC, the Company's subsidiaries in the PRC shall make appropriations from after-tax profit to non-distributable reserve funds as determined by the boards of directors of the relevant PRC subsidiaries. In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Foreign currency translation reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	543,424	56,052	488	131,149	815,224	1,546,337
Profit for the year	–	–	–	–	220,594	220,594
Other comprehensive income for the year:						
Foreign currency translation	–	–	(103)	–	–	(103)
Total comprehensive income for the year	–	–	(103)	–	220,594	220,491
Share-based payments	–	32,435	–	–	–	32,435
Transfer from retained profits	–	–	–	22,059	(22,059)	–
At 31 December 2023	543,424	88,487	385	153,208	1,013,759	1,799,263

	Capital reserve	Share-based payment reserve	Foreign currency translation reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	543,424	88,487	385	153,208	1,013,759	1,799,263
Profit for the year	–	–	–	–	254,464	254,464
Other comprehensive income for the year:						
Foreign currency translation	–	–	(220)	–	–	(220)
Total comprehensive income for the year	–	–	(220)	–	254,464	254,244
Capital contribution by shareholders	585,790	–	–	–	–	585,790
Share-based payments	–	36,758	–	–	–	36,758
Dividend declared	–	–	–	–	(42,106)	(42,106)
Transfer from retained profits	–	–	–	25,446	(25,446)	–
At 31 December 2024	1,129,214	125,245	165	178,654	1,200,671	2,633,949

	Capital reserve	Share-based payment reserve	Foreign currency translation reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	1,129,214	125,245	165	178,654	1,200,671	2,633,949
Profit for the year	–	–	–	–	198,715	198,715
Other comprehensive income for the year:						
Foreign currency translation	–	–	(245)	–	–	(245)
Total comprehensive income for the year	–	–	(245)	–	198,715	198,470
Issue of shares upon exercising of share-based payment scheme	28,686	(17,430)	–	–	–	11,256
Share-based payments	–	32,708	–	–	–	32,708
Dividend declared	–	–	–	–	(84,212)	(84,212)
Transfer from retained profits	–	–	–	19,872	(19,872)	–
At 31 December 2025	1,157,900	140,523	(80)	198,526	1,295,302	2,792,171

33. SHARE-BASED PAYMENTS

On 29 June 2018, the board of directors of the Company approved the "2018 Employee Equity Incentive Plan of Xiamen SigmaStar Technology Co., Ltd." (the "2018 Plan"), authorizing the management to implement equity incentives for the Company's executives, key employees and other designated individuals ("Incentive Recipients"). Pursuant to the 2018 Plan, the shares were sourced from existing shareholders' holdings, with 9,408,405 equity units transferred to the equity incentive platform at a consideration of no less than RMB4.50 per unit, representing RMB2,127,232 in registered capital. On 29 June 2018, 5,432,700 units were initially granted; 388,000 units were subsequently granted between 30 June 2018 and 31 December 2018; 1,490,600 units were granted between 1 January 2019 and 1 April 2019; with the remaining 2,097,105 units being held by the platform administrator pending future grants. The Company established a four-year vesting period from the grant date until the fourth anniversary of the Incentive Recipients' continuous service, with corresponding share-based compensation expenses being amortized on a straight-line basis over this period.

On 20 May 2019, the board of directors of the Company approved the "2019 Employee Equity Incentive Plan of Xiamen SigmaStar Technology Co., Ltd." (the "2019 Plan"), authorizing the management to implement equity incentives for the Company's executives, key employees and other designated individuals ("2019 Incentive Recipients"). Pursuant to the 2019 Plan, the shares were sourced from existing shareholders' holdings, with 3,715,874 equity units transferred to the equity incentive platform at a consideration of no less than RMB6.90 per unit, representing RMB1,914,521 in registered capital. As at 20 May 2019, the total unallocated shares amounted to 5,812,979 units. On 20 May 2019, 3,806,000 units were initially granted; 603,900 units were subsequently granted between 21 May 2019 and 31 December 2019; 856,621 units were granted during year 2020; and 546,458 units were granted during year 2021. As at 31 December 2021, all shares under the aforementioned employee equity incentive plan had been fully granted. The Company established a four-year vesting period from the grant date until the fourth anniversary of the 2019 Incentive Recipients' continuous service, with corresponding share-based compensation expenses being amortized on a straight-line basis over this period.

On 13 June 2021, the Company's shareholders' meeting approved the "2021 Employee Equity Incentive Plan of Xiamen SigmaStar Technology Co., Ltd." (the "2021 Plan"), authorizing the implementation of equity incentives for SigmaStar's executives ("2021 Incentive Recipients"). Pursuant to the 2021 Plan, the shares were sourced from the equity holding entity's acquisition of the Company's shares through capital increase. The Company granted a total of 18,947,370 shares to all the 2021 Incentive Recipients, representing RMB18,947,370 in registered capital. On 13 June 2021, all 18,947,370 shares were granted in full. The Company established a four-year vesting period from the grant date until the fourth anniversary of the 2021 Incentive Recipients' continuous service, with corresponding share-based compensation expenses being amortized on a straight-line basis over this period.

On 10 May 2021, pursuant to a resolution of the board of directors, the Company was converted from a limited liability company to a joint stock limited company with a share capital of 360,000,000 shares.

On 9 August 2024, the Company's board of directors and supervisory committee reviewed and approved the "Proposal on Granting Restricted Shares to Incentive Recipients under the 2024 Restricted Share Incentive Plan". The board of directors determined that the grant conditions specified in the Company's 2024 Type II Restricted Share Incentive Plan (the "2024 Incentive Plan") had been satisfied. Pursuant to the authorization from the Company's 2024 Second Extraordinary General Meeting, the board of directors approved 9 August 2024 as the grant date, and resolved to grant 1,755,676 Type II restricted shares at a grant price of RMB18.38 per share to 221 qualified incentive recipients, who are core personnel of the Company, including certain directors, senior management, and key technical (business) personnel. The Type II restricted shares granted under the 2024 Incentive Plan will vest in three instalments starting 12 months after the grant date, subject to the recipients meeting the corresponding vesting conditions, with specific vesting periods and arrangements as follows:

(i) The first vesting period shall be from the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date, with a vesting ratio of 40%;

(ii) The second vesting period shall be from the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date, with a vesting ratio of 30%;

(iii) The third vesting period shall be from the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date, with a vesting ratio of 30%.

On 22 September 2025, the Company's board of directors and supervisory committee reviewed and approved the "Proposal on Granting Restricted Shares to Incentive Recipients under the 2025 Restricted Share Incentive Plan". The board of directors determined that the grant conditions specified in the Company's 2025 Type II Restricted Share Incentive Plan (the "2025 Incentive Plan") had been satisfied. Pursuant to the authorization from the Company's 2025 Second Extraordinary General Meeting, the board of directors approved 22 September 2025 as the grant date, and resolved to grant 927,200 Type II restricted shares at a grant price of RMB33.25 per share to 207 qualified incentive recipients, who are key technical (business) personnel of the Company. The Type II restricted shares granted under the 2025 Incentive Plan will vest in three instalments starting 12 months after the Grant Date, subject to the recipients meeting the corresponding vesting conditions, with specific vesting periods and arrangements as follows:

(i) The first vesting period shall be from the first trading day after 12 months from the grant date to the last trading day within 24 months from the grant date, with a vesting ratio of 40%;

(ii) The second vesting period shall be from the first trading day after 24 months from the grant date to the last trading day within 36 months from the grant date, with a vesting ratio of 30%;

(iii) The third vesting period shall be from the first trading day after 36 months from the grant date to the last trading day within 48 months from the grant date, with a vesting ratio of 30%.

The following shares were outstanding under the share-based payment schemes during the Relevant Periods:

	Number of shares
At 1 January 2023	68,930,233
Granted during the year	168,723
Forfeited during the year	(597,630)
At 31 December 2023	68,501,326
Granted during the year	1,876,424
Forfeited during the year	(122,131)
At 31 December 2024	70,255,619
Granted during the year	947,200
Forfeited during the year	(209,409)
Exercised during the year	(655,232)
At 31 December 2025	70,338,178

As at 31 December 2023, 2024 and 2025, the accumulated amount of equity settled share based payments included in capital reserve are RMB88,487,000, RMB125,245,000 and RMB140,523,000 respectively. The Group recognised a share-based payment expense of RMB32,435,000, RMB36,758,000 and RMB32,708,000, respectively, during the years ended 31 December 2023, 2024 and 2025.

The fair value of the Type II Restricted Shares granted in 2024 and 2025 at the grant date, was determined using the Black-Scholes model. Key assumptions used in determining the fair value were as follows:

	Grant date 9 August 2024	Grant date 22 September 2025
Risk-free interest rate (%)	1.50 to 2.75	1.50-2.75
Volatility (%)	18.22 to 20.57	22.34-28.72

34. PLEDGE OF ASSETS

Details of the Group's restricted bank deposits is included in note 25 to the Historical Financial Information.

35. COMMITMENTS

The Group had the following commitments at the end of each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
IP Licenses	–	–	230,896
Debt investments	–	–	21,000
Property, plant and equipment	4,300	–	–
Total	4,300	–	251,896

	As at 31 December		
	2023	2024	2025
	US$'000	US$'000	US$'000
Contracted, but not provided for:			
Purchase of wafer	249,294	215,735	170,991

36. BUSINESS COMBINATION

On 31 October 2025, the Group acquired a 53.3087% interest in Shanghai Frequen Microelectronics Co., Ltd from independent third parties. Shanghai Frequen Microelectronics Co., Ltd is engaged in research and development and sale of chip products. The acquisition was made as part of the Group's strategy layout in the field of chip design through enhancing the capabilities in connectivity, audio and low-power consumption aspects based on key self-developed technologies.

The fair values of the identifiable assets and liabilities of each acquisition as at the respective dates of the acquisitions are as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	14	1,399
Other intangible assets	17	26,655
Right-of-use assets	15(a)	1,807
Deferred tax assets		19,342
Prepayments, other receivables and other assets		8,912
Trade receivables		6,421
Restricted deposits		645
Cash and cash equivalents		25,420
Inventories		70,562
Financial assets at fair value through profit or loss		33,908
Trade and bills payables		(18,697)
Contract liabilities		(3,058)
Other payables and accruals		(21,023)
Interest-bearing bank borrowings		(22,239)
Lease liabilities	15(b)	(1,846)
Deferred tax liabilities		(4,367)
Total identifiable net assets at fair value		123,841
Non-controlling interests		(62,385)
Acquisition of net assets		61,456
Goodwill on acquisition		152,851
Satisfied by cash		214,307

In the opinion of the directors, the fair values of trade receivables, prepayments, other receivables and other assets as at the date of acquisition amounted to RMB6,421,000 and RMB8,912,000 respectively, equivalent to the total gross contractual amounts of their trade receivables, prepayments, other receivables and other assets. All trade receivables, prepayments, other receivables and other assets are expected to be recoverable.

The Group measured the acquired lease liabilities using the present values of the remaining lease payments at the dates of acquisition. The right-of-use assets were measured at amounts equal to the lease liabilities.

The Group incurred transaction costs of RMB2,286,000 during the year for the above acquisitions. These transaction costs have been expensed and are included in other expenses in the consolidated statement of profit or loss.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows.

	RMB'000
Cash consideration	(214,307)
Cash and cash equivalents acquired	25,420
Net outflow of cash and cash equivalents included in cash flows from investing activities	(188,887)
Transaction costs of the acquisition included in cash flows from financing activities	(2,286)
Total net cash outflow	(191,173)

Since the acquisition, Shanghai Frequen Microelectronics Co., Ltd and its subsidiary contributed RMB27,461,000 to the Group's revenue and net loss of RMB57,000 to the Group for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been increased by RMB137,250,000 and decreased by RMB5,256,000, respectively.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to both right-of-use assets and lease liabilities of approximately RMB406,000, RMB4,155,000 and RMB2,187,000, respectively, in respect of lease arrangements for office premises.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2023

	Listing fee	Long-term payables	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	487	133,081	91,739	24,319
Changes from financing cash flows	(1,758)	(59,857)	621,863	(12,098)
New leases	–	–	–	406
Addition	2,045	100,978	–	–
Termination of lease contracts	–	–	–	(316)
Interest expenses charged to profit or loss	–	3,220	11,633	464
Exchange differences on translation	–	(1,854)	1,353	32
As at 31 December 2023	774	175,568	726,588	12,807

Year ended 31 December 2024

	Listing fee	Long-term payables	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	774	175,568	726,588	12,807
Changes from financing cash flows	(774)	(71,445)	(27,099)	(6,908)
New leases	–	–	–	4,155
Addition	–	61,244	–	–
Interest expenses charged to profit or loss	–	4,958	23,205	291
Exchange differences on translation	–	–	1,812	35
As at 31 December 2024	–	170,325	724,506	10,380

Year ended 31 December 2025

	Transaction costs of the acquisition	Listing fee	Long-term payables	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	–	–	170,325	724,506	10,380
Acquisition of a subsidiary	–	–	–	22,239	1,846
Changes from financing cash flows	(2,286)	(16,384)	(96,164)	438,219	(6,172)
New leases	–	–	–	–	2,187
Addition	2,286	18,681	–	–	–
Termination of lease contracts	–	–	–	–	(798)
Interest expenses charged to profit or loss	–	–	5,675	26,978	260
Exchange differences on translation	–	–	–	(4,540)	91
As at 31 December 2025	–	2,297	79,836	1,207,402	7,794

(c) Total cash outflows for leases

Total cash outflows for leases included in the statements of cash flows is as follows:

	Year ended December 31		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	538	1,325	448
Within financing activities	12,098	6,908	6,172
Total	12,636	8,233	6,620

38. RELATED PARTY TRANSACTIONS AND BALANCES

The directors are of the view that the following individuals/companies are related parties that had material transactions or balances with the Group during the Relevant Periods.

(a) Names and relationships of related parties

Name	Relationship
Mr. Lin Yongyu	Executive director and general manager
Jointmicro Technology Inc. (福建傑木科技有限公司)	Former associated company; an enterprise in which Elite Star Holdings Limited, wholly owned by Mr. Lin Yongyu, holds a 17.53331% stake
MediaTek Inc. and its subsidiaries (聯發科技股份有限公司及其子公司)	Indirect shareholders and their subsidiaries
King Yuan Electronics Co., Ltd. and its subsidiaries (京元電子股份有限公司及其控股子公司)	Other enterprises controlled or jointly controlled by major individual investors, key management personnel of the Company, or their close family members
ILI Technology CORP (奕力科技股份有限公司)	Former enterprise controlled by shareholders holding 5% or more of the shares of the Company

(b) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Notes	Year ended December 31		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Sales of goods and provision of services	*(i)*			
Jointmicro Technology Inc.		9,585	351	–
Purchases of goods and services received	*(ii)*			
Jointmicro Technology Inc.		–	51,453	–
MediaTek Inc. and its subsidiaries		22,371	22,259	25,000
King Yuan Electronics Co., Ltd. and its subsidiaries		–	–	–
ILI Technology CORP		447	572	666
Total		22,818	74,284	25,666
Lease expense paid to related parties	*(iii)*			
MediaTek Inc. and its subsidiaries		196	203	213
ILI Technology CORP		1,874	1,871	1,947
Total		2,070	2,074	2,160

Notes:

(i) The sales to the related party, were made with reference to the prices and conditions offered to the major customers of the Group.

(ii) The purchases from related parties were made at mutually agreed prices.

(iii) The Group leased properties from the related parties for office use. The monthly lease payable was determined on a basis mutually agreed by both parties with reference to the prevailing market rent of similar properties located at the surrounding area available to independent third parties.

Right-of-use assets of RMB1,099,000, RMB3,134,000 and RMB1,114,000 and lease liabilities of RMB1,108,000, RMB3,153,000 and RMB1,135,000 with respect to the leases were recognized in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively. During the years ended 31 December 2023, 2024 and 2025, depreciation of right-of-use assets of RMB1,852,000, RMB1,976,000 and RMB2,095,000, interest expenses on the lease liabilities of RMB24,000, RMB47,000 and RMB62,000 and expenses relating to short-term leases and leases of low-value assets of RMB202,000, RMB55,000 and RMB7,000 were charged to profit or loss.

(c) Guarantees provided by related parties

During the Relevant Periods, Mr. Lin Yongyu provided guarantees for the Group's interest-bearing bank borrowings free of charge (note 29).

(d) Outstanding balances with related parties

The Group

Amounts due from related parties

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Jointmicro Technology Inc.	111	–	–
MediaTek Inc. and its subsidiaries	35	36	36
ILI Technology CORP	334	329	329
Total	480	365	365

Amounts due to related parties

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Jointmicro Technology Inc.	–	33,962	–
MediaTek Inc. and its subsidiaries	3,741	5,535	–
ILI Technology CORP	49	–	51
Total	3,790	39,497	51

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties			
Jointmicro Technology Inc.	111	–	–
MediaTek Inc. and its subsidiaries	35	36	36
ILI Technology CORP	334	329	329
Subtotal	480	365	365
Amounts due from subsidiaries			
SigmaStar Electronics (Shenzhen) Co., Ltd.	2,365	3,378	16,897
Xiamen SIStar Technology Ltd.	–	6,553	18,113
Subtotal	2,365	9,931	35,010
Total	2,845	10,296	35,375

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties			
Jointmicro Technology Inc.	–	33,962	–
MediaTek Inc. and its subsidiaries	3,741	3,925	–
ILI Technology CORP	49	–	51
Subtotal	3,790	37,887	51
Amounts due to subsidiaries			
SigmaStar Electronics (Shenzhen) Co., Ltd.	842	1,539	2,977
Xiamen SIStar Technology Ltd.	–	–	494
Subtotal	842	1,539	3,471
Total	4,632	39,426	3,522

(e) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	8,153	8,009	10,110
Pension scheme contributions	858	948	910
Share-based payment expenses	17,190	18,476	9,193
Total	26,201	27,433	20,213

Further details of directors', the chief executive's and supervisors' emoluments are included in note 8 to the Historical Financial Information.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortized cost			
Trade receivables	138,469	115,015	242,203
Financial assets included in prepayments, other receivables and other assets:			
– Current portion	20,422	12,342	5,590
– Non-current portion	387,367	482,133	455,853
Amounts due from related parties	480	365	365
Time deposits	233,270	78,052	31,608
Pledged deposits	475	463	11,120
Cash and cash equivalents	235,708	232,035	279,746
Total	1,016,191	920,405	1,026,485

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at amortized cost			
Trade and bills payables	214,686	183,191	368,413
Financial liabilities included in other payables and accruals	166,194	142,933	117,753
Amounts due to related parties	3,790	39,497	51
Interest-bearing bank borrowings			
– Current portion	383,243	351,831	774,346
– Non-current portion	343,345	372,675	433,056
Lease liabilities			
– Current portion	5,866	6,424	6,902
– Non-current portion	6,941	3,956	892
Long-term payables	94,036	64,747	5,737
Total	1,218,101	1,165,254	1,707,150

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss			
Financial assets at fair value through profit or loss			
– Current portion	231,964	1,116,966	1,365,495
– Non-current portion	281,570	176,626	729,067
Derivative financial instruments	–	4,486	–
Total	513,534	1,298,078	2,094,562

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income			
Debt investments at fair value through other comprehensive income			
– Current portion	–	284,925	217,615
– Non-current portion	478,714	292,375	83,643

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at fair value through profit or loss			
Derivative financial instruments	–	107	2,171

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2023, 2024 and 2025, the fair values of the Group's financial assets and liabilities approximated to their respective carrying amounts.

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, time deposits, trade receivables, financial assets included in prepayments, other receivables and other assets, amounts due from related parties, trade and bills payables, financial liabilities included in other payables and accruals, amounts due to related parties, and interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial controller is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The financial controller reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors for annual financial reporting.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cashflows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The fair values of long-term payables have been calculated by discounting the expected future cashflows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair values of unlisted equity investments have been valued based on a market-based fair value technique that is appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Those valuation techniques require significant observable inputs, including market multiplier, risk-free interest rate, volatility and liquidity discount which are available from public market. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of each of the Relevant Periods.

The fair value of listed equity investment was valued based on a quoted market price with a discount of lack of marketability since the Group's shares in the listed investee were still within a lock-up period.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis at the end of each of the Relevant Periods:

As at 31 December 2023

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investments at fair value through profit or loss	Valuation multiples and recent transaction method	Average multiple of peers(PE/PS)	2.26x-62.67x	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB660,000
		Discount for lack of marketability	33%-39%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB396,000

As at 31 December 2024

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investments at fair value through profit or loss	Valuation multiples and recent transaction method	Average multiple of peers(PE/PS)	2.40x-187.92x	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB480,000
		Discount for lack of marketability	35%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB258,000

As at 31 December 2025

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted investments at fair value through profit or loss	Valuation multiples and recent transaction method	Average multiple of peers (PE/PS)	2.63x-113.57x	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB290,000
		Discount for lack of marketability	35%	5% increase/decrease in discount would result in decrease/increase in fair value by RMB160,000

Fair value hierarchy

Assets for which fair values are disclosed:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
Wealth management products, at fair value	–	439,100	–	439,100
Listed equity investment, at fair value	16,710	–	–	16,710
Unlisted equity investments, at fair value	–	–	6,000	6,000
Debt instrument investments	–	–	51,724	51,724
Debt investments at fair value through other comprehensive income:				
Certificates of deposit	–	478,714	–	478,714
Total	16,710	917,814	57,724	992,248

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial instruments	–	4,486	–	4,486
Financial assets at fair value through profit or loss:				
Wealth management products, at fair value	–	1,245,080	–	1,245,080
Listed equity investment, at fair value	14,988	–	–	14,988
Unlisted equity investments, at fair value	–	–	11,800	11,800
Debt instrument investments	–	–	21,724	21,724
Debt investments at fair value through other comprehensive income:				
Certificates of deposit	–	576,145	–	576,145
Bank acceptance bills	–	1,155	–	1,155
Total	14,988	1,826,866	33,524	1,875,378

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
Wealth management products, at fair value	–	1,966,833	–	1,966,833
Listed equity investment, at fair value	9,562	–	–	9,562
Unlisted equity investments, at fair value	–	–	92,876	92,876
Debt instrument investments	–	–	25,291	25,291
Debt investments at fair value through other comprehensive income:				
Deposit certificates	–	301,077	–	301,077
Bank acceptance bills	–	181	–	181
Total	9,562	2,268,091	118,167	2,395,820

Liabilities measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial liabilities.	–	–	–	–

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial liabilities.	–	107	–	107

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Derivative financial liabilities.	–	2,171	–	2,171

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarized below.

Interest rate risk

At the end of each of the Relevant Periods, the Group had no significant interest risk as the Group did not have long-term debt obligations with a floating interest rate.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales and purchases carried out in foreign currencies other than their functional currency. The group takes derivative financial instruments to alleviate the impact on exposure of foreign currency risk arising from foreign currency bank borrowings.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the RMB against the relevant currencies, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets).

	Increase/ (decrease) in US$ rate	Increase/ (decrease) in profit before tax
		RMB'000
Year ended 31 December 2023		
If the RMB weakens against the US$	(10%)	42,583
If the RMB strengthens against the US$	10%	(42,583)
Year ended 31 December 2024		
If the RMB weakens against the US$	(10%)	68
If the RMB strengthens against the US$	10%	(68)
Year ended 31 December 2025		
If the RMB weakens against the US$	(10%)	18,357
If the RMB strengthens against the US$	10%	(18,357)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year end staging as at 31 December 2023, 2024 and 2025

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year end staging classification as at 31 December 2023, 2024 and 2025. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 55%, 63% and 47% of the Group's trade receivables were due from the Group's largest customer by balance, respectively.

At 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 93%, 92% and 91% of the Group's trade receivables were due from the Group's five largest customers by balance, respectively.

	As at 31 December 2023				
	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	138,561	138,561
Financial assets included in prepayments, other receivables and other assets					
– Normal**	407,789	–	–	–	407,789
Debt investments at fair value through other comprehensive income	478,714	–	–	–	478,714
Amounts due from related parties	480	–	–	–	480
Time deposits	233,270	–	–	–	233,270
Pledged deposits	475	–	–	–	475
Cash and cash equivalents	235,708	–	–	–	235,708
Total	1,356,436	–	–	138,561	1,494,997

	As at 31 December 2024				
	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	115,160	115,160
Financial assets included in prepayments, other receivables and other assets					
– Normal**	494,475	–	–	–	494,475
Debt investments at fair value through other comprehensive income	577,300	–	–	–	577,300
Amounts due from related parties	365	–	–	–	365
Time deposits	78,052	–	–	–	78,052
Pledged deposits	463	–	–	–	463
Cash and cash equivalents	232,035	–	–	–	232,035
Total	1,382,690	–	–	115,160	1,497,850

	As at 31 December 2025				
	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	242,265	242,265
Financial assets included in prepayments, other receivables and other assets					
– Normal**	461,443	–	–	–	461,443
Debt investments at fair value through other comprehensive income	301,258	–	–	–	301,258
Amounts due from related parties	365	–	–	–	365
Time deposits	31,608	–	–	–	31,608
Pledged deposits	11,120	–	–	–	11,120
Cash and cash equivalents	279,746	–	–	–	279,746
Total	1,085,540	–	–	242,265	1,327,805

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 20 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operation and interest-bearing bank borrowings.

The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's financial liabilities at the end of each of the Relevant Periods, based on contractual undiscounted payments, was as follows:

	As at 31 December 2023				
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	–	214,686	–	–	214,686
Financial liabilities included in other payables and accruals	–	170,180	–	–	170,180
Amounts due to related parties	–	3,790	–	–	3,790
Interest-bearing bank borrowings and interest accruals	–	395,573	29,020	326,913	751,506
Lease liabilities	–	6,156	3,447	3,743	13,346
Long-term payables	–	–	66,448	33,430	99,878
Total	–	790,385	98,915	364,086	1,253,386

	As at 31 December 2024				
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	–	183,191	–	–	183,191
Financial liabilities included in other payables and accruals	–	143,208	–	–	143,208
Amounts due to related parties	–	39,497	–	–	39,497
Interest-bearing bank borrowings and interest accruals	–	362,284	328,107	50,425	740,816
Lease liabilities	–	6,666	3,794	221	10,681
Long-term payables	–	–	61,588	5,927	67,515
Total	–	734,846	393,489	56,573	1,184,908

	As at 31 December 2025				
	On demand	Within 1 year	1 to 2 years	2 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	–	368,413	–	–	368,413
Financial liabilities included in other payables and accruals	–	120,462	–	–	120,462
Amounts due to related parties	–	51	–	–	51
Interest bearing bank borrowings and interest accruals	–	786,749	96,078	348,463	1,231,290
Lease liabilities	–	6,974	897	–	7,871
Long-term payables	–	–	5,796	–	5,796
Total	–	1,282,649	102,771	348,463	1,733,883

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	1,350,240	1,330,844	1,916,156
Total assets	3,440,066	4,299,265	5,215,002
Debt-to-asset ratios	39%	31%	37%

42. EVENTS AFTER THE RELEVANT PERIODS

On March 9, 2026, the Board of Directors of the company approved the dividend proposal for the year 2025. The company will distribute a cash dividend of RMB3 per 10 shares (inclusive of tax) to all shareholders, based on the total shares as of the equity registration date for distribution less the shares repurchased and held in the repurchase special account. No share dividends will be issued and no capitalization of capital reserve will be made. The remaining undistributed profits will be carried forward to future years for distribution. This dividend proposal remains subject to approval by the company's shareholders' meeting.