

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in the document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JOINSILICON MICROELECTRONICS (BEIJING) CO., AND PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of JoinSilicon Microelectronics (Beijing) Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the 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-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of 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.

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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-[●] have been made.

Dividends

We refer to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Period.

Certified Public Accountants
Hong Kong

[date]

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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 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.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	74,802	347,556	484,196
Cost of sales		(48,705)	(187,264)	(349,853)
Gross profit		26,097	160,292	134,343
Other income and gains	5	7,220	19,600	16,573
Selling expenses		(3,907)	(11,158)	(26,264)
Administrative expenses		(35,563)	(40,382)	(48,626)
Research and development expenses		(90,868)	(175,536)	(239,033)
Impairment gains/(losses) on financial assets, net		512	(314)	(194)
Other expenses		(109)	(689)	(113)
Finance costs	7	(1,812)	(239)	(196)
LOSS BEFORE TAX	6	(98,430)	(48,426)	(163,510)
Income tax expense	10	—	(33)	—
LOSS FOR THE YEAR		<u>(98,430)</u>	<u>(48,459)</u>	<u>(163,510)</u>
Attributable to:				
Owners of the parent		<u>(98,430)</u>	<u>(48,459)</u>	<u>(163,510)</u>
		<u>(98,430)</u>	<u>(48,459)</u>	<u>(163,510)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	11	<u>(22)</u>	<u>(5)</u>	<u>(13)</u>

For the details of [REDACTED] Investments, please refer to Note 26 to this report.

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
LOSS FOR THE YEAR	<u>(98,430)</u>	<u>(48,459)</u>	<u>(163,510)</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:	—	—	—
Exchange differences on translation of foreign operations	<u>—</u>	<u>—</u>	<u>—</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:	—	—	—
Share of other comprehensive income of associates	—	—	—
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	<u>—</u>	<u>—</u>	<u>—</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(98,430)</u>	<u>(48,459)</u>	<u>(163,510)</u>
Attributable to:			
Owners of the parent	<u>(98,430)</u>	<u>(48,459)</u>	<u>(163,510)</u>
	<u>(98,430)</u>	<u>(48,459)</u>	<u>(163,510)</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	12	6,428	28,742	17,902
Right-of-use assets	13	4,562	3,177	4,595
Other intangible assets	14	34	14,435	10,093
Prepayments, other receivables and other assets	19	66,642	32,841	50,485
Total non-current assets		77,666	79,195	83,075
CURRENT ASSETS				
Inventories	17	88,223	183,047	95,464
Trade receivables	18	7,632	10,309	21,971
Prepayments, other receivables and other assets	19	75,883	145,931	137,229
Investments measured at fair value through profit or loss	20	355,751	150,323	—
Restricted bank deposits	21	—	—	1,002
Cash and cash equivalents	21	73,491	112,287	114,776
Total current assets		600,980	601,897	370,442
CURRENT LIABILITIES				
Trade payables	22	4,609	12,805	15,685
Contract liabilities	24	333,147	327,681	192,172
Other payables and accruals	23	57,517	94,864	81,365
Interest-bearing bank and other borrowings	25	15,017	—	15,009
Lease liabilities	13	2,720	2,122	3,342
Tax payable		234	33	—
Total current liabilities		413,244	437,505	307,573
NET CURRENT ASSETS		187,736	164,392	62,869
TOTAL ASSETS LESS CURRENT LIABILITIES				
		265,402	243,587	145,944
NON-CURRENT LIABILITIES				
Lease liabilities	13	1,488	808	1,377
Total non-current liabilities		1,488	808	1,377
Net assets		263,914	242,779	144,567
EQUITY				
Paid-in capital	26	10,168	11,518	14,860
Reserves	28	253,746	231,261	129,707
Total equity		263,914	242,779	144,567

For the details of [REDACTED] Investments, please refer to Note 26 to this report.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Retained earnings*	Share-based payment*	Total
	<i>RMB'000</i> <i>Note 26</i>	<i>RMB'000</i> <i>Note 28</i>	<i>RMB'000</i> <i>Note 28</i>	<i>RMB'000</i> <i>Note 27</i>	<i>RMB'000</i>
As at 1 January 2023	3,161	94,439	(31,194)	3,068	69,474
Loss for the year	—	—	(98,430)	—	(98,430)
Total comprehensive loss for the year	—	—	(98,430)	—	(98,430)
Contribution from shareholders . . .	7,007	275,485	—	—	282,492
Equity-settled share option arrangements	—	—	—	10,378	10,378
As at 31 December 2023	<u>10,168</u>	<u>369,924</u>	<u>(129,624)</u>	<u>13,446</u>	<u>263,914</u>

Year ended 31 December 2024

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Retained earnings*	Share-based payment*	Total
	<i>RMB'000</i> <i>Note 26</i>	<i>RMB'000</i> <i>Note 28</i>	<i>RMB'000</i> <i>Note 28</i>	<i>RMB'000</i> <i>Note 27</i>	<i>RMB'000</i>
As at 1 January 2024	10,168	369,924	(129,624)	13,446	263,914
Loss for the year	—	—	(48,459)	—	(48,459)
Total comprehensive loss for the year	—	—	(48,459)	—	(48,459)
Contribution from shareholders . . .	1,350	—	—	—	1,350
Equity-settled share option arrangements	—	—	—	25,974	25,974
As at 31 December 2024	<u>11,518</u>	<u>369,924</u>	<u>(178,083)</u>	<u>39,420</u>	<u>242,779</u>

Year ended 31 December 2025

	Attributable to owners of the parent				
	Paid-in capital	Capital reserve*	Retained earnings*	Share-based payment*	Total
	<i>RMB'000</i> <i>Note 26</i>	<i>RMB'000</i> <i>Note 28</i>	<i>RMB'000</i> <i>Note 28</i>	<i>RMB'000</i> <i>Note 27</i>	<i>RMB'000</i>
As at 1 January 2025	11,518	369,924	(178,083)	39,420	242,779
Loss for the year	—	—	(163,510)	—	(163,510)
Total comprehensive loss for the year	—	—	(163,510)	—	(163,510)
Contribution from shareholders . . .	3,342	29,808	—	—	33,150
Equity-settled share option arrangements	—	—	—	32,148	32,148
As at 31 December 2025	<u>14,860</u>	<u>399,732</u>	<u>(341,593)</u>	<u>71,568</u>	<u>144,567</u>

* These reserve accounts represent the total consolidated reserves of RMB253,746,000, RMB231,261,000 and RMB129,707,000, in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(98,430)	(48,426)	(163,510)
Adjustments for:				
Finance costs	7	1,812	239	196
Interest income		(1,379)	(1,860)	(1,537)
Impairment of trade receivables and other receivables		(512)	314	194
Impairment of inventories	17	—	10,017	9,088
Depreciation of property, plant and equipment	12	2,003	7,747	12,657
Amortisation of intangible assets	14	34	2,767	5,704
Depreciation of right-of-use assets	13	997	1,947	4,925
Share based payment		10,378	25,974	32,148
Loss on disposal of items of long-term assets		—	614	21
Fair value gains, net:				
– Investments measured at fair value through profit or loss, net	5	(840)	(323)	—
Other interest income from financial assets at fair value through profit or loss		(2,422)	(5,675)	(2,204)
Foreign exchange differences, net		28	35	(15)
Changes in operating assets and liabilities:				
(Increase)/decrease in inventories		(80,459)	(104,841)	78,496
Decrease/(increase) in restricted cash		—	—	(1,002)
Decrease/(increase) in trade receivables		3,102	(2,984)	(11,855)
(Increase)/decrease in prepayments, other receivables and other assets		(37,869)	(55,754)	23,001
(Decrease)/increase in trade and bills payables		(6,809)	8,196	2,880
Increase/(decrease) in other payables and accruals		15,849	37,347	(13,499)
Increase/(decrease) in contract liabilities		333,147	(5,466)	(135,509)
Cash generated from operations		138,630	(130,132)	(159,821)
Interest received		1,324	1,860	1,537
Income tax paid		—	(234)	(33)
Net cash flows from/(used in) operating activities		139,954	(128,506)	(158,317)
CASH FLOWS FROM INVESTING ACTIVITIES				
Other interest income from financial assets at fair value through profit or loss		2,422	5,675	2,204
Proceeds from disposal of investments measured at fair value through profit or loss		1,253,560	1,600,716	150,322
Purchases of items of property, plant and equipment		(7,480)	(32,532)	(14,628)
Proceeds from disposal of items of property, plant and equipment		—	2,074	86
Purchases of other intangible assets		(44)	(17,168)	(1,362)
Purchases of investments measured at fair value through profit or loss		(1,581,471)	(1,374,822)	—
Purchases of certificates of deposit		(20,143)	—	(20,478)
Net cash flows used in investing activities		(353,156)	183,943	116,144

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		Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from shareholders' contribution	26, 28	288,170	1,350	33,150
Payment for capital financing expense		(5,678)	—	—
New bank loans		15,000	—	15,000
Repayment of bank loans		(30,000)	(15,017)	—
Interest paid		(1,767)	(122)	(56)
Principal portion of lease payments	13(b)	(1,716)	(2,834)	(3,447)
Net cash flows from/(used in) financing activities		264,009	(16,606)	44,647
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		50,807	38,831	2,474
Effect of foreign exchange rate changes, net . .		(28)	(35)	15
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		73,491	112,287	114,776
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	21	73,491	112,287	114,776
Cash and cash equivalents as stated in the statements of cash flows		73,491	112,287	114,776

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	12	1,971	19,737	11,944
Right-of-use assets	13	2,827	654	942
Other intangible assets	14	34	14,435	10,030
Investments in subsidiaries	15	47,995	69,299	54,299
Prepayments, other receivables and other assets	19	46,499	32,842	30,008
Total non-current assets		99,326	136,967	107,223
CURRENT ASSETS				
Inventories	17	60,292	183,806	107,342
Trade receivables	18(i)	6,293	8,367	20,030
	18(ii),			
Amounts due from subsidiaries	19(ii)	70,896	75,687	139,957
Prepayments, other receivables and other assets	19(i)	68,912	127,879	115,839
Investments measured at fair value through profit or loss	20	290,394	150,323	—
Restricted bank deposits	21	—	—	1,002
Cash and cash equivalents	21	71,330	84,394	100,732
Total current assets		568,117	630,456	484,902
CURRENT LIABILITIES				
Trade payables	22(i)	2,653	12,442	15,417
	22(ii),			
Amounts due to subsidiaries	23(ii)	10,950	27,787	29,680
Contract liabilities	24	269,426	326,666	178,221
Other payables and accruals	23(i)	36,428	60,514	20,349
Interest-bearing bank and other borrowings	25	15,017	—	15,009
Lease liabilities	13	1,716	579	867
Total current liabilities		336,190	427,988	259,543
NET CURRENT ASSETS		231,927	202,468	225,359
TOTAL ASSETS LESS CURRENT LIABILITIES				
		331,253	339,435	332,582
NON-CURRENT LIABILITIES				
Lease liabilities	13	990	—	146
Total non-current liabilities		990	—	146
Net assets		330,263	339,435	332,436
EQUITY				
Paid-in capital	26	10,168	11,518	14,860
Reserves	28	320,095	327,917	317,576
Total equity		330,263	339,435	332,436

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People’s Republic of China (the “PRC”) on 1 February 2021, and was converted into a joint stock company with limited liability on March 17, 2026. The registered office of the Company is located at Room 701 1, Floor 7, Building 1, No. 7 Yuan, Jinghui East Road, Beijing Economic-Technological Development Area, Beijing, China.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “Group”) were involved in the platformized chip customization services.

As at the end of the Relevant Periods, the Company had direct interests in its subsidiaries, all of which are private limited liability companies, and the principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of registered capital	Percentage of equity attributable to the Company Direct	Principal activities
			(‘000)	%	
Boyue Microelectronics (Jiangsu) Co., Ltd. 博越微電子(江蘇)有限公司	(1)	PRC/Chinese Mainland August 25, 2021	RMB25,000	100.00	Integrated Circuit Chip Design and Services
Boyue Electronics HK Limited	(2)	Hong Kong December 17, 2021	USD5,000	100.00	Technology Promotion and Application Services
BoYin Microelectronics (Beijing) Co., Ltd. 博茵微電子(北京)有限公司	(2)	PRC/Chinese Mainland October 25, 2023	RMB5,000	100.00	Technical Services
Joinsilicon Microelectronics (Chengdu) Co., Ltd. 中茵微電子(成都)有限公司 .	(2)	PRC/Chinese Mainland December 13, 2023	RMB10,000	100.00	Technical Services
Joinsilicon Microelectronics (Hefei) Co., Ltd. 中茵微電子(合肥)有限公司 .	(3)	PRC/Chinese Mainland December 12, 2023	RMB5,000	100.00	Technical Services
Joinsilicon Microelectronics (Taizhou) Co., Ltd. 中茵微電子(泰州)有限公司 .	(3)	PRC/Chinese Mainland May 31, 2023	RMB15,000	100.00	Integrated Circuit Chip Design and Services
Boyue Microelectronics (Jiangsu) Co., Ltd. Shenzhen Branch 博越微電子(江 蘇)有限公司深圳分公司	(3)	PRC/Chinese Mainland August 16, 2023	—	100.00	Technical Services
Shanghai BoYin Microelectronics Co., Ltd. 上海博茵微電子有限公司	(3)	PRC/Chinese Mainland August 11, 2025	RMB5,000	100.00	Technical Services
Nanjing BoYin Microelectronics Co., Ltd. 南京博茵微電子有限公司	(3)	PRC/Chinese Mainland October 27, 2025	RMB10,000	100.00	Technical Services

The English names of all group companies registered in the PRC represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

- (1) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared in accordance with PRC Generally Accepted Accounting Principles were audited by JONTEN CERTIFIED PUBLIC ACCOUNTANTS LLP, a certified public accounting firm registered in the PRC.
- (2) The statutory financial statements of this entity for the year ended 31 December 2024 prepared in accordance with PRC Generally Accepted Accounting Principles were audited by JONTEN CERTIFIED PUBLIC ACCOUNTANTS LLP, a certified public accounting firm registered in the PRC.
- (3) No audited financial statutory statements have been prepared for those entities since its incorporation/registration.

2.1 BASIS OF PREPARATION

For ordinary shares issued to [REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the [REDACTED] Investors in relation to the termination of redemption right granted by the Company, which is void ab initio as described in Note 26 to this report, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the [REDACTED] Investments as equity throughout the Relevant Periods.

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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 (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early 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 investments measured at fair value through profit or loss.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group 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 statements of the subsidiaries are prepared for the same reporting period 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, 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 amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
<i>Annual Improvements to IFRS Accounting Standards – Volume 11</i>	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

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

² Effective for annual/reporting periods beginning on or after 1 January 2027.

³ No mandatory effective date yet determined but available for adoption.

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group’s financial performance and financial position. 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 statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosure will be included in the financial statements.

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ACCOUNTANTS’ REPORT

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations

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.

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.

Fair value measurement

The Group measures its structured deposits 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 and non-current assets), 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 (“VIU”) and its fair value less costs of disposal (“FVLCD”), 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 recognised 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 the statement of 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 recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised 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 recognised 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.

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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;
 - (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 the statement of profit or loss in the period 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:

Tooling	20.00%
Office Furniture	31.67%
Electronic Devices	31.67%
Specialized Equipment	31.67%
Leasehold Improvements	20.00% to 50.00%

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.

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 finite. 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.

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Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 10 years which is the licence period of the software.

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 recognises 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 recognised 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 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 recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. 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	1 to 3 years
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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 recognised 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 recognised 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 machinery and equipment (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.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost 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.

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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 period 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 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.

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; or
- 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 60 days past due.

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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 measures expected credit losses using a risk-parameter-based ECL model, with probability of default estimated by reference to default data for the relevant industry sector and adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

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

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity’s own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity’s own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity’s own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised 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 payables, other payables and accruals, and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade payables, other payables, and borrowings)

After initial recognition, trade payables, financial liabilities included in other payables and accruals and interest-bearing bank borrowings are subsequently measured at amortised 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 recognised in the statement of profit or loss when the liabilities are derecognised 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 derecognised 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 a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

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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 work in progress and finished goods, 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 deposits at banks.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and highly liquid deposits that are readily convertible into known amounts of cash, subject to insignificant risk of changes in value and held for the purpose of meeting short-term cash commitment, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

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 the 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 recognised 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 does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, 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 recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised 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 utilised, 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 does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised 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 utilised.

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 period 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 the 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 period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised 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 recognised 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 the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

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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) Chip Delivery

Revenue from Chip delivery is recognised at the point in time when control of the products is transferred to the customer, generally on acceptance of the delivered products.

(b) IP License

Revenue from IP license is recognised at a point in time when the licensed is formally accepted by the customer in accordance with the contractual acceptance criteria. Revenue from the technical services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

(c) Chip Design

Revenue from the provision of 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

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

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 27 to the financial statements.

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 the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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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.

Other employee benefits

Pension schemes

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

Borrowing costs

All 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.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s 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 recognised in the statement of 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).

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation 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 the statement of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group’s financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. 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:

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Principal versus agent considerations

The Group needs to determine whether it is a principal or an agent in revenue transactions of Chip Delivery by evaluating the nature of its promise to the customer. The Group is a principal and therefore records revenue on a gross basis if it controls promised goods before transferring the goods to the customer. Otherwise, the Group is an agent and records as revenue the net amount if its role is to arrange to provide the goods. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the principal in the arrangement, (ii) has general inventory risk, (iii) has latitude in establishing the selling price and (iv) has significant involvement in the determination of product and service specifications.

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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.

The Group has tax losses of RMB42,571,000, RMB30,092,000 and RMB36,834,000 as at the end of each of the Relevant Periods, respectively. These losses related to entities that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The entities have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it recognises deferred tax assets on the tax losses carried forward to the extent that they are expected to be utilised. Further details on deferred taxes are disclosed in note 16 to the Historical Financial Information.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The provision rates are based on industry features for groupings of various customers that have similar loss patterns (i.e., by customer type).

Expected credit losses are measured using a risk-parameter-based ECL model. Probability of default is estimated by reference to the relevant debtors’ industry characteristics or other appropriate external benchmarks, and is adjusted for forward-looking factors specific to the debtors and the economic environment.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future.

Impairment of inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventories and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, their intended future use or sales proceeds, as well as the costs to be incurred to complete and fulfil the related performance obligations. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the authorization of the IP license, chip design and chip delivery. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment financial information is available. Accordingly, 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	73,752	347,475	469,925
Overseas	1,050	81	14,271
Total revenue	<u>74,802</u>	<u>347,556</u>	<u>484,196</u>

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

(b) Non-current assets

Most of the Group’s non-current assets are located in Chinese Mainland. Thus, no further geographical information is presented.

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Information about major customers

External customers that individually contributed over 10% of the total revenue of the Group during each of the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	9,679	283,256	181,240
Customer B*	*	*	114,807
Customer C*	24,073	*	*
Customer D*	8,333	*	*
Customer E*	7,641	*	*

* Less than 10% of the Group’s revenue.

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	<u>74,802</u>	<u>347,556</u>	<u>484,196</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
IP License	12,018	92,698	43,371
Chip Design	41,259	231,505	203,228
Chip Delivery	21,525	23,353	237,597
Total	<u>74,802</u>	<u>347,556</u>	<u>484,196</u>
Geographical markets			
Mainland China	73,752	347,475	469,925
Overseas	1,050	81	14,271
Total	<u>74,802</u>	<u>347,556</u>	<u>484,196</u>
Timing of revenue recognition			
Transferred at a point in time	74,000	340,992	480,914
Services transferred over time	802	6,564	3,282
Total	<u>74,802</u>	<u>347,556</u>	<u>484,196</u>

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant 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 period	<u>26,990</u>	<u>283,517</u>	<u>233,041</u>

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(b) Performance obligations

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

IP License

Revenue from IP license is recognised at a point in time when the license is formally accepted by the customer in accordance with the contractual acceptance criteria.

Revenue from the technical services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Chip Design

The Company’s chip design revenue consists of non-recurring chip design of chip and design platform.

Chip design revenue recognition is dependent on the nature and terms of each agreement. The Group recognizes revenue of chip design at the point in time when the services are rendered.

Chip Delivery

The performance obligation is satisfied upon acceptance of delivered products.

Payment generally varies between 10 days and 30 days, except for certain customers, where payment in advance is normally required.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income			
Government grants	1,196	9,860	8,416
Interest income	1,379	1,860	1,537
Value-added tax additional deduction	1,303	1,653	3,339
Other interest income from financial assets at fair value through profit or loss	2,422	5,675	2,204
Others	80	229	1,077
Total other income	6,380	19,277	16,573
Gains			
Fair value gains, net:			
– Investments measured at fair value through profit or loss, net	840	323	—
Total gains	840	323	—
Total other income and gains	7,220	19,600	16,573

6. LOSS BEFORE TAX

The Group’s loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of sales of goods and services*		48,705	187,264	349,853
Depreciation of property, plant and equipment	12	2,003	7,747	12,657
Amortisation of intangible assets	14	34	2,767	5,704
Depreciation of right-of-use assets	13(a)	997	1,947	4,925
Research and development expenses*		90,868	175,536	239,033
Lease payments not included in the measurement of lease liabilities	13(c)	1,579	2,119	2,817
Employee benefit expense (including directors’, chief executive’s and supervisors’ remuneration (note 8)):				
Wages and salaries		104,274	168,915	218,815
Share-based payments		10,378	25,974	32,148
Pension scheme contributions and social welfare		10,667	17,010	31,755
Impairment of trade receivables and other receivables	18, 19	(512)	314	194

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Notes	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Impairment losses on inventories	—	10,017	9,088
Interest income	(1,379)	(1,860)	(1,537)
Loss on disposal of items of property, plant and equipment, and other intangible assets	—	614	21
Fair value changes in investments measured at fair value through profit or loss, net	(840)	(323)	—
Other interest income from financial assets at fair value through profit or loss	(2,422)	(5,675)	(2,204)
Foreign exchange (gains)/loss, net	28	35	(15)

* The impairment losses on inventories, depreciation of property, plant and equipment, amortisation of other intangible assets and depreciation of right-of-use assets are included in “Cost of sales”, “Selling expenses”, “Administrative expenses”, and “Research and development expenses” in profit or loss.

** The wages and salaries, share-based payment and pension scheme contributions, social welfare and other welfare are included in “Cost of sales”, “Selling expenses”, “Administrative expenses”, and “Research and development expenses” 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	1,749	105	65
Interest on lease liabilities	63	134	131
Total	<u>1,812</u>	<u>239</u>	<u>196</u>

For the details of [REDACTED] Investments, please refer to Note 26 to this report.

8. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISORS’ REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the years ended 31 December 2023, 2024 and 2025 is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	—	—	—
Other emoluments:			
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	6,430	7,812	5,044
Share-based payment expenses	—	2,603	1,529
Subtotal	<u>6,430</u>	<u>10,415</u>	<u>6,573</u>
Total	<u>6,430</u>	<u>10,415</u>	<u>6,573</u>

* Certain executive directors of the Company are entitled to bonus payments which are determined by key performance indicators.

(a) Independent non-executive directors

Subsequent to the end of the Relevant Periods, Ms. Yang Xiaowen, Mr. Wu Nanjian and Mr. Fang Junhui were appointed as independent non-executive directors of the Company. There were no fees and other emoluments paid to the independent non-executive directors during the Relevant Periods.

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(b) Chief executive and the executive directors

	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023			
Chief executive and Executive Director:			
Mr. Wang Hongpeng (i)	3,783	—	3,783
Executive directors:			
Ms. Zhang Dongqing (ii)	1,267	—	1,267
Mr. Dong Zhigang (iii)	1,380	—	1,380
Mr. Jiang Guosheng (iv)	—	—	—
Non-executive directors:			
Mr. Qin Shaobo (vii)	—	—	—
Mr. Wang Yuanbo (viii)	—	—	—
Total	6,430	—	6,430

	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024			
Chief executive and Executive Director:			
Mr. Wang Hongpeng (i)	3,578	—	3,578
Executive directors:			
Ms. Zhang Dongqing (ii)	1,141	—	1,141
Mr. Dong Zhigang (iii)	1,261	—	1,261
Mr. Liu Deqi (v)	1,832	2,603	4,435
Non-executive directors:			
Mr. Qin Shaobo (vii)	—	—	—
Mr. Wang Yuanbo (viii)	—	—	—
Total	7,812	2,603	10,415

	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	Share-based payment expenses	Total remuneration
	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025			
Chief executive and Executive Director:			
Mr. Wang Hongpeng (i)	2,282	—	2,282
Executive directors:			
Ms. Zhang Dongqing (ii)	1,621	—	1,621
Mr. Liu Deqi (v)	341	868	1,209
Mr. Yang Dunxiang (vi)	800	661	1,461
Non-executive directors:			
Mr. Qin Shaobo (vii)	—	—	—
Mr. Wang Yuanbo (viii)	—	—	—
Total	5,044	1,529	6,573

There was no arrangement under which a director waived or agreed to waive any remunerations during the Relevant Periods.

Notes:

- (i) Mr. Wang Hongpeng was appointed as an executive director since May 2021 and the Chief executive since October 2021.
- (ii) Ms. Zhang Dongqing was appointed as an executive director of the Company with effect from August 2021.
- (iii) Mr. Dong Zhigang was appointed as an executive director of the Company with effect in May 2022 and resigned in May 2024.
- (iv) Mr. Jiang Guosheng was appointed as an executive director of the Company with effect in August 2021 and resigned in February 2023.
- (v) Mr. Liu Deqi was appointed as an executive director of the Company with effect in May 2024 and resigned in November 2025.
- (vi) Mr. Yang Dunxiang was appointed as an executive director of the Company with effect from November 2025.
- (vii) Mr. Qin Shaobo was appointed as a non-executive director of the Company with effect in May 2022 and resigned in March 2026.
- (viii) Mr. Wang Yuanbo was appointed as a non-executive director of the Company with effect in February 2023 and resigned in March 2026.

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees in the group for the years ended 31 December 2023, 2024 and 2025 included 1, 2 and 0 directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 4, 3 and 5 highest paid employees who are neither a director nor a supervisor of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	6,645	7,311	12,043
Share-based payment expenses	3,166	8,048	12,009
Total	<u>9,811</u>	<u>15,359</u>	<u>24,052</u>

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
Nil to HKD1,500,000	—	—	—
HKD1,500,001 to HKD3,000,000	3	—	—
HKD3,000,001 to HKD4,500,000	1	1	1
HKD4,500,001 to HKD6,000,000	—	1	3
HKD6,000,001 to HKD7,500,000	—	—	—
HKD7,500,001 to HKD9,000,000	—	1	1
Total	<u>4</u>	<u>3</u>	<u>5</u>

10. INCOME TAX

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/or operated.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong.

Chinese Mainland

The Company was calculated at statutory tax rate of 25% in 2023, and had been recognised as a High-Tech Enterprise under relevant tax regulations in November 2024, thereby qualifying for a preferential corporate income tax rate of 15% during the years ended 31 December 2024 and 2025. This qualification is subject to triennial review by the Chinese tax authorities every three years.

One of the Group’s Chinese subsidiaries, Boyue Microelectronics (Jiangsu) Co., Ltd., was calculated at statutory rate of 25% in 2023 and 2024, and was recognised as a High-Tech Enterprise under relevant tax regulations in November 2025, thereby qualifying for a preferential corporate income tax rate of 15% during the year ended 31 December 2025. This qualification is subject to triennial review by the Chinese tax authorities every three years.

Six of the Group’s Chinese subsidiaries, BoYin Microelectronics (Beijing) Co., Ltd., JoinSilicon Microelectronics (Taizhou) Co., Ltd. (excluding the year 2023) JoinSilicon Microelectronics (Chengdu) Co., Ltd., JoinSilicon Microelectronics (Hefei) Co., Ltd., Shanghai BoYin Microelectronics Co., Ltd and Nanjing BoYin Microelectronics Co., Ltd applied the Small-scale Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20% during the years ended 31 December 2023, 2024 and 2025.

Other than the forementioned tax incentives, the company & domestic subsidiaries not qualifying for preferential treatment are subject to the statutory corporate income tax rate of 25%.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current – Mainland China	—	33	—
Deferred tax expense (note 16)	—	—	—
Total tax expense for the year	<u>—</u>	<u>33</u>	<u>—</u>

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A reconciliation of the tax credit applicable to loss before tax at the preferential tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax credit at the effective tax rate, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(98,430)	(48,426)	(163,510)
Tax at the statutory tax rate	(24,608)	(12,106)	(40,878)
Impact of different tax preferential rates on subsidiaries & company	147	2,624	19,403
Expenses not deductible for tax (a)	2,744	3,463	5,168
Additional-deduction on research and development costs (b)	(20,589)	(25,528)	(23,513)
Deductible temporary differences not recognised	(265)	1,488	2,986
Tax effect of loss not recognised	42,571	30,092	36,834
Tax expense at the Group’s effective tax rate	—	33	—

- (a) Expenses not deductible for tax mainly represent the share-based payment expenses and certain other costs and expenses, which are not deductible in accordance with relevant tax regulations in the PRC.
- (b) Additional deductible allowance was for qualified research and development costs. Based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for a 100% deduction of eligible R&D expenses from 1 January 2023. The Company has claimed such additional super deduction during the Relevant Periods.

11. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss 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.

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Group has share options.

As the Group incurred losses during the Relevant Periods, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive.

The weighted average number of ordinary shares in issue was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon the Company’s transformation into a joint-stock limited company on 17 March 2026. The calculation of basic and diluted earnings per share for all periods presented was retrospectively adjusted.

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
Loss			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(98,430)	(48,459)	(163,510)
Shares			
Weighted average number ('000) of ordinary shares outstanding during the year	4,388	10,168	12,268
Loss per share			
Basic loss per share (RMB)	(22)	(5)	(13)
Diluted loss per share (RMB)	(22)	(5)	(13)

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12. PROPERTY, PLANT AND EQUIPMENT

The Group

	Tooling	Office furniture	Electronic devices	Specialized equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
At 1 January 2023						
Cost	1,636	128	1,050	1,976	405	5,195
Accumulated depreciation	(1,466)	(12)	(232)	(238)	(305)	(2,253)
Net carrying amount	<u>170</u>	<u>116</u>	<u>818</u>	<u>1,738</u>	<u>100</u>	<u>2,942</u>
At 1 January 2023, net of accumulated depreciation	170	116	818	1,738	100	2,942
Additions	464	166	772	3,756	331	5,489
Depreciation provided during the year	(90)	(47)	(373)	(1,362)	(131)	(2,003)
At 31 December 2023, net of accumulated depreciation	<u>544</u>	<u>235</u>	<u>1,217</u>	<u>4,132</u>	<u>300</u>	<u>6,428</u>
At 31 December 2023						
Cost	2,100	294	1,822	5,732	736	10,684
Accumulated depreciation	(1,556)	(59)	(605)	(1,600)	(436)	(4,256)
Net carrying amount	<u>544</u>	<u>235</u>	<u>1,217</u>	<u>4,132</u>	<u>300</u>	<u>6,428</u>
	Tooling	Office furniture	Electronic devices	Specialized equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
At 1 January 2024						
Cost	2,100	294	1,822	5,732	736	10,684
Accumulated depreciation	(1,556)	(59)	(605)	(1,600)	(436)	(4,256)
Net carrying amount	<u>544</u>	<u>235</u>	<u>1,217</u>	<u>4,132</u>	<u>300</u>	<u>6,428</u>
At 1 January 2024, net of accumulated depreciation	544	235	1,217	4,132	300	6,428
Additions	—	77	2,794	25,149	2,671	30,691
Transfers	—	(110)	—	—	—	(110)
Disposals	(503)	—	(17)	—	—	(520)
Depreciation provided during the year	(41)	(56)	(867)	(6,026)	(757)	(7,747)
At 31 December 2024, net of accumulated depreciation	<u>—</u>	<u>146</u>	<u>3,127</u>	<u>23,255</u>	<u>2,214</u>	<u>28,742</u>
At 31 December 2024						
Cost	—	261	4,543	30,881	3,407	39,092
Accumulated depreciation	—	(115)	(1,416)	(7,626)	(1,193)	(10,350)
Net carrying amount	<u>—</u>	<u>146</u>	<u>3,127</u>	<u>23,255</u>	<u>2,214</u>	<u>28,742</u>

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	Office furniture	Electronic devices	Specialized equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025					
At 1 January 2025					
Cost	261	4,543	30,881	3,407	39,092
Accumulated depreciation	(115)	(1,416)	(7,626)	(1,193)	(10,350)
Net carrying amount	<u>146</u>	<u>3,127</u>	<u>23,255</u>	<u>2,214</u>	<u>28,742</u>
At 1 January 2025, net of accumulated depreciation	146	3,127	23,255	2,214	28,742
Additions	21	335	637	831	1,824
Disposals	—	(7)	—	—	(7)
Depreciation provided during the year	(78)	(1,310)	(9,670)	(1,599)	(12,657)
At 31 December 2025, net of accumulated depreciation	<u>89</u>	<u>2,145</u>	<u>14,222</u>	<u>1,446</u>	<u>17,902</u>
At 31 December 2025					
Cost	282	4,751	31,517	4,238	40,788
Accumulated depreciation	(193)	(2,606)	(17,295)	(2,792)	(22,886)
Net carrying amount	<u>89</u>	<u>2,145</u>	<u>14,222</u>	<u>1,446</u>	<u>17,902</u>

The Company

	Tooling	Office furniture	Electronic devices	Specialized equipment	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023						
At 1 January 2023						
Cost	1,636	19	435	247	262	2,599
Accumulated depreciation	(1,466)	(1)	(87)	(20)	(262)	(1,836)
Net carrying amount	<u>170</u>	<u>18</u>	<u>348</u>	<u>227</u>	<u>—</u>	<u>763</u>
At 1 January 2023, net of accumulated depreciation	170	18	348	227	—	763
Additions	464	—	103	1,006	169	1,742
Depreciation provided during the year	(90)	(6)	(150)	(270)	(18)	(534)
At 31 December 2023, net of accumulated depreciation	<u>544</u>	<u>12</u>	<u>301</u>	<u>963</u>	<u>151</u>	<u>1,971</u>
At 31 December 2023						
Cost	2,100	19	538	1,253	431	4,341
Accumulated depreciation	(1,556)	(7)	(237)	(290)	(280)	(2,370)
Net carrying amount	<u>544</u>	<u>12</u>	<u>301</u>	<u>963</u>	<u>151</u>	<u>1,971</u>

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	Tooling	Office furniture	Electronic devices	Specialized equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
At 1 January 2024						
Cost	2,100	19	538	1,253	431	4,341
Accumulated depreciation	(1,556)	(7)	(237)	(290)	(280)	(2,370)
Net carrying amount	<u>544</u>	<u>12</u>	<u>301</u>	<u>963</u>	<u>151</u>	<u>1,971</u>
At 1 January 2024, net of accumulated depreciation	544	12	301	963	151	1,971
Additions	—	53	2,329	17,731	2,487	22,600
Disposals	(503)	—	(10)	—	—	(513)
Depreciation provided during the year	<u>(41)</u>	<u>(19)</u>	<u>(342)</u>	<u>(3,351)</u>	<u>(568)</u>	<u>(4,321)</u>
At 31 December 2024, net of accumulated depreciation	<u>—</u>	<u>46</u>	<u>2,278</u>	<u>15,343</u>	<u>2,070</u>	<u>19,737</u>
At 31 December 2024						
Cost	—	72	2,830	18,984	2,918	24,804
Accumulated depreciation	<u>—</u>	<u>(26)</u>	<u>(552)</u>	<u>(3,641)</u>	<u>(848)</u>	<u>(5,067)</u>
Net carrying amount	<u>—</u>	<u>46</u>	<u>2,278</u>	<u>15,343</u>	<u>2,070</u>	<u>19,737</u>
	Office furniture	Electronic devices	Specialized equipment	Leasehold improvements	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
31 December 2025						
At 1 January 2025						
Cost	72	2,830	18,984	2,918	24,804	
Accumulated depreciation	(26)	(552)	(3,641)	(848)	(5,067)	
Net carrying amount	<u>46</u>	<u>2,278</u>	<u>15,343</u>	<u>2,070</u>	<u>19,737</u>	
At 1 January 2025, net of accumulated depreciation	46	2,278	15,343	2,070	19,737	
Additions	—	171	42	177	390	
Disposals	—	(7)	—	—	(7)	
Depreciation provided during the year	<u>(22)</u>	<u>(877)</u>	<u>(6,005)</u>	<u>(1,272)</u>	<u>(8,176)</u>	
At 31 December 2025, net of accumulated depreciation	<u>24</u>	<u>1,565</u>	<u>9,380</u>	<u>975</u>	<u>11,944</u>	
At 31 December 2025						
Cost	72	2,955	19,026	3,095	25,148	
Accumulated depreciation	<u>(48)</u>	<u>(1,390)</u>	<u>(9,646)</u>	<u>(2,120)</u>	<u>(13,204)</u>	
Net carrying amount	<u>24</u>	<u>1,565</u>	<u>9,380</u>	<u>975</u>	<u>11,944</u>	

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13. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms between 1 and 3 years. Other buildings generally have lease terms of 12 months or less and are individually of short-term leases.

(a) *Right-of-use assets*

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

The Group

	Buildings
	<i>RMB’000</i>
At 1 January 2023	431
Additions	5,692
Decrease arising from lease term termination	(564)
Depreciation charge	(997)
At 31 December 2023 and 1 January 2024	4,562
Additions	3,233
Decrease arising from lease term termination	(2,671)
Depreciation charge	(1,947)
At 31 December 2024 and 1 January 2025	3,177
Additions	6,434
Decrease arising from lease term termination	(91)
Depreciation charge	(4,925)
At 31 December 2025	4,595

The Company

	Buildings
	<i>RMB’000</i>
At 1 January 2023	264
Additions	3,424
Decrease arising from lease term termination	—
Depreciation charge	(861)
At 31 December 2023 and 1 January 2024	2,827
Additions	1,114
Decrease arising from lease term termination	(2,178)
Depreciation charge	(1,109)
At 31 December 2024 and 1 January 2025	654
Additions	1,009
Decrease arising from lease term termination	(90)
Depreciation charge	(631)
At 31 December 2025	942

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(b) Lease liabilities

The carrying amounts 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
Carrying amount at the beginning of the year	389	4,208	2,930
New leases	5,692	3,233	6,434
Accretion of interest recognised during the year	63	134	131
Decrease arising from lease term termination	(220)	(1,811)	(1,329)
Payments	(1,716)	(2,834)	(3,447)
Carrying amount at the end of the year	<u>4,208</u>	<u>2,930</u>	<u>4,719</u>
Analysed into:			
Current portion	2,720	2,122	3,342
Non-current portion	<u>1,488</u>	<u>808</u>	<u>1,377</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning of the year	247	2,706	579
New leases	3,424	1,114	1,009
Accretion of interest recognised during the year	42	84	11
Decrease arising from lease term termination	—	(1,415)	(321)
Payments	(1,007)	(1,910)	(265)
Carrying amount at the end of the year	<u>2,706</u>	<u>579</u>	<u>1,013</u>
Analysed into:			
Current portion	1,716	579	867
Non-current portion	<u>990</u>	<u>—</u>	<u>146</u>

The maturity analysis of lease liabilities is disclosed in note 33 to the Historical Financial Information.

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

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest on lease liabilities	63	134	131
Depreciation charge of right-of-use assets	997	1,947	4,925
Expenses relating to short-term leases and leases of low-value assets	<u>1,579</u>	<u>2,119</u>	<u>2,817</u>
Total amount recognised in profit or loss	<u>2,639</u>	<u>4,200</u>	<u>7,873</u>

(d) The total cash outflows for leases are disclosed in note 29(c) to the Historical Financial Information.

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14. OTHER INTANGIBLE ASSETS

The Group

	Software
	<i>RMB'000</i>
31 December 2023	
At 1 January 2023	
Cost	36
Accumulated amortisation	(12)
Net carrying amount	<u>24</u>
Cost at 1 January 2023, net of accumulated amortisation	24
Additions	44
Amortisation provided during the year	(34)
At 31 December 2023	<u>34</u>
At 31 December 2023	
Cost	80
Accumulated amortisation and impairment	(46)
Net carrying amount	<u>34</u>
31 December 2024	
At 1 January 2024	
Cost	80
Accumulated amortisation	(46)
Net carrying amount	<u>34</u>
Cost at 1 January 2024, net of accumulated amortisation	34
Additions	17,168
Amortisation provided during the year	(2,767)
At 31 December 2024	<u>14,435</u>
At 31 December 2024	
Cost	17,248
Accumulated amortisation and impairment	(2,813)
Net carrying amount	<u>14,435</u>
31 December 2025	
At 1 January 2025	
Cost	17,248
Accumulated amortisation	(2,813)
Net carrying amount	<u>14,435</u>
Cost at 1 January 2025, net of accumulated amortisation	14,435
Additions	1,362
Amortisation provided during the year	(5,704)
At 31 December 2025	<u>10,093</u>
At 31 December 2025	
Cost	18,610
Accumulated amortisation and impairment	(8,517)
Net carrying amount	<u>10,093</u>

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The Company

	Software
	<i>RMB’000</i>
31 December 2023	
At 1 January 2023	
Cost	36
Accumulated depreciation	(12)
Net carrying amount	24
Cost at 1 January 2023, net of accumulated amortisation	24
Additions	44
Amortisation provided during the year	(34)
At 31 December 2023	34
At 31 December 2023	
Cost	80
Accumulated amortisation and impairment	(46)
Net carrying amount	34
31 December 2024	
At 1 January 2024	
Cost	80
Accumulated depreciation	(46)
Net carrying amount	34
Cost at 1 January 2024, net of accumulated amortisation	34
Additions	17,168
Amortisation provided during the year	(2,767)
At 31 December 2024	14,435
At 31 December 2024 and at 1 January 2025:	
Cost	17,248
Accumulated amortisation and impairment	(2,813)
Net carrying amount	14,435
31 December 2025	
At 1 January 2025	
Cost	17,248
Accumulated depreciation	(2,813)
Net carrying amount	14,435
Cost at 1 January 2025, net of accumulated amortisation	14,435
Additions	1,299
Amortisation provided during the year	(5,704)
At 31 December 2025	10,030
At 31 December 2025	
Cost	18,547
Accumulated amortisation and impairment	(8,517)
Net carrying amount	10,030

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15. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments, at cost	47,995	69,299	54,299
Impairment losses on investments in subsidiaries	—	—	—
Investments in subsidiaries	<u>47,995</u>	<u>69,299</u>	<u>54,299</u>

16. DEFERRED TAX

The Group

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

Deferred tax assets

	Tax loss	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000
Gross deferred tax assets at 1 January 2023	11	97	108
Deferred tax credited to profit or loss during the year	<u>78</u>	<u>955</u>	<u>1,033</u>
Gross deferred tax assets at 31 December 2023	89	1,052	1,141
Deferred tax charged to profit or loss during the year	<u>(34)</u>	<u>(378)</u>	<u>(412)</u>
Gross deferred tax assets at 31 December 2024	55	674	729
Deferred tax credited/(charged) to profit or loss during the year	<u>253</u>	<u>(48)</u>	<u>205</u>
Gross deferred tax assets at 31 December 2025	<u>308</u>	<u>626</u>	<u>934</u>

Deferred tax liabilities

	Right-of-use asset
	RMB’000
Gross deferred tax liabilities at 1 January 2023	108
Deferred tax charged to profit or loss during the year	<u>1,033</u>
Gross deferred tax liabilities at 31 December 2023	1,141
Deferred tax (credited) to profit or loss during the year	<u>(412)</u>
Gross deferred tax liabilities at 31 December 2024	729
Deferred tax charged to profit or loss during the year	<u>205</u>
Gross deferred tax liabilities at 31 December 2025	<u>934</u>

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	—	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>—</u>	<u>—</u>	<u>—</u>

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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	42,571	30,092	36,834
Deductible temporary differences	(265)	1,488	2,986
Total	<u>42,306</u>	<u>31,580</u>	<u>39,820</u>

Deferred tax assets have not been recognised in respect of these losses as they have arisen in the Company and the subsidiaries that have been loss-making for some time, it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

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

Deferred tax assets

	Tax loss	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2023	4	62	66
Deferred tax (charged)/credited to profit or loss during the year	26	615	641
Gross deferred tax assets at 31 December 2023	30	677	707
Deferred tax credited/(charged) to profit or loss during the year	(19)	(590)	(609)
Gross deferred tax assets at 31 December 2024	11	87	98
Deferred tax credited/(charged) to profit or loss during the year	108	(65)	43
Gross deferred tax assets at 31 December 2025	<u>119</u>	<u>22</u>	<u>141</u>

Deferred tax liabilities

	Right-of-use asset
	RMB'000
Gross deferred tax liabilities at 1 January 2023	66
Deferred tax charged to profit or loss during the year	641
Gross deferred tax liabilities at 31 December 2023	707
Deferred tax (credited) to profit or loss during the year	(609)
Gross deferred tax liabilities at 31 December 2024	98
Deferred tax charged to profit or loss during the year	43
Gross deferred tax liabilities at 31 December 2025	<u>141</u>

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 consolidated statement of financial position	—	—	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	<u>—</u>	<u>—</u>	<u>—</u>

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	19,807	4,989	13,561
Deductible temporary differences	582	1,602	3,112
Total	<u>20,389</u>	<u>6,591</u>	<u>16,673</u>

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17. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	—	9	—
Work in progress	—	41,305	3,262
Finished goods	2,469	105,113	46,053
Contract fulfillment costs	85,754	46,637	63,698
	88,223	193,064	113,013
Provision for impairment losses on inventories	—	(10,017)	(17,549)
Total	88,223	183,047	95,464

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	—	—	—
Work in progress	—	41,305	3,262
Finished goods	2,469	105,113	45,563
Contract fulfillment costs	57,823	47,405	76,066
	60,292	193,823	124,891
Provision for impairment losses on inventories	—	(10,017)	(17,549)
Total	60,292	183,806	107,342

18(i). TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	7,753	10,737	22,592
Less: Impairment losses	(121)	(428)	(621)
Net carrying amount	7,632	10,309	21,971

The Group’s trading terms with its customers are mainly advance payments. The credit period for the Group and customers who adopt the credit sales method is 10-30 days. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aging analysis of the Group’s trade receivable as at the end of each of the Relevant Periods, based on the invoice date information and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	4,804	10,251	20,030
1 to 2 years	2,828	58	1,883
Over 2 years	—	—	58
Total	7,632	10,309	21,971

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

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	288	121	428
Impairment losses, net (reversed)/recognised	(167)	307	193
Amount written off as uncollectible	—	—	—
At end of year	<u>121</u>	<u>428</u>	<u>621</u>

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, expected credit losses are measured at the end of each of the Relevant Periods using a risk-parameter-based ECL model. The provision rates are based on industry features for groupings of customer segments with similar loss patterns. In determining the expected credit loss rates, reference is made to loss rates derived from external data in the relevant industry. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group

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

	31 December 2023				31 December 2024				31 December 2025			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio	Amount	% of total balance	Amount	Provision ratio	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on the individual basis	—	—	—	—	268	2%	268	100.00%	268	1%	268	100.00%
Provision for bad debts on the grouping basis	7,753	100%	121	1.56%	10,469	98%	160	1.53%	22,324	99%	353	1.58%
	<u>7,753</u>	<u>100%</u>	<u>121</u>	<u>/</u>	<u>10,737</u>	<u>100%</u>	<u>428</u>	<u>/</u>	<u>22,592</u>	<u>100%</u>	<u>621</u>	<u>/</u>

	As at 31 December								
	2023			2024			2025		
	Average credit loss rate	Gross carrying amount	Expected credit loss	Average credit loss rate	Gross carrying amount	Expected credit loss	Average credit loss rate	Gross carrying amount	Expected credit loss
		RMB’000	RMB’000		RMB’000	RMB’000		RMB’000	RMB’000
Industry:									
Information Technology . .	1.56%	7,753	121	1.53%	10,469	160	1.58%	22,324	353
Total		<u>7,753</u>	<u>121</u>		<u>10,469</u>	<u>160</u>		<u>22,324</u>	<u>353</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade receivables	6,393	8,765	20,620
Less: Impairment losses	(100)	(398)	(590)
Net carrying amount	<u>6,293</u>	<u>8,367</u>	<u>20,030</u>

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An aging analysis of the Company’s trade receivable as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	4,745	8,367	20,030
1 to 2 years	1,548	—	—
Over 2 years	—	—	—
Total	<u>6,293</u>	<u>8,367</u>	<u>20,030</u>

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

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	197	100	398
Impairment losses recognised/(reversed)	(97)	298	192
At end of year	<u>100</u>	<u>398</u>	<u>590</u>

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

	31 December 2023				31 December 2024				31 December 2025			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	% of total balance	Amount	Provision ratio	Amount	% of total balance	Amount	Provision ratio	Amount	% of total balance	Amount	Provision ratio
Provision for bad debts on the individual basis	—	—	—	—	268	3%	268	100.00%	268	1%	268	100.00%
Provision for bad debts on the grouping basis	6,393	100%	100	1.56%	8,497	97%	130	1.53%	20,352	99%	322	1.58%
	<u>6,393</u>	<u>100%</u>	<u>100</u>	<u>/</u>	<u>8,765</u>	<u>100%</u>	<u>398</u>	<u>/</u>	<u>20,620</u>	<u>100%</u>	<u>590</u>	<u>/</u>

	As at 31 December								
	2023			2024			2025		
	Average credit loss rate	Gross carrying amount	Expected credit loss	Average credit loss rate	Gross carrying amount	Expected credit loss	Average credit loss rate	Gross carrying amount	Expected credit loss
		RMB’000	RMB’000		RMB’000	RMB’000		RMB’000	RMB’000
Industry:									
Information Technology	1.56%	6,393	100	1.53%	8,497	130	1.58%	20,352	322
Total		<u>6,393</u>	<u>100</u>		<u>8,497</u>	<u>130</u>		<u>20,352</u>	<u>322</u>

18(ii). AMOUNTS DUE FROM SUBSIDIARIES

The balance is unsecured, interest-free and on credit terms similar to those offered to the major customers of the Group.

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Amounts due from subsidiaries	<u>3,675</u>	<u>29,781</u>	<u>—</u>

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19(i). PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Deposits and other receivables	1,409	2,281	2,879
Prepayments to suppliers	51,057	116,054	111,348
Capacity guarantee deposit	14,300	14,300	14,300
Other tax recoverable	3,893	7,120	37
Prepaid software licenses	4,545	5,526	8,110
Prepaid rent	328	94	10
Prepaid insurance	277	512	206
[REDACTED] expense	—	—	227
Others	84	60	133
Impairment allowance	(10)	(16)	(21)
	<u>75,883</u>	<u>145,931</u>	<u>137,229</u>
Non-Current portion:			
Capacity guarantee deposit	46,475	32,175	17,876
Certificates of deposit	20,143	—	20,478
Prepayments for long-term assets	24	666	12,131
	<u>66,642</u>	<u>32,841</u>	<u>50,485</u>
Total	<u>142,525</u>	<u>178,772</u>	<u>187,714</u>

An impairment analysis was performed at the end of each of the Relevant Periods. As there was no 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. During the Relevant Periods, the Group estimated that the expected credit loss rate for deposits and other receivables was minimal. The above balances were interest-free and unsecured.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Deposits and other receivables	729	767	506
Prepayments to suppliers	47,586	103,668	92,178
Capacity Guarantee Deposit	14,300	14,300	14,300
Other tax recoverable	1,441	7,014	16
Prepaid Software Licenses	4,547	1,910	8,453
Prepaid Rent	131	—	—
Prepaid Insurance	122	173	155
[REDACTED] Expense	—	—	227
Others	61	52	8
Impairment allowance	(5)	(5)	(4)
	<u>68,912</u>	<u>127,879</u>	<u>115,839</u>
Non-Current portion:			
Capacity Guarantee Deposit	46,475	32,175	17,876
Prepayments for long-term assets	24	667	12,132
	<u>46,499</u>	<u>32,842</u>	<u>30,008</u>
Total	<u>115,411</u>	<u>160,721</u>	<u>145,847</u>

19(ii). AMOUNTS DUE FROM SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due from subsidiaries	<u>67,221</u>	<u>45,906</u>	<u>139,957</u>

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20. INVESTMENTS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Structured deposits and wealth management products	355,751	150,323	—

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Structured deposits and wealth management products	290,394	150,323	—

The Structured deposits and wealth management products were issued by banks and securities companies which 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.

21. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	73,491	112,287	114,776
Restricted bank deposits	—	—	1,002

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	72,461	111,717	114,043
Denominated in USD	1,030	493	730
Denominated in HKD	—	77	1
Denominated in Euro (“EUR”)	—	—	2
Total	73,491	112,287	114,776
Restricted bank deposits denominated in RMB	—	—	1,002

The RMB is not freely convertible into other currencies, however, under Chinese Mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates or relevant deposits rates.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	71,330	84,394	100,732
Restricted bank deposits	—	—	1,002

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	71,330	84,394	100,558
Denominated in USD	—	—	174
Total	<u>71,330</u>	<u>84,394</u>	<u>100,732</u>
Restricted bank deposits denominated in RMB	<u>—</u>	<u>—</u>	<u>1,002</u>

22(i). TRADE PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	<u>4,609</u>	<u>12,805</u>	<u>15,685</u>

An aging analysis of the trade payables as at the end of each of the Relevant Periods, based on the purchase date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	4,273	12,784	9,106
1 to 2 years	336	—	6,579
Over 2 years	—	21	—
Total	<u>4,609</u>	<u>12,805</u>	<u>15,685</u>

The trade payables are non-interest-bearing and are normally settled within 30-60 days upon receipt of the invoice.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	<u>2,653</u>	<u>12,442</u>	<u>15,417</u>

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the purchase date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	2,632	12,421	8,838
1 to 2 years	21	—	6,579
Over 2 years	—	21	—
Total	<u>2,653</u>	<u>12,442</u>	<u>15,417</u>

22(ii). AMOUNTS DUE TO SUBSIDIARIES

The balances are unsecured, interest-free and on credit terms similar to those offered to the major customers of the Group.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due to subsidiaries	<u>9,632</u>	<u>15,587</u>	<u>17,304</u>

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23(i). OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	32,444	50,349	59,693
Other tax payables	21,936	43,690	20,434
Deposits and other payables	3,137	825	1,238
Total	<u>57,517</u>	<u>94,864</u>	<u>81,365</u>

Other payables were interest-free and unsecured.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	15,713	16,900	801
Other tax payables	18,117	43,219	19,041
Deposits and other payables	2,598	395	507
Total	<u>36,428</u>	<u>60,514</u>	<u>20,349</u>

23(ii). AMOUNTS DUE TO SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due to subsidiaries	<u>1,318</u>	<u>12,200</u>	<u>12,376</u>

24. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advance payments from customers	<u>333,147</u>	<u>327,681</u>	<u>192,172</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advance payments from customers	<u>269,426</u>	<u>326,666</u>	<u>178,221</u>

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023	
	Effective interest rate	Maturity
	(%)	RMB'000
Bank loans – unsecured	3.65% 2024	15,017
Total		<u>15,017</u>

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As at 31 December 2024			
	Effective interest rate	Maturity	
	(%)		RMB’000
Bank loans — unsecured	—	—	—
Total			—

As at 31 December 2025			
	Effective interest rate	Maturity	
	(%)		RMB’000
Bank loans – unsecured	2.3%	2026	15,009
Total			15,009

The Company

As at 31 December 2023			
	Effective interest rate	Maturity	
	(%)		RMB’000
Bank loans – unsecured	3.65%	2024	15,017
Total			15,017

As at 31 December 2024			
	Effective interest rate	Maturity	
	(%)		RMB’000
Bank loans – unsecured	—	—	—
Total			—

As at 31 December 2025			
	Effective interest rate	Maturity	
	(%)		RMB’000
Bank loans – unsecured	2.3%	2026	15,009
Total			15,009

The Group

As at 31 December			
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed into:			
Bank borrowings repayable:			
Within one year	15,017	—	15,009
Total	15,017	—	15,009

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	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed into:			
Bank borrowings repayable:			
Within one year	15,017	—	15,009
Total	<u>15,017</u>	<u>—</u>	<u>15,009</u>

26. PAID-IN CAPITAL

The Group and the Company

Shares

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Issued and fully paid:			
Paid-in capital	<u>10,168</u>	<u>11,518</u>	<u>14,860</u>

A summary of movements in the Company’s paid-in capital is as follows:

	As at 31 December					
	2023		2024		2025	
	Number of shares	RMB’000	Number of shares	RMB’000	Number of shares	RMB’000
At 1 January	N/A	3,161	N/A	10,168	N/A	11,518
Shareholders’ capital contribution	<u>N/A</u>	<u>7,007</u>	<u>N/A</u>	<u>1,350</u>	<u>N/A</u>	<u>3,342</u>
At 31 December	<u>N/A</u>	<u>10,168</u>	<u>N/A</u>	<u>11,518</u>	<u>N/A</u>	<u>14,860</u>

* In 2023, the paid-in capital of the Company increased from RMB3,161,000 to RMB10,168,000. The Company entered into capital increase agreements with 14 investors at a total consideration of RMB283,670,000. The total consideration settled in 2023, with approximately RMB2,507,000 and RMB281,163,000 credited to the Company’s paid-in capital and capital reserve, respectively. Also in 2023, the Company received four further subscribed capital contribution of RMB4,500,000 from 4 investors.

* In 2024, the paid-in capital of the Company increased from RMB10,168,000 to RMB11,518,000. The Company received a subscribed capital contribution of RMB1,350,000 from 3 angel investors.

* In 2025, the paid-in capital of the Company increased from RMB11,518,000 to RMB14,860,000. The Company entered into capital increase agreements with 4 investors (collectively) at a total consideration of RMB300,000,000. The total consideration settled in 2025, with approximately RMB191,000 and RMB29,809,000 credited to the Company’s paid-in capital and capital reserve, respectively. Also in 2025, the Company received three further subscribed capital contribution of RMB3,250,000 from 3 investors.

During the Relevant Periods, the Company entered into separate agreements with 32 investors (collectively the “[REDACTED] Investors”) and issued 6,799,289 ordinary shares for a total net cash proceed of approximately RMB411,670,000 (collectively the “[REDACTED] Investments”). Pursuant to the agreements, the [REDACTED] Investors were granted by the Company with special rights (“Special Rights”) which included redemption rights, anti-dilution rights and liquidation preference rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

On 17 March 2026, the Company and the [REDACTED] Investors entered into supplemental agreements that the redemption rights granted by the Company to [REDACTED] Investors have been irrecoverably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreements, the Company’s directors considered that it is appropriate to present the [REDACTED] Investments as equity.

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Had the Special Rights granted by the Company to the [REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the redemption financial liabilities, total current liabilities and net liabilities would have been as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Redemption financial liabilities	402,636	433,714	494,251
Total current liabilities	815,880	871,219	801,824
Net liabilities	(138,722)	(190,935)	(349,684)

The changes in the carrying amounts of redemption liabilities, the net loss for the year, basic and diluted loss per share would have been:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial costs associated with the redemption financial liabilities	20,881	30,578	30,536
Total net loss	(119,311)	(79,037)	(194,046)
Loss per share			
Basic and diluted (RMB)	(27)	(8)	(16)

27. SHARE-BASED PAYMENT

For the purpose of awarding the employees and directors of the Group to secure their services and incentivise their maximum effort towards the Group’s success, the Group set up several limited partnerships in the PRC as onshore shareholding platforms. In April 2021, the Company’s shares option plan (the “Share Option Plan”) was approved in the shareholders’ meeting of the company. The eligible participants of the Share Option Plan were the directors, senior management, key staff and external consultant.

Under the Share Option Plan, the Company would grant a total of 2,500,000 Company’s share options to the eligible participants through employee shareholding platform, Shanghai Yinwei Electronics Technology Center. The eligible participants had the right to purchase every one Company’s share at an agreed price as stipulated in the contract. Pursuant to the Share Option Plan, each grant of the share option require the eligible participant to meet service conditions from the date of grant to the later of (1) the fixed Service Period and (2) the date of successful [REDACTED] of the Company’s shares. 25% of the share options granted should be exercised within 12 months after the expiration of the vesting period. If stock options are exercised before the [REDACTED], they will be converted into restricted shares after the exercise. The share-based payment expenses are amortised during the vesting period.

Movements in the number of share options granted and their exercise prices are as below:

	2025	
	Weighted average exercise price	Number of options*
	RMB per share	’000
At 1 January	5.11-5.68	16,787
Granted during the year	1.70-5.11	1,893
Forfeited during the year	1.70-5.68	(3,787)
At 31 December	1.70-5.11	14,893

	2024	
	Weighted average exercise price	Number of options*
	RMB per share	’000
At 1 January	2.68-5.68	13,084
Granted during the year	1.00-5.68	(3,818)
Forfeited during the year	1.00-5.68	(1,974)
At 31 December	5.11-5.68	16,787

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	2023	
	Weighted average exercise price	Number of options*
	RMB per share	'000
At 1 January	2.47-4.93	8,112
Granted during the year	2.68-5.68	6,489
Forfeited during the year	1.00-4.93	(1,517)
At 31 December	<u>2.68-5.68</u>	<u>13,084</u>

* [●]

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2025

Number of options*	Exercise price	Exercise period
'000	RMB per share	
<u>14,893</u>	<u>1.70-5.68</u>	<u>1-1-26 to 21-9-29</u>

2024

Number of options*	Exercise price	Exercise period
'000	RMB per share	
<u>16,787</u>	<u>1.00-5.68</u>	<u>1-1-25 to 15-1-29</u>

2023

Number of options*	Exercise price	Exercise period
'000	RMB per share	
<u>13,084</u>	<u>1.00-4.93</u>	<u>4-1-24 to 9-4-28</u>

* Number of options mentioned here represents the number of options that the eligible participants can obtain from the employee shareholding platform. 10 share options of the employee shareholding platform are equivalent to 1 share option of the company.

The fair value of share options granted was estimated as at the date of grant, using a Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The following inputs are used for the model:

	2025	2024	2023
Expected volatility (%)	42-54	48-59	40-55
Risk-free interest rate (%)	1.34-1.45	0.96-1.89	1.77-2.34
Expected life of options (year)	1~4	1~4	1~4
Weighted average share price (RMB per share)	<u>1.70-5.11</u>	<u>5.11-5.68</u>	<u>2.68-5.68</u>

28. 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.

(i) Capital reserve

Capital reserve of the Group mainly represents the premium in issuing shares of the Company.

(ii) Share-based payment

The Share-based payment is the equity-settled share-based compensation granted by entities to employees, particularly senior management and directors, as part of their remuneration.

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	Capital reserve	Share-based payment	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2022 and 1 January 2023	94,438	3,068	(18,654)	78,852
Loss for the year	—	—	(44,621)	(44,621)
Total comprehensive income for the year	—	—	(44,621)	(44,621)
Recognition of equity-settled share-based payments	—	10,378	—	10,378
Issue of shares	275,486	—	—	275,486
As at 31 December 2023 and 1 January 2024	369,924	13,446	(63,275)	320,095
Loss for the year	—	—	(18,152)	(18,152)
Total comprehensive income for the year	—	—	(18,152)	(18,152)
Recognition of equity-settled share-based payments	—	25,974	—	25,974
As at 31 December 2024 and 1 January 2025	369,924	39,420	(81,427)	327,917
Loss for the year	—	—	(72,299)	(72,299)
Total comprehensive income for the year	—	—	(72,299)	(72,299)
Recognition of equity-settled share-based payments	—	32,148	—	32,148
Issue of shares	29,810	—	—	29,810
As at 31 December 2025	399,734	71,568	(153,726)	317,576

29. 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 right-of-use assets and lease liabilities of RMB5,692,000, RMB3,233,000 and RMB6,434,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	30,035	389	30,424
Changes from financing cash flows	(16,767)	(1,716)	18,483
New leases	—	5,692	5,692
Lease term termination	—	(220)	(220)
Interest expense	1,749	63	1,812
At 31 December 2023 and 1 January 2024	15,017	4,208	19,225
Changes from financing cash flows	(15,122)	(2,834)	17,956
New leases	—	3,233	3,233
Lease term termination	—	(1,811)	(1,811)
Interest expense	105	134	239
At 31 December 2024 and 1 January 2025	—	2,930	2,930
Changes from financing cash flows	14,944	(3,447)	11,497
New leases	—	6,434	6,434
Lease term termination	—	(1,329)	(1,329)
Interest expense	65	131	196
At 31 December 2025	15,009	4,719	19,728

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(c) Total cash outflow for leases

The total cash outflows for leases included in the statements of cash flows are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within operating activities	1,579	2,119	2,817
Within financing activities	1,716	2,834	3,447
Total	<u>3,295</u>	<u>4,953</u>	<u>6,264</u>

30. COMMITEMENTS

(a) The Group had the following contractual commitments at the end of the reporting period:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Property, plant and equipment	15,006	335	62
Other intangible assets	—	13,796	7,518
Total	<u>15,006</u>	<u>14,131</u>	<u>7,580</u>

At the end of the reporting period, the Group did not have any significant contractual commitments.

(b) The Group has various lease contracts that have not yet commenced as at 31 December 2025. The future lease payments for these non-cancellable lease contracts are RMB 888,000 due within one year.

31. RELATED PARTY TRANSACTIONS

(a) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	9,000	12,615	11,019
Share-based compensation expenses	1,332	5,113	5,216
Total compensation for key management personnel	<u>10,332</u>	<u>17,728</u>	<u>16,235</u>

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

32. 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:

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB’000	RMB’000	RMB’000
Investments measured at fair value through profit or loss	355,751	—	355,751
Trade receivables	—	7,632	7,632
Financial assets included in prepayments, other receivables and other assets	—	82,401	82,401
Cash and cash equivalents	—	73,491	73,491
Total	<u>355,751</u>	<u>163,524</u>	<u>519,275</u>

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Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Lease liabilities	—	4,208	4,208
Trade payables	—	4,609	4,609
Financial liabilities included in other payables and accruals	—	3,137	3,137
Interest-bearing bank and other borrowings	—	15,017	15,017
Total	—	26,971	26,971

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Investments measured at fair value through profit or loss	150,323	—	150,323
Trade receivables	—	10,309	10,309
Financial assets included in prepayments, other receivables and other assets	—	48,800	48,800
Cash and cash equivalents	—	112,287	112,287
Total	150,323	171,396	321,719

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Lease liabilities	—	2,930	2,930
Trade payables	—	12,805	12,805
Financial liabilities included in other payables and accruals	—	825	825
Total	—	16,560	16,560

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade receivables	—	21,971	21,971
Financial assets included in prepayments, other receivables and other assets	—	55,872	55,872
Cash and cash equivalents	—	115,778	115,778
Total	—	193,621	193,621

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Lease liabilities	—	4,719	4,719
Trade payables	—	15,685	15,685
Financial liabilities included in other payables and accruals	—	1,239	1,239
Interest-bearing bank and other borrowings	—	15,009	15,009
Total	—	36,652	36,652

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33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager 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 Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks. For structured deposits, since the historical actual returns are consistent with expected returns, the Group measures the fair value using the expected rate of return and the investment period.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Investments measured at fair value through profit or loss	—	355,751	—	355,751

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Investments measured at fair value through profit or loss	—	150,323	—	150,323

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise interest-bearing bank and cash and bank balances. 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 foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has no significant foreign currency risk because its business is principally conducted in Mainland China and most of the transactions are denominated in the Company’s functional currency. Since the Group holds small amount of dollar, the Group’s exposure to foreign currency risk in respect of the bank balances denominated in United States dollars is considered to be minimal.

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.

As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 16%, 18% and 22% of the Group’s trade receivables were due from the Group’s largest customer, and 50%, 63% and 61% of the Group’s trade receivables were due from the Group’s five largest customers, respectively. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk.

APPENDIX I

ACCOUNTANTS’ REPORT

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

The tables below show 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/period end staging classification as at 31 December 2023, 2024 and 2025. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	7,753	7,753
Financial assets included in prepayments, other receivables and other assets					
– Normal**	82,401	—	—	—	82,401
Cash and cash equivalents					
– Not yet past due	73,491	—	—	—	73,491
Total	<u>155,892</u>	<u>—</u>	<u>—</u>	<u>7,753</u>	<u>163,645</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	10,737	10,737
Financial assets included in prepayments, other receivables and other assets					
– Normal**	48,800	—	—	—	48,800
Cash and cash equivalents					
– Not yet past due	112,287	—	—	—	112,287
Total	<u>161,087</u>	<u>—</u>	<u>—</u>	<u>10,737</u>	<u>171,824</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	22,592	22,592
Financial assets included in prepayments, other receivables and other assets					
– Normal**	55,872	—	—	—	55,872
Cash and cash equivalents					
– Not yet past due	115,778	—	—	—	115,778
Total	<u>171,650</u>	<u>—</u>	<u>—</u>	<u>22,592</u>	<u>194,242</u>

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18.

** 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. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings.

APPENDIX I

ACCOUNTANTS’ REPORT

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2023					
Interest-bearing bank borrowings . .	15,126	—	—	—	15,126
Trade payables	4,273	336	—	—	4,609
Financial liabilities included in other payables and accruals	3,137	—	—	—	3,137
Lease liabilities	2,845	1,511	—	—	4,356
Total	25,381	1,847	—	—	27,228

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2024					
Trade payables	12,784	—	21	—	12,805
Financial liabilities included in other payables and accruals	825	—	—	—	825
Lease liabilities	2,189	817	—	—	3,006
Total	15,798	817	21	—	16,636

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
31 December 2025					
Interest-bearing bank borrowings . .	15,348	—	—	—	15,348
Trade payables	9,106	6,579	—	—	15,685
Financial liabilities included in other payables and accruals	1,239	—	—	—	1,239
Lease liabilities	3,440	1,119	266	—	4,825
Total	29,133	7,698	266	—	37,097

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 maximise 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 return capital to shareholders or issue new shares. 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 debt divided by total assets. The debt-to-asset ratio 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 debt	414,732	438,313	308,950
Total assets	678,646	681,092	453,517
Debt-to-asset ratios	61%	64%	68%

35. EVENTS AFTER THE RELEVANT PERIODS

Pursuant to the shareholders’ resolutions dated 17 March 2026, the then existing Shareholders approved the conversion of our Company into a joint stock company with limited liabilities with 17,321,202 Shares in a nominal value of RMB1.00 each.

Pursuant to the resolutions of the Shareholders dated 20 March 2026, it is resolved to conduct a share subdivision pursuant to which each share of the Company was split on a one-for-ten basis immediately preceding the [REDACTED], and the nominal value of the shares of the Company would be changed from RMB1.00 each to RMB0.10 each. At the date of the Document, the resolutions has not become effective.

36. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 December 2025.