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

[Letterhead of BDO Limited]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 中微半導體(深圳)股份有限公司 CHINA MICRO SEMICON (SHENZHEN) LIMITED* AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

INTRODUCTION

We report on the historical financial information of China Micro Semicon (Shenzhen) Limited* 中微半導體(深圳)股份有限公司 (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages [•] to [•], which comprises the consolidated statements of financial position as of December 31, 2023, 2024 and 2025 and the statements of financial position of the Company as of December 31, 2023, 2024 and 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for the years ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together the "**Historical Financial Information**"). The Historical Financial Information set out on pages [•] to [•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the "**Document**") in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of 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.

* *For identification purpose only*

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

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

OPINION

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

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

Adjustments

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

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about dividends paid by the Company in respect of the Track Record Period.

[BDO Limited]
Certified Public Accountants
[Director's name]
Practising Certificate no. [•]
Hong Kong

[Date]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board ("**IASB**") and were audited by BDO Limited 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	7	713,570	911,655	1,122,150
Cost of sales		(644,340)	(650,989)	(753,282)
Gross profit		69,230	260,666	368,868
Other income and other gains	8	83,182	76,215	154,857
Selling and distribution expenses		(19,548)	(18,843)	(23,806)
Research and development expenses		(120,469)	(127,543)	(124,178)
Administrative and other expenses		(47,129)	(50,687)	(68,445)
Reversal/(provision) of impairment losses on financial assets, net	10	1,868	(1,518)	(207)
Finance costs	9	(672)	(658)	(2,059)
(LOSS)/PROFIT BEFORE TAX	10	(33,538)	137,632	305,030
Income tax credit/(expense)	11	11,589	(798)	(20,848)
(LOSS)/PROFIT FOR THE YEAR		(21,949)	136,834	284,182
(LOSS)/PROFIT FOR THE YEAR		(21,949)	136,834	284,182
OTHER COMPREHENSIVE INCOME/ (EXPENSE)				
Item that may be reclassified to profit or loss:				
Exchange differences on translation of foreign operations		381	353	(447)
OTHER COMPREHENSIVE INCOME/ (EXPENSE) FOR THE YEAR, NET OF TAX		381	353	(447)
TOTAL COMPREHENSIVE (EXPENSE)/ INCOME FOR THE YEAR		(21,568)	137,187	283,735
(LOSS)/EARNINGS PER SHARE (RMB) ATTRIBUTABLE TO OWNERS OF THE COMPANY:				
Basic and diluted	13	(0.05)	0.34	0.71

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As of December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	218,128	203,037	279,602
Intangible assets	16	3,254	1,803	2,725
Financial assets at fair value through profit or loss ("**FVTPL**")	18	5,000	5,000	5,000
Prepayments	21	2,205	2,149	3,187
Deferred tax assets	17	21,221	18,337	11,472
Total non-current assets		249,808	230,326	301,986
Current assets				
Financial assets at FVTPL	18	427,013	889,828	1,066,416
Inventories	19	469,223	376,080	342,355
Trade and bills receivables	20	202,935	219,395	252,437
Prepayments, deposits and other receivables	21	96,555	66,322	78,831
Financial assets measured at amortised cost	22	91,283	—	—
Tax recoverable		355	2,691	1,299
Time deposits	23	696,653	1,308,780	1,284,126
Restricted bank balances	23	—	77	33,196
Cash and cash equivalents	23	917,255	215,805	318,710
Total current assets		2,901,272	3,078,978	3,377,370

		As of December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Trade payables	24	104,885	122,659	180,812
Other payables and accruals	25	36,814	55,480	83,462
Contract liabilities	26	3,266	7,644	5,637
Lease liabilities	27	7,865	6,919	3,103
Bank borrowings	28	—	99,396	199,823
Income tax payable		212	440	2,319
Total current liabilities		153,042	292,538	475,156
Net current assets		2,748,230	2,786,440	2,902,214
TOTAL ASSETS LESS CURRENT LIABILITIES		2,998,038	3,016,766	3,204,200
Non-current liabilities				
Lease liabilities	27	8,141	5,146	868
Deferred income	29	374	3,013	2,964
Deferred tax liabilities	17	17,884	15,237	22,978
Total non-current liabilities		26,399	23,396	26,810
NET ASSETS		2,971,639	2,993,370	3,177,390
EQUITY				
Share capital	30	400,365	400,365	400,365
Reserves	33	2,571,274	2,593,005	2,777,025
TOTAL EQUITY		2,971,639	2,993,370	3,177,390

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	68,272	61,839	121,655
Investments in subsidiaries	31	136,498	136,498	136,498
Intangible assets	16	3,001	1,725	2,599
Prepayments	21	2,205	2,149	2,460
Deferred tax assets	17	17,953	11,966	8,301
Total non-current assets		227,929	214,177	271,513
Current assets				
Financial assets at FVTPL	18	255,975	741,409	532,014
Inventories	19	476,239	385,966	351,121
Trade and bills receivables	20	105,948	201,761	389,423
Prepayments, deposits and other receivables	21	85,628	56,556	68,330
Amounts due from subsidiaries	32	434,385	437,803	299,320
Tax recoverable		294	2,657	1,246
Time deposits	23	540,638	982,715	1,220,247
Restricted bank balances	23	—	26	33,196
Cash and cash equivalents	23	840,828	66,683	85,543
Total current assets		2,739,935	2,875,576	2,980,440

		As of December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Trade payables	24	68,238	70,561	104,699
Amounts due to subsidiaries	32	54,795	59,807	85,113
Other payables and accruals	25	30,760	38,838	29,827
Contract liabilities	26	92,173	112,926	2,316
Lease liabilities	27	4,866	4,422	2,788
Bank borrowings	28	—	99,396	199,823
Total current liabilities		250,832	385,950	424,566
Net current assets		2,489,103	2,489,626	2,555,874
TOTAL ASSETS LESS CURRENT LIABILITIES		2,717,032	2,703,803	2,827,387
Non-current liabilities				
Lease liabilities	27	4,256	3,513	868
Deferred income	29	374	3,013	2,964
Deferred tax liabilities	17	16,452	14,920	22,738
Total non-current liabilities		21,082	21,446	26,570
NET ASSETS		2,695,950	2,682,357	2,800,817
EQUITY				
Share capital	30	400,365	400,365	400,365
Reserves	33	2,295,585	2,281,992	2,400,452
TOTAL EQUITY		2,695,950	2,682,357	2,800,817

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Treasury shares*	Share premium*	Capital reserve*	Translation reserve*	Statutory reserve*	Retained earnings*	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30(a))	*(Note 30(b))*	*(Notes 30(a) and 33(a))*	*(Note 33(b))*	*(Note 33(c))*	*(Note 33(d))*	*(Note 33(e))*	
Balance at January 1, 2023	400,365	—	1,780,782	81,200	1,255	75,039	849,622	3,188,263
Loss for the year	—	—	—	—	—	—	(21,949)	(21,949)
Exchange differences on translation of foreign operations	—	—	—	—	381	—	—	381
Total comprehensive expense for the year	—	—	—	—	381	—	(21,949)	(21,568)
Repurchase of shares *(Note 30(b))*	—	(14,892)	—	—	—	—	—	(14,892)
Dividend declared *(Note 12)*	—	—	—	—	—	—	(180,164)	(180,164)
Balance at December 31, 2023	400,365	(14,892)	1,780,782	81,200	1,636	75,039	647,509	2,971,639

* These reserve accounts comprise the consolidated reserves as of December 31, 2023, 2024 and 2025 in the consolidated statements of financial position.

	Share capital	Treasury shares*	Share premium*	Capital reserve*	Translation reserve*	Statutory reserve*	Retained earnings*	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30(a))	*(Note 30(b))*	*(Notes 30(a) and 33(a))*	*(Note 33(b))*	*(Note 33(c))*	*(Note 33(d))*	*(Note 33(e))*	
Balance at January 1, 2024	400,365	(14,892)	1,780,782	81,200	1,636	75,039	647,509	2,971,639
Profit for the year	—	—	—	—	—	—	136,834	136,834
Exchange differences on translation of foreign operations	—	—	—	—	353	—	—	353
Total comprehensive income for the year	—	—	—	—	353	—	136,834	137,187
Repurchase of shares *(Note 30(b))*	—	(15,557)	—	—	—	—	—	(15,557)
Dividend declared *(Note 12)*	—	—	—	—	—	—	(99,899)	(99,899)
Transfer to statutory reserve	—	—	—	—	—	10,187	(10,187)	—
Balance at December 31, 2024	400,365	(30,449)	1,780,782	81,200	1,989	85,226	674,257	2,993,370

* These reserve accounts comprise the consolidated reserves as of December 31, 2023, 2024 and 2025 in the consolidated statements of financial position.

	Share capital	Treasury shares*	Share premium*	Capital reserve*	Translation reserve*	Statutory reserve*	Retained earnings*	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30(a))	*(Note 30(b))*	*(Notes 30(a) and 33(a))*	*(Note 33(b))*	*(Note 33(c))*	*(Note 33(d))*	*(Note 33(e))*	
Balance at January 1, 2025	400,365	(30,449)	1,780,782	81,200	1,989	85,226	674,257	2,993,370
Profit for the year	—	—	—	—	—	—	284,182	284,182
Exchange differences on translation of foreign operations	—	—	—	—	(447)	—	—	(447)
Total comprehensive expense for the year	—	—	—	—	(447)	—	284,182	283,735
Dividend declared *(Note 12)*	—	—	—	—	—	—	(99,715)	(99,715)
Transfer to statutory reserve	—	—	—	—	—	21,817	(21,817)	—
Balance at December 31, 2025	400,365	(30,449)	1,780,782	81,200	1,542	107,043	836,907	3,177,390

* These reserve accounts comprise the consolidated reserves as of December 31, 2023, 2024 and 2025 in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities:			
(Loss)/profit before tax	(33,538)	137,632	305,030
Adjustments for:			
Depreciation of property, plant and equipment	43,358	43,254	43,042
Amortisation of intangible assets	1,359	1,451	1,036
Finance costs	672	658	2,059
Interest income from financial assets measured at amortised cost	(17,187)	(12,683)	(1,279)
Interest income from financial assets at FVTPL	(14,280)	(23,570)	(25,105)
Amortisation of deferred income	(369)	(361)	(1,182)
Loss on disposal of property, plant and equipment, net	1	148	1
Gain on lease modifications	(166)	(34)	(401)
(Reversal)/provision of impairment losses on financial assets, net	(1,868)	1,518	207
Provision of impairment for inventories, net	55,262	11,596	15,825
Fair value (gain)/loss on financial assets at FVTPL	(7,075)	13,148	(82,079)
Gain on disposal of financial assets at FVTPL	(20,633)	(13,939)	(17,848)
Operating profit before working capital changes	5,536	158,818	239,306
Decrease in inventories	10,144	81,547	17,900
Increase in trade and bills receivables	(34,111)	(18,251)	(33,592)
Decrease/(increase) in prepayments, deposits and other receivables	15,218	28,412	(5,558)
Increase in trade payables	11,577	17,774	58,153
(Decrease)/increase in other payables and accruals	(12,824)	18,666	27,982
Increase/(decrease) in contract liabilities	595	4,378	(2,007)
Increase in deferred income	—	3,000	1,133
Cash (used in)/from operations	(3,865)	294,344	303,317
Income tax refunded/(paid)	12,646	(2,669)	(2,971)
Net cash from operating activities	8,781	291,675	300,346

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash flows from investing activities			
Purchase of property, plant and equipment	(42,890)	(23,792)	(117,224)
Proceeds from disposal of property, plant and equipment	4,346	1,790	5
Purchase of intangible assets	(562)	—	(1,958)
Purchase of financial assets at FVTPL	(1,910,200)	(1,965,000)	(3,478,000)
Proceeds from disposal of financial assets at FVTPL	2,645,059	1,502,976	3,401,339
Purchase of financial assets measured at amortised cost	(90,000)	—	—
Settlement of financial assets measured at amortised cost	—	90,000	—
Increase in restricted bank balances	—	(77)	(33,119)
Increase/(decrease) in time deposits	(584,960)	(612,127)	24,654
Interest received	30,184	37,536	26,384
Net cash from/(used in) investing activities	50,977	(968,694)	(177,919)
Cash flows from financing activities			
Proceeds from bank borrowings	—	99,250	198,675
Repayments of bank borrowings	—	—	(99,250)
Repurchase of shares	(14,892)	(15,557)	—
Payments for deferred issue costs	—	—	(10,833)
Interest paid	—	—	(780)
Repayments of principal portion of lease liabilities	(9,464)	(8,066)	(6,895)
Repayments of interest portion of lease liabilities	(672)	(512)	(277)
Dividend paid	(180,164)	(99,899)	(99,715)
Net cash used in financing activities	(205,192)	(24,784)	(19,075)
Net (decrease)/increase in cash and cash equivalents	(145,434)	(701,803)	103,352
Cash and cash equivalents at the beginning of the year	1,062,308	917,255	215,805
Exchange differences on translating cash flows of foreign operations	381	353	(447)
Cash and cash equivalents at the end of the year	917,255	215,805	318,710

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

China Micro Semicon (Shenzhen) Limited* (the "**Company**") is a joint stock company with limited liability incorporated in the People's Republic of China (the "**PRC**") on June 22, 2001. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering and was listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange (stock code: 688380) on August 5, 2022. The registered office address and principal place of business of the Company are located at 21/F., Building T1, Qianhai Financial Centre, No. 91 Guiwan 3rd Road, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen, the PRC.

The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the provision of solutions and products, including MCU, SoC and ASIC solutions and other related products, and provision of technical support services in the PRC. The main products are consumer electronics chips, smart household appliance control chips, industrial control chips and automotive-grade chips.

The Company is ultimately controlled by Mr. Yang Yong, Mr. Zhou Yan and Mr. Zhou Fei who are acting in concert.

As of the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the subsidiaries are as follows:

Name of subsidiaries	*Notes*	Date and place of incorporation/ registration	Place of operation	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Company		Principal activities
					Direct	Indirect	
Sichuan China Micro Xincheng Technology Co., Ltd.* (四川中微芯成科技有限公司) ("**China Micro (Sichuan)**")	2	April 7, 2017, the PRC	The PRC	Registered capital of RMB100,000,000	100%	—	Research and development and sales of chips
Sichuan Xinlianfa Electronics Co., Ltd.* (四川芯聯發電子有限公司) ("**Sichuan Xinlianfa**")	4	May 11, 2011, the PRC	The PRC	Registered capital of RMB16,000,000	100%	—	Design of chips
Zhongshan Lianfa Microelectronics Co., Ltd.* (中山市聯發微電子有限公司) ("**Zhongshan Lianfa**")	4	January 28, 2010, the PRC	The PRC	Registered capital of RMB12,000,000	100%	—	Sales of chips
Beijing China Micro Xincheng Microelectronics Technology Co., Ltd.* (北京中微芯成微電子科技有限公司) ("**China Micro (Beijing)**")	4	March 14, 2018, the PRC	The PRC	Registered capital of RMB2,000,000	100%	—	Research and development of chips
Shenzhen China Micro Semicon Co., Limited (中微股份有限公司)	3	September 5, 2008 Hong Kong	Hong Kong	Issued and fully paid of shares of HKD10,000	100%	—	Wafer purchase platform
Chengdu Xinlianfa Electronic Technology Co., Ltd.* (成都市芯聯發電子科技有限公司) ("**Chengdu Xinlianfa**")	4	February 9, 2015, the PRC	The PRC	Registered capital of RMB2,000,000	—	100%	Sales of chips
Singapore Changi Technology Pte Ltd	4	May 20, 2015, Singapore	Singapore	Issued and fully paid of shares of SGD1,000,000	—	100%	Research and development and trading of chips
China Micro Huxin (Shanghai) Integrated Circuit Co., Ltd.* (中微滬芯(上海)集成電路有限公司) ("**China Micro (Shanghai)**")	4	September 16, 2020, the PRC	The PRC	Registered capital of RMB2,000,000	100%	—	Research and development of chips

Name of subsidiaries	*Notes*	Date and place of incorporation/ registration	Place of operation	Issued and fully paid capital/registered capital	Percentage of equity attributable to the Company		Principal activities
					Direct	Indirect	
China Micro Yuxin (Chongqing) Electronic Technology Co., Ltd.* (中微渝芯(重慶)電子科技有限公司) ("**China Micro (Chongqing)**")	4	July 9, 2020, the PRC	The PRC	Registered capital of RMB20,000,000	100%	—	Research and development of chips
China Micro Semicon (Shenzhen) Investment Co., Ltd.* (中微半導(深圳)投資有限公司) ("**China Micro (Shenzhen)**")	4	May 30, 2023, the PRC	The PRC	Registered capital of RMB10,000,000	100%	—	Investment holding

Notes:

(1) The statutory financial statements of the Company for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Pan-China Certified Public Accountants.

(2) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Pan-China Certified Public Accountants.

(3) The statutory financial statements of the entity for the years ended December 31, 2023 and 2024 were prepared in accordance with HKFRS Accounting Standards issued by the Hong Kong Certified Public Accountants and audited by CWCC CPA Limited.

(4) No audited financial statements of these entities have been prepared for the years ended December 31, 2023 and 2024.

(5) All of the subsidiaries adopted December 31, as their financial year end date.

(6) None of the subsidiaries had issued any debt securities for the years ended December 31, 2023, 2024 and 2025.

* The English names of these companies represent the best effort made by the management of the Company to directly translate the Chinese names as they do not register any official English names.

For the purpose of the Historical Financial Information of this report, the directors of the Company have prepared the Underlying Financial Statements in accordance with the basis of preparation set out in Note 2 below and the accounting policies set out in Note 4 below which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**").

The Historical Financial Information has been prepared from the Underlying Financial Statements, with no adjustments made thereon.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The Historical Financial Information has been prepared in accordance with the accounting policies set out in Note 4 which conform with IFRS Accounting Standards, including all applicable individual IFRS Accounting Standards, IAS Standards and the related interpretations issued by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and by the Hong Kong Companies Ordinance.

For the purpose of preparing and presenting the Historical Financial Information, all relevant standards, amendments and interpretations to the IFRS Accounting Standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the Track Record Period.

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting judgement and estimations. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involved a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 5 below.

2.2 Basis of measurement

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values as explained in the material accounting policy information set out below.

2.3 Functional and presentation currency

The Historical Financial Information is presented in Renminbi ("**RMB**"), which is the same as the functional currency of the Company.

3. NEW OR REVISED IFRS ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following new or revised IFRS Accounting Standards, potentially relevant to the Historical Financial Information, have been issued, but are not yet effective and have not been early adopted by the Group.

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Annual Improvements to IFRS Accounting Standards — Volume 11	Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 7 Financial Instruments: Disclosure, IFRS 9 Financial Instruments, IFRS 10 Consolidated Financial Statements, IAS 7 Statement of Cash Flows[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IAS21	Translation to a Hyperinflationary Presentation Currency[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

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

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

3 The amendments were originally intended to be effective for periods beginning on or after January 1, 2026. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted

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

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

The application of IFRS 18 is not expected to have a material impact on the Group's financial position and performance but is expected to affect the presentation of the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and will require additional disclosures in future financial statements.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and the entities controlled by the Company (i.e. subsidiaries) comprising the Group for the Track Record Period.

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

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

4.2 Subsidiaries

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

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

4.3 Revenue recognition

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. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

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

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

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

In determining the transaction price, the Group adjusts the amount of promised amount of consideration for the effect if a financing component of it is significant. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 "Revenue from Contracts with Customers" and does not adjust the consideration for any effects of a significant financing component as the period between when the Group receives consideration and transferring control of goods is one year or less.

(i) Sales of products

Revenue from the sales of MCU, SoC and ASIC solutions and other related products to customers is recognised at a point in time when the products are delivered to the customers' designated locations and the customers confirm the acceptance of the products. Upon the confirmation of acceptance of the products, the customers have the rights to sell the products at their sole discretion and take the risks of any price fluctuations, obsolescence and loss of the products.

(ii) Other services

Revenue from the provision of other services, which refer to technical support services is recognised over time during the contract period as the customers received and consumed the benefits simultaneously.

(iii) Principal versus agent consideration in revenue recognition

The determination of whether revenue shall be reported on a gross or net basis is based on an individual or a collective assessment of whether the Group is acting as a principal or an agent in the provision of promised goods or services to customers. If the Group controls the specified goods or services which bears the inventory risk before the customers accept the products or services, primarily responsible to fulfil the sales agreements entered between the Group and the customers, and has sole discretion to set the selling prices of the products or services, the Group therefore acts as a principal and recognises its revenue in gross amount to which it is entitled from the customers. Alternatively, the Group recognises the amounts received from the customers and the amounts paid to the suppliers related to these transactions on a net basis. The Group is acting as principal and recognises its revenue in gross amount.

(iv) 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 is recognised as revenue when the Group performs under the contract (i.e. transfers the control of the related goods or services to the customer).

(v) 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, where appropriate, to the net carrying amount of the financial asset.

4.4 Property, plant and equipment

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

The cost of an item of property, plant and equipment includes its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use.

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

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

Leasehold land	Over the lease term, 40 years
Buildings	20 years
Leasehold improvements	Over shorter of lease term or 2 to 3 years
Motor vehicles	4 years
Furniture, fixtures and office equipment	3–5 years
Machinery and production equipment	3–10 years

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

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

An asset 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 of the asset is the difference between the net sales proceeds and the carrying amount which is recognised in profit or loss when the asset is derecognised.

4.5 Inventories

Inventories comprise integrated circuits and electronic products chips. Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average method comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on the estimated selling prices in the ordinary course of business less any estimated costs of completion and costs necessary to make the sales.

4.6 Leases

All leases are required to be capitalised in the consolidated statements of financial position/statements of financial position as right-of-use assets and lease liabilities when the lease contracts convey the rights to control the use of an identified asset for a period of time in exchange for consideration at the contract inception dates, but accounting policy choices exist for an entity to choose not to capitalise (i) leases for which the underlying asset is of low-value; and/or (ii) leases which are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. The lease payments associated with those leases have been expensed on a straight-line basis over the lease term.

Accounting as a lessee

Right-of-use assets

The right-of-use asset is recognised at cost and comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right to use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. Right-of-use assets are depreciated over the shorter of its estimated useful life and the lease term on a straight-line basis. The right-of-use assets are presented within the same line item of property, plant and equipment which carry lease terms from 2 years to 7 years.

Lease liabilities

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

The following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured by using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

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

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position/statements of financial position.

4.7 Intangible assets and research and development expenses

Intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with indefinite useful lives are subsequently carried at cost less any accumulated impairment losses. Intangible assets with finite useful lives are subsequently carried at cost less accumulated amortisation and any accumulated impairment losses.

The amortisation expenses are recognised in profit or loss. The useful lives and amortisation methods of intangible assets with finite useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. The amortisation expenses are provided on a straight-line basis over the useful lives as follows:

Patents	10 years
Computer software	5 years
License rights	5 years

Intangible assets are tested for impairment as described in Note 4.8.

Research and development expenses

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

(i) demonstration of technical feasibilities of the prospective product for internal use or sales;

(ii) sufficient technical, financial and other resources are available for completion;

(iii) there is intention to complete the intangible asset and use or sell it;

(iv) the Group's ability to use or sell the intangible asset is demonstrated;

(v) the intangible asset will generate probable economic benefits through internal use or sales; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Capitalised development costs are amortised over the periods that the Group expects to benefit from using or selling the products developed.

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

4.8 Impairment of non-financial assets

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

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

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

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

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years/periods. In respect of assets other than goodwill, reversal of an impairment loss is recognised in profit or loss immediately. An impairment loss in respect of goodwill is not reversed.

Value-in-use is based on the estimated future cash flows expected to be derived from the asset or CGU, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

4.9 Cash and cash equivalents

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

4.10 Financial instruments

(a) Financial assets

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

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVOCI: Bills receivables that are held for collection of contractual cash flows and for selling, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income ("**FVOCI**") are subsequently measured at fair value. Subsequent changes as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Equity investments at FVOCI are measured at fair value. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

(b) Impairment loss on financial assets

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

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to the assets' original effective interest rate.

The Group measures loss allowances for trade and bills receivables measured at amortised cost using IFRS 9 "Financial Instruments" ("**IFRS 9**") simplified approach and has calculated ECLs based on lifetime ECLs. The Group has established a provision matrix with appropriate groupings or individually assessed for credit-impaired debtors. Provision matrix are based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

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

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

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

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

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

- significant financial difficulty of the issuer or the borrower;

- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- a breach of contract, such as a default or past due event.

Based on the Group's assessment of historical credit loss experience, combined with forward-looking information and expected settlement patterns, the Group has determined that no default has occurred for trade and bills receivables overdue by more than 90 days. This assessment is primarily due to the debtors being predominantly large and medium-sized enterprises with strong financial positions, indicating a low risk of non-payment. The management of the Group considers a default to have occurred when there is evidence of significant financial difficulty or when repeated collection efforts indicate that the trade receivables are unlikely to be recovered.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(c) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, other payables and accruals, bank borrowings and dividend payables are initially recognised at fair value, net of transaction costs incurred, and subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(d) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(e) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(f) Derecognition of financial instruments

The Group derecognises a financial asset when the contractual right to receive the future cash flows in relation to the financial asset expires or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with IFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

(g) Offsetting of financial instruments

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

4.11 Foreign currency translation

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

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

On consolidation, income and expense items of foreign operations are translated into RMB at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the rates ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as translation reserve. Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as translation reserve.

4.12 Income tax

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

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

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 liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income tax levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets 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 assets to be recovered.

4.13 Employee benefits

(a) Defined contribution retirement plan

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

(b) Short-term employee benefits

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

(c) Termination benefits

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

4.14 Provisions and contingent liabilities

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

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefit is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4.15 Borrowings costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.16 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions of the grant and that the grant will be received.

Government grants related to income are recognised in profit or loss on a systematic basis over the periods in which the related costs are incurred. Grants intended to compensate for expenses already incurred or for immediate financial support with no future obligations are recognised in profit or loss when receivable and are presented as "other income and other gains/(losses)".

Government grants related to the acquisition of non-current assets are included in non-current liabilities and recognised as deferred income and systematically transferred to profit or loss over the useful lives of the related assets.

4.17 Share-based payments

The Company operates equity-settled share-based compensation plan and the shares are awarded to employees and directors providing services to the Group.

All services received in exchange for the grant of any share-based compensation are measured at their fair value. These are indirectly determined with reference to the equity instruments awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions.

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as an asset, with a corresponding increase in share-based payments reserve in equity. If vesting conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates.

At the time when shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

4.18 Related parties

For the purpose of the Historical Financial Information, a party is considered to be related to the Group if:

(a) A person or a close member of that person's family is related to the Group if that person:

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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 the employees of 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 key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

4.19 Treasury shares

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

Impairment of financial assets

The measurement of the ECLs allowance for financial assets measured at amortised cost and measured at FVOCI is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements, including determining the criteria for significant increase in credit risk, are also required in applying the accounting requirements for measuring ECLs. Details about the judgements and assumptions used in measuring ECLs is set out in Note 4.10(b) and Note 40(b). Changes to these estimates and assumptions can result in significant changes to the timing and amount of ECLs to be recognised.

Income taxes and deferred taxes

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

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

Provision for obsolete and slow-moving inventories

The Group reviews the conditions of its inventories and makes provision for obsolete and slow-moving inventory items which are identified as no longer suitable for sales or use. Management estimates the net realisable value for those inventories based on the latest invoice prices and current market conditions. The Group regularly carries out an inventory review at the end of each reporting periods and makes provision for obsolete and slow-moving items. Management reassesses the estimation at the end of each reporting period. The provision for obsolete and slow-moving inventories requires the use of management judgement and estimations. Whenever the expectation is different from the original estimations, such difference will have an impact on the carrying amounts of inventories and the written down of inventories amounts in the year in which the estimations has been changed.

6. SEGMENT INFORMATION

(a) Operating segment information

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

During the Track Record Period, the Group is principally engaged in the research, development, design and sales of integrated circuits and electronic products chips in the PRC. Information reported to the directors of the Company for the purpose of resources allocation and performance assessment focuses on the operating results of the business. Therefore, the chief operating decision maker of the Company regards there is only one operating segment which is used for making strategic decisions. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

(b) Geographical information

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
The PRC	713,570	911,655	1,122,150

The Group's revenue information disclosed above is based on the delivery destinations of the Group's products and services requested by the customers. The geographical location of non-current assets is based on the physical location of the assets. As of December 31, 2023, 2024 and 2025, all of the Group's non-current assets were located in the PRC.

(c) Information about major customers

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	85,534	105,001	115,587

7. REVENUE

Revenue represents revenue from sales of goods and other services.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Disaggregation of revenue by products or services:			
— MCU solutions	571,164	697,843	846,387
— SoC solutions	91,190	185,085	241,030
— ASIC solutions	32,280	24,048	31,489
— Other related products *(Note 1)*	15,219	3,676	1,887
	709,853	910,652	1,120,793
Other products *(Note 2)*	1,223	1,003	1,357
Other services *(Note 3)*	2,494	—	—
	713,570	911,655	1,122,150

Notes:

(1) Other related products primarily comprise development tools.

(2) Other products primarily comprise the sales of scrap materials.

(3) Other services primarily comprise technical support services.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition under IFRS 15			
At a point in time	711,076	911,655	1,122,150
Over time	2,494	—	—
	713,570	911,655	1,122,150

The performance obligation under the contract with customers has original expected duration of less than one year and as permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivable *(Note 20)*	202,935	219,395	252,437
Contract liabilities *(Note 26)*	3,266	7,644	5,637

8. OTHER INCOME AND OTHER GAINS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fair value gain/(loss) on financial assets at FVTPL	7,075	(13,148)	82,079
Gain on disposal of financial assets at FVTPL	20,633	13,939	17,848
Government grants *(Note)*	14,297	26,922	8,309
Interest income from financial assets measured at amortised cost	17,187	12,683	1,279
Interest income from financial assets at FVTPL	14,280	23,570	25,105
Loss on disposal of property, plant and equipment, net	(1)	(148)	(1)
Gain on lease modifications	166	34	401
Individual tax and VAT tax refund	9,554	10,526	19,679
Others	(9)	1,837	158
	83,182	76,215	154,857

Note: Government grants mainly comprised of subsidies for subsidising the employee costs and research and development expenses. Out of the grants related to income, some of the grants are related assets with details set out in Note 29 of the Historical Financial Information.

9. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses on lease liabilities	672	512	277
Interest expenses on bank borrowings	—	146	1,782
	672	658	2,059

10. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax is arrived at after charging/(crediting) the followings:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories recognised as expenses *(Note)*	588,899	639,330	737,457
Auditors' remuneration	650	650	600
Depreciation of property, plant and equipment *(Note 15)*	43,358	43,254	43,042
Amortisation of intangible assets *(Note 16)*	1,359	1,451	1,036
Professional fees (included in administrative and other expenses)	3,182	2,727	2,534
[REDACTED] expenses	—	—	[REDACTED]
Short-term and low-value assets leases expenses	2,575	1,366	1,538
Employee costs (including directors' emoluments *(Note 14)*:			
— Salaries and wages	119,280	126,949	136,950
— Retirement scheme contributions	19,279	19,255	21,036
	138,559	146,204	157,986
(Reversal)/provision of impairment losses on financial assets, net *(Note 40(b))*:			
— Trade receivables	(3,194)	1,060	1,647
— Bills receivables measured at amortised cost	201	731	(1,097)
— Deposits and other receivables	1,125	(273)	(343)
	(1,868)	1,518	207
Provision of impairment for inventories, net	55,262	11,596	15,825
Exchange differences, net	4,098	5,907	2,149

Note: Provision of impairment for inventories is included in "Cost of sales" in the consolidated statements of profit or loss and other comprehensive income.

11. INCOME TAX (CREDIT)/EXPENSE

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
— Provision for the year	788	561	6,234
— Under provision in respect of prior years	787	—	8
	1,575	561	6,242
Deferred tax *(Note 17)*:			
— Origination and reversal of temporary difference	(16,335)	4,282	14,606
— Attribute to change in tax rate	3,171	(4,045)	—
	(13,164)	237	14,606
	(11,589)	798	20,848

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

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax of the group entities is calculated based on the statutory tax rate of 25% during the Track Record Period, except for the following entities:

(a) The Company is qualified as a "High and New Technology Enterprise" since 2020 at a preferential tax rate of 15% subject to review by the relevant tax authority in the PRC for every three years;

(b) According to Guofa [2020] No.8 "Several Policies to Promote the High Quality Development of Integrated Circuit Industry and Software Industry in the New Period", China Micro (Sichuan) is qualified as a "High and New Technology Enterprise" in 2022 and an integrated circuit enterprise entitled to a 5-year tax holiday (i.e. full exemption of income tax since the first profit-making year) and further at a preferential tax rate of 10% after the 5-year tax holiday subject to review by the relevant tax authority in the PRC every three years for "High and New Technology Enterprise" and every year for the integrated circuit enterprise.

(c) Certain of the Company's subsidiaries including Sichuan Xinlianfa, Zhongshan Lianfa, China Micro (Beijing), Chengdu Xinlianfa, China Micro (Shanghai), China Micro (Chongqing) and China Micro (Shenzhen) are qualified for the following preferential rate:

(i) According to Caishui [2021] No. 8 "Announcement of the State Administration of Taxation on Matters Related to the Implementation of Income Tax Preferential Policies for Supporting the Development of Small Meagre-profit Enterprises and Self-employed Business", Zhongshan Lianfa, Sichuan Xinlianfa, China Micro (Shanghai), China Micro (Chongqing), Chengdu Xinlianfa and China Micro (Beijing) are qualified as "Small Meagre-profit Enterprises" and entitled to a preferential tax rate of 20% on the 12.5% of taxable income less than RMB1,000,000 from January 1, 2022 to December 31, 2024;

(ii) According to Caishui [2023] No. 6 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Business", Zhongshan Lianfa, Sichuan Xinlianfa, China Micro (Shanghai), China Micro (Chongqing), Chengdu Xinlianfa, China Micro (Beijing) and China Micro (Shenzhen) are qualified as "Small Meagre-profit Enterprises" and entitled to preferential tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from January 1, 2022 to December 31, 2024,

(iii) According to Caishui [2023] No. 12 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprise and Self-employed Business", Zhongshan Lianfa, Sichuan Xinlianfa, China Micro (Shanghai), China Micro (Chongqing), Chengdu Xinlianfa, China Micro (Beijing) and China Micro (Shenzhen) are qualified as "Small Meagre-profit Enterprises" and entitled to a preferential tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from January 1, 2023 to December 31, 2027.

The provision for Hong Kong Profits Tax during the Track Record Period was calculated under the two-tiered profits tax regime, i.e. the first HK$2,000,000 of assessable profits were taxed at 8.25% and the remaining assessable profits were taxed at 16.5%. Taxation for subsidiaries incorporated in other jurisdictions is calculated at the applicable income tax rates in the relevant countries.

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

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

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/profit before tax	(33,538)	137,632	305,030
Tax calculated at applicable tax rate	(5,031)	13,763	30,503
Effect of different tax rates of subsidiaries	(3,443)	1,415	2,743
Effect on deferred tax of change in tax rates	3,171	(4,045)	—
Tax effect of expenses not deductible for tax purpose	183	93	96
Tax incentives for research and development expenses	(6,467)	(11,890)	(12,229)
Tax incentives for employee costs	(121)	(111)	(110)
Utilisation of tax losses previously not recognised	(932)	—	(290)
Tax effect of deductible temporary difference and deductible tax loss for which no deferred tax asset was recognised	264	1,573	127
Under provision in respect of prior years	787	—	8
Income tax (credit)/expense	(11,589)	798	20,848

12. DIVIDENDS

The final dividend for the years ended December 31, 2022, 2023 and 2024 of RMB0.45, RMB0.25 and RMB0.25 per ordinary share, in aggregate amounts of approximately RMB180,164,000, RMB99,899,000 and RMB99,715,000 respectively, were approved by the directors of the Company and paid during the years ended December 31, 2023, 2024 and 2025.

The final dividend for the year ended December 31, 2025 of RMB0.3 per ordinary share, in an aggregate amount of approximately RMB119,658,000, was approved by the directors of the Company and to be approved by the shareholders of the Company at the annual general meeting to be held on April 9, 2026. The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

13. (LOSS)/EARNINGS PER SHARE

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

	Year ended December 31,		
	2023	**2024**	**2025**
(loss)/Earnings for the purpose of basic and diluted (loss)/earnings per share *(RMB'000)*	(21,949)	136,834	284,182
Number of shares			
Weighted average number of ordinary shares (excluding treasury shares for the purposes of basic and diluted (loss)/earnings per share	400,213,438	398,930,626	398,858,361

Diluted (loss)/earnings per share are the same as the basic (loss)/earnings per share as the Company had no dilutive potential ordinary shares in existence for the Track Record Period.

14. DIRECTORS' AND SUPERVISORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

(a) Directors' and supervisors' emoluments

Details of directors' and supervisors' remuneration during the Track Record Period are as follows:

	Fees	Salaries, allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023					
Executive directors					
Mr. Yang Yong	—	1,397	417	17	1,831
Mr. Zhou Yan	—	1,401	522	99	2,022
Mr. Wang Jitong	—	1,246	592	102	1,940
Mr. Liu Zeyu	—	1,024	461	149	1,634
Mr. Luo Yong	—	380	131	91	602
	—	5,448	2,123	458	8,029
Independent non-executive directors					
Mr. Hua Jinqiu	100	—	—	—	100
Mr. Wu Jing	100	—	—	—	100
Mr. Song Xiaoke	100	—	—	—	100
	300	—	—	—	300
Supervisors					
Mr. Jiang Zhiyong	—	277	68	76	421
Mr. Zhou Fei	—	364	60	89	513
Mr. Feng Chao	—	331	144	62	537
	—	972	272	227	1,471

	Fees	Salaries, allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024					
Executive directors					
Mr. Yang Yong	—	1,070	1,128	17	2,215
Mr. Zhou Yan	—	1,089	1,073	97	2,259
Mr. Wang Jitong	—	1,082	875	100	2,057
Mr. Liu Zeyu	—	1,041	603	107	1,751
Mr. Luo Yong	—	376	144	94	614
	—	4,658	3,823	415	8,896
Independent non-executive directors					
Mr. Hua Jinqiu	100	—	—	—	100
Mr. Wu Jing	100	—	—	—	100
Mr. Song Xiaoke	100	—	—	—	100
	300	—	—	—	300
Supervisors					
Mr. Jiang Zhiyong	—	272	23	81	376
Mr. Zhou Fei	—	360	130	93	583
Mr. Feng Chao	—	324	215	74	613
	—	956	368	248	1,572

	Fees	Salaries, allowance and other benefits	Discretionary bonus	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025					
Executive directors					
Mr. Yang Yong	—	1,222	830	39	2,091
Mr. Zhou Yan	—	1,131	954	100	2,185
Mr. Wang Jitong	—	742	400	69	1,211
Mr. Liu Zeyu	—	1,066	435	129	1,630
Mr. Luo Yong	—	250	21	68	339
	—	4,411	2,640	405	7,456
Independent non-executive directors					
Mr. Hua Jinqiu	100	—	—	—	100
Mr. Wu Jing	58	—	—	—	58
Mr. Song Xiaoke	58	—	—	—	58
Ms. Sun Xiaoling	42	—	—	—	42
	258	—	—	—	258
Supervisors					
Mr. Jiang Zhiyong	—	182	348	54	584
Mr. Zhou Fei	—	240	87	67	394
Mr. Feng Chao	—	220	143	53	416
	—	642	578	174	1,394

Notes:

(i) No emoluments were paid by the Group to any directors or supervisors as an inducement to join or upon joining the Group or as compensation for loss or termination of their office during the Track Record Period.

(ii) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group and the Company. The non-executive directors and the independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(b) Five highest paid individuals

Of the five individuals with the highest emoluments in the Group, included four, four and four directors and supervisors of the Company for each of the years ended December 31, 2023, 2024 and 2025 respectively, whose emoluments are disclosed above. The emoluments of the remaining one, one and one individuals for each of the years ended December 31, 2023, 2024 and 2025 respectively, whose emoluments are analysed below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowance and other benefits	960	955	960
Discretionary bonuses	474	885	816
Retirement scheme contributions	160	85	88
	1,594	1,925	1,864

The number of the highest paid non-director individuals fell within the following emolument bands:

	Year ended December 31,		
	2023	**2024**	**2025**
	No. of individuals	*No. of individuals*	*No. of individuals*
HK$1,500,001 to HK$2,000,000	1	—	—
HK$2,000,001 to HK$2,500,000	—	1	1

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

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold land	Buildings	Leasehold improvements	Motor vehicles	Furniture, fixtures and office equipment	Machinery and production equipment	Other properties leased for own use	Construction-in-progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:									
At January 1, 2023	31,299	3,329	9,708	1,714	12,241	96,384	27,662	97,295	279,632
Additions	—	—	938	283	1,518	28,241	7,704	13,136	51,820
Transfer from construction in progress	—	110,431	—	—	—	—	—	(110,431)	—
Disposal	—	—	—	—	(40)	(4,337)	—	—	(4,377)
Termination of leases	—	—	—	—	—	—	(6,910)	—	(6,910)
At December 31, 2023 and January 1, 2024	31,299	113,760	10,646	1,997	13,719	120,288	28,456	—	320,165
Additions	—	—	1,949	—	1,139	21,918	5,492	935	31,433
Disposal	—	(884)	—	—	(226)	(3,466)	—	—	(4,576)
Termination of leases	—	—	—	—	—	—	(6,118)	—	(6,118)
At December 31, 2024 and January 1, 2025	31,299	112,876	12,595	1,997	14,632	138,740	27,830	935	340,904
Additions	—	67,686	1,295	—	1,578	23,643	1,366	26,209	121,777
Transfer from construction in progress	—	27,144	—	—	—	—	—	(27,144)	—
Disposal	—	—	—	—	(11)	(13)	—	—	(24)
Termination of leases	—	—	—	—	—	—	(7,207)	—	(7,207)
At December 31, 2025	31,299	207,706	13,890	1,997	16,199	162,370	21,989	—	455,450
Accumulated depreciation:									
At January 1, 2023	3,717	1,225	4,123	729	6,447	37,537	11,028	—	64,806
Charge for the year	782	1,033	2,555	345	2,701	26,944	8,998	—	43,358
Disposal	—	—	—	—	(30)	—	—	—	(30)
Termination of leases	—	—	—	—	—	—	(6,097)	—	(6,097)
At December 31, 2023 and January 1, 2024	4,499	2,258	6,678	1,074	9,118	64,481	13,929	—	102,037
Charge for the year	783	5,404	1,953	303	1,941	24,917	7,953	—	43,254
Disposal	—	—	—	—	(168)	(2,470)	—	—	(2,638)
Termination of leases	—	—	—	—	—	—	(4,786)	—	(4,786)
At December 31, 2024 and January 1, 2025	5,282	7,662	8,631	1,377	10,891	86,928	17,096	—	137,867
Charge for the year	782	5,743	1,986	285	1,285	26,694	6,267	—	43,042
Disposal	—	—	—	—	(5)	(13)	—	—	(18)
Termination of leases	—	—	—	—	—	—	(5,043)	—	(5,043)
At December 31, 2025	6,064	13,405	10,617	1,662	12,171	113,609	18,320	—	175,848
Net carrying amount:									
At December 31, 2023	26,800	111,502	3,968	923	4,601	55,807	14,527	—	218,128
At December 31, 2024	26,017	105,214	3,964	620	3,741	51,812	10,734	935	203,037
At December 31, 2025	25,235	194,301	3,273	335	4,028	48,761	3,669	—	279,602

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Leasehold land	26,800	26,017	25,235
Other properties leased for own use	14,527	10,734	3,669
	41,327	36,751	28,904

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Additions to right-of-use assets	7,704	5,492	1,361
Depreciation charge of right-of-use assets by class of underlying assets:			
— Leasehold land	782	783	782
— Other properties leased for own use	8,998	7,953	6,267
	9,780	8,736	7,049

The Group had total cash outflows for leases of approximately RMB12,711,000, RMB9,944,000 and RMB8,710,000 for the years ended December 31, 2023, 2024 and 2025, respectively. The Group also had non-cash additions to right-of-use assets and lease liabilities of approximately RMB7,704,000, RMB5,492,000 and RMB1,366,000 for the years ended December 31, 2023, 2024 and 2025, respectively. The future cash outflows relating to leases and the maturity analysis of lease liabilities are disclosed in Note 27.

The Group regularly entered into short-term leases for office premises, staff quarters and office equipment. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses disclosed in Note 10.

Impairment testing of non-financial assets

In view of the Group's operating loss incurred for the year ended December 31, 2023, the management identified that there was an indication of impairment and performed an impairment assessment of the Group's non-financial assets, including property, plant and equipment (Note 15), intangible assets (Note 16) and prepayments for purchase of property, plant and equipment (Note 21). For the purpose of impairment testing, these non-financial assets have been allocated into one cash-generating unit ("CGU"), representing the Group's business as described in Note 1.

The recoverable amount of the CGU was determined based on value-in-use calculation, using cash flow projections based on financial budgets of 5 years approved by the directors of the Company. Cash flows beyond the budget period were extrapolated using a terminal growth rate of 3%, which does not exceed the long-term average growth rate for the markets in which the Group operates. The key assumptions used in the value-in-use calculations include a pre-tax discount rate of 14.2% and revenue growth rate of 5% over the budget period.

As at December 31, 2023, the recoverable amount of the CGU exceeded its carrying amount, and therefore no impairment loss has been provided for the Group's non-financial assets.

The Company

	Buildings	Leasehold improvements	Motor vehicles	Furniture, fixtures and office equipment	Machinery and production equipment	Other properties leased for own use	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At January 1, 2023	—	4,510	1,228	6,659	87,911	12,578	112,886
Additions	—	359	283	793	28,092	2,705	32,232
Disposal	—	—	—	(14)	(9,294)	—	(9,308)
Termination of leases	—	—	—	—	—	(404)	(404)
At December 31, 2023 and January 1, 2024	—	4,869	1,511	7,438	106,709	14,879	135,406
Additions	—	23	—	132	21,874	3,602	25,631
Disposal	—	—	—	(33)	(3,096)	—	(3,129)
Termination of leases	—	—	—	—	—	(730)	(730)
At December 31, 2024 and January 1, 2025	—	4,892	1,511	7,537	125,487	17,751	157,178
Additions	67,686	—	—	70	24,605	218	92,579
At December 31, 2025	67,686	4,892	1,511	7,607	150,092	17,969	249,757
Accumulated depreciation:							
At January 1, 2023	—	338	536	4,539	29,809	3,615	38,837
Charge for the year	—	1,286	267	1,353	26,823	3,892	33,621
Disposal	—	—	—	(14)	(4,958)	—	(4,972)
Termination of leases	—	—	—	—	—	(352)	(352)
At December 31, 2023 and January 1, 2024	—	1,624	803	5,878	51,674	7,155	67,134
Charge for the year	—	1,391	280	710	24,501	3,967	30,849
Disposal	—	—	—	(27)	(2,216)	—	(2,243)
Termination of leases	—	—	—	—	—	(401)	(401)
At December 31, 2024 and January 1, 2025	—	3,015	1,083	6,561	73,959	10,721	95,339
Charge for the year	268	1,037	263	423	26,736	4,036	32,763
At December 31, 2025	268	4,052	1,346	6,984	100,695	14,757	128,102
Net carrying amount:							
At December 31, 2023	—	3,245	708	1,560	55,035	7,724	68,272
At December 31, 2024	—	1,877	428	976	51,528	7,030	61,839
At December 31, 2025	67,418	840	165	623	49,397	3,212	121,655

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other properties leased for own use	7,724	7,030	3,212

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Additions to right-of-use assets	2,705	3,602	218
Depreciation charge of right-of-use assets by class of underlying assets:			
— Other properties leased for own use	3,892	3,967	4,036

The Company had total cash outflows for leases of approximately RMB5,499,000, RMB5,409,000 and RMB5,291,000 for the years ended December 31, 2023, 2024 and 2025, respectively. The Company also had non-cash additions to right-of-use assets and lease liabilities of approximately RMB2,705,000, RMB3,602,000 and RMB218,000 for the years ended December 31, 2023, 2024 and 2025, respectively. The future cash outflows relating to leases and the maturity analysis of lease liabilities are disclosed in Note 27.

The Company regularly entered into short-term leases for office premises and staff quarters. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses. The short-term lease expenses are RMB1,165,000, RMB699,000 and RMB583,000 for the years ended December 31, 2023, 2024 and 2025 respectively.

16. INTANGIBLE ASSETS

The Group

	Computer software	License rights	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	2,397	5,068	600	8,065
Additions	562	—	—	562
At December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	2,959	5,068	600	8,627
Additions	1,958	—	—	1,958
At December 31, 2025	4,917	5,068	600	10,585
Accumulated amortisation:				
At January 1, 2023	765	3,144	105	4,014
Charge for the year	429	870	60	1,359
At December 31, 2023 and January 1, 2024	1,194	4,014	165	5,373
Charge for the year	522	869	60	1,451
At December 31, 2024 and January 1, 2025	1,716	4,883	225	6,824
Charge for the year	791	185	60	1,036
At December 31, 2025	2,507	5,068	285	7,860
Net carrying value:				
At December 31, 2023	1,765	1,054	435	3,254
At December 31, 2024	1,243	185	375	1,803
At December 31, 2025	2,410	—	315	2,725

The Company

	Computer software	License rights	Patents	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At January 1, 2023	2,175	3,691	600	6,466
Additions	562	—	—	562
At December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	2,737	3,691	600	7,028
Additions	1,862	—	—	1,862
At December 31, 2025	4,599	3,691	600	8,890
Accumulated amortisation:				
At January 1, 2023	710	2,030	105	2,845
Charge for the year	384	738	60	1,182
At December 31, 2023 and January 1, 2024	1,094	2,768	165	4,027
Charge for the year	478	738	60	1,276
At December 31, 2024 and January 1, 2025	1,572	3,506	225	5,303
Charge for the year	743	185	60	988
At December 31, 2025	2,315	3,691	285	6,291
Net carrying value:				
At December 31, 2023	1,643	923	435	3,001
At December 31, 2024	1,165	185	375	1,725
At December 31, 2025	2,284	—	315	2,599

17. DEFERRED TAX

Deferred tax recognised and movements during the Track Record Period are as follows:

The Group

	Impairment of trade and other receivables	Impairment of inventories	Unused tax losses	Fair value change on financial assets at FVTPL	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	285	1,955	1,169	(15,077)	1,841	(9,827)
Credited/(charged) to profit or loss	41	5,032	8,861	(604)	(166)	13,164
At December 31, 2023 and January 1, 2024	326	6,987	10,030	(15,681)	1,675	3,337
Credited/(charged) to profit or loss	406	(702)	(1,631)	1,464	226	(237)
At December 31, 2024 and January 1, 2025	732	6,285	8,399	(14,217)	1,901	3,100
Credited/(charged) to profit or loss	272	664	(6,973)	(8,278)	(291)	(14,606)
At December 31, 2025	1,004	6,949	1,426	(22,495)	1,610	(11,506)

The following is the analysis of the Group's deferred tax balances and the resulting net deferred tax position for financial reporting purposes:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	21,221	18,337	11,472
Deferred tax liabilities	(17,884)	(15,237)	(22,978)
	3,337	3,100	(11,506)

Deferred tax assets are recognised for deductible temporary differences to the extent that the realisation of the related tax benefits through future taxable profits is probable.

As of December 31, 2023, 2024 and 2025, the Group did not recognise deferred tax assets in respect of cumulative tax losses of approximately RMB13,452,000, RMB16,861,000 and RMB15,171,000 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdictions.

The tax losses arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to 5 years for general enterprise and 10 years for high-technology enterprise, from the year in which they arose. The majority of tax losses in overseas can be carried forward indefinitely.

The Company

	Impairment of trade and other receivables	Impairment of inventories	Unused tax losses	Fair value change on financial assets at FVTPL	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	120	1,955	857	(15,077)	252	(11,893)
Credited/(charged) to profit or loss	41	5,437	8,593	(604)	(73)	13,394
At December 31, 2023 and January 1, 2024	161	7,392	9,450	(15,681)	179	1,501
Credited/(charged) to profit or loss	61	(851)	(5,342)	1,464	213	(4,455)
At December 31, 2024 and January 1, 2025	222	6,541	4,108	(14,217)	392	(2,954)
Credited/(charged) to profit or loss	239	637	(4,108)	(8,067)	(184)	(11,483)
At December 31, 2025	461	7,178	—	(22,284)	208	(14,437)

The following is the analysis of the Company's deferred tax balances and the resulting net deferred tax position for financial reporting purposes:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	17,953	11,966	8,301
Deferred tax liabilities	(16,452)	(14,920)	(22,738)
	1,501	(2,954)	(14,437)

18. FINANCIAL ASSETS AT FVTPL

The Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets:			
Unlisted equity investment	5,000	5,000	5,000
Current assets:			
Listed equity investments	255,975	241,338	321,113
Structured deposits	171,038	648,490	745,303
	427,013	889,828	1,066,416
	432,013	894,828	1,071,416

Unlisted equity investment

The above equity investment represents 2.22% equity interest in an unlisted entity in the PRC. The movements during the Track Record Period of the unlisted equity investment at level 3 fair value measurement are set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	—	5,000	5,000
Additions	5,000	—	—
At the end of the year	5,000	5,000	5,000

The unlisted equity investment was valued by an independent qualified professional valuer as of December 31, 2023, 2024 and 2025. As of December 31, 2023, 2024 and 2025, the unlisted equity investment was classified as Level 3 recurring fair value measurement. There was no transfer between different levels of the fair value hierarchy for the years ended December 31, 2023, 2024 and 2025. There has been no change in the valuation technique used during the Track Record Period.

Information about fair value measurement using significant unobservable inputs is set below:

	Valuation approach	Significant unobservable inputs	Range of estimates As of December 31, 2023	2024	2025
Unlisted equity investments	Income approach	Discount rate	7.97%	6.15%	11.76%

As at December 31, 2023, 2024 and 2025, it is estimated that a general increase/(decrease) in discount rate of 0.5%, with all other variables held constant, would have (deceased)/increased the Group's profit after tax and retained earnings by approximately RMB213,000, RMB181,000 and RMB141,000, respectively.

Structured deposits

The Group entered into contracts in respect of structured deposits issued by financial institutions with guaranteed principal and varying return rate ranged from 0.52% to 3.30% per annum, depending on the performance of the underlying assets during the Track Record Period. Information about valuation technique and key inputs is set below:

	Fair value hierarchy	Valuation technique and key inputs
Structured deposits	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets

The Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current assets			
Listed equity investments	255,975	241,338	321,113
Structured deposits	—	500,071	210,901
	255,975	741,409	532,014

The Company entered into contracts in respect of structured deposits issued by financial institutions with guaranteed principal and varying return rate ranged from 0.52% to 3.30% per annum, depending on the performance of the underlying assets during the Track Record Period. Information about valuation technique and key inputs is set below:

	Fair value hierarchy	Valuation technique and key inputs
Structured deposits	Level 2	Redemption value quoted by banks with reference to the expected return of the underlying assets

19. INVENTORIES

The Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	9,044	2,425	2,423
Outsourced processing materials	381,970	288,183	231,926
Work-in-progress	1,082	5,552	15,538
Finished goods	77,127	75,613	89,351
Goods in transit	—	4,307	3,117
	469,223	376,080	342,355

The Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	6,866	988	253
Outsourced processing materials	391,024	298,196	240,729
Work-in-progress	12	5,567	15,465
Finished goods	78,337	76,782	91,469
Goods in transit	—	4,433	3,205
	476,239	385,966	351,121

20. TRADE AND BILLS RECEIVABLES

The Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	157,709	159,812	229,627
Bills receivables measured at amortised cost	28,717	36,540	23,500
Bills receivables measured at FVOCI	24,074	29,225	5,313
	210,500	225,577	258,440
Less: impairment loss allowance	(7,565)	(6,182)	(6,003)
	202,935	219,395	252,437

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0–3 months	174,417	180,034	235,203
4–6 months	1,732	4,554	4,368
7–12 months	2,712	5,582	7,553
	178,861	190,170	247,124

The Group recognised impairment loss based on the accounting policy stated in Note 4.10(b). Customers are generally due ranged from 0 to 90 days from the date of billing.

Information about fair value measurement of bills receivables measured at FVOCI of the Group using significant unobservable input is set below:

	Valuation approach	Significant unobservable inputs	Sensitivity of the input to fair value
Bills receivables	Income approach	Estimated cash flow Discount rate	The estimated fair value would increase/(decrease) when the expected cash flows were higher/(lower) or the discount rates were lower/(higher)

As at December 31, 2023, 2024 and 2025, it is estimated that a general increase/(decrease) in discount rate of 1%, with all other variables held constant, would have (decreased)/increased the Group's other comprehensive income by approximately RMB48,000, RMB61,000 and RMB11,000, respectively.

Further details on the Group's credit policy and credit risk analysis arising from trade and bills receivables are set out in Note 40(b).

As at December 31, 2023, 2024 and 2025, the Group endorsed certain bills receivables accepted by the banks in the PRC (the "**Endorsed Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB102,775,000, RMB71,194,000 and RMB107,502,000 respectively. The Endorsed Bills had a maturity of one to twelve months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills have a right to recourse against the Group if the banks default (the "**Continuing Involvement**"). In the opinion of the directors of the Company, the risk of the Group being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of RMB81,026,000, RMB45,587,000 and RMB86,423,000 as at December 31, 2023, 2024 and 2025, respectively, and the Group has transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of RMB81,026,000, RMB45,587,000 and RMB86,423,000 (the "**Derecognised Bills**") and the associated trade payables of the same amount. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant. No gain or loss was recognised on the date of transfer of the Derecognised Bills, nor any gain or loss from the Continuing Involvement, both during the year or cumulatively.

Regarding the remaining balance of the Endorsed Bills of RMB21,749,000, RMB25,607,000 and RMB21,079,000 as at December 31, 2023, 2024 and 2025, respectively, in the opinion of the directors of the Company, the Group has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and associated trade payables settled. These financial assets are measured at FVOCI in the Historical Financial Information.

The Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	54,742	39,519	162,983
Bills receivables measured at amortised cost	28,738	136,395	223,499
Bills receivables measured at FVOCI	24,074	28,068	5,313
	107,554	203,982	391,795
Less: impairment loss allowance	(1,606)	(2,221)	(2,372)
	105,948	201,761	389,423

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0–3 months	78,443	164,076	372,428
4–6 months	1,027	4,045	4,358
7–12 months	2,404	5,572	7,324
	81,874	173,693	384,110

The Company recognised impairment loss based on the accounting policy stated in Note 4.10(b). Trade receivables are generally due ranged from 0 to 90 days from the date of billing.

Information about fair value measurement of bills receivables measured at FVOCI of the Company using significant unobservable input is set below:

	Valuation approach	Significant unobservable inputs	Sensitivity of the input to fair value
Bills receivables	Income approach	Estimated cash flow Discount rate	The estimated fair value would increase/(decrease) when the expected cash flows were higher/(lower) or the discount rates were lower/(higher)

As at December 31, 2023, 2024 and 2025, it is estimated that a general increase/(decrease) in discount rate of 1%, with all other variables held constant, would have (decreased)/increased the Company's other comprehensive income by approximately RMB48,000, RMB61,000 and RMB11,000, respectively.

Further details on the Company's credit policy and credit risk analysis arising from trade and bills receivables are set out in Note 40(b).

As at December 31, 2023, 2024 and 2025, the Company endorsed certain bills receivables accepted by the banks in the PRC (the "**Endorsed Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB21,742,000, RMB125,738,000 and RMB69,254,000 respectively. The Endorsed Bills had a maturity of one to twelve months at the end of each reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills have a right to recourse against the Company if the banks default (the "**Continuing Involvement**"). In the opinion of the directors of the Company, the risk of the Company being claimed by the holders of the Endorsed Bills in the absence of a default of the accepted banks is remote to the extent of RMB nil, RMB nil and RMB49,853,000 as at December 31, 2023, 2024 and 2025, respectively, and the Company has transferred substantially all risks and rewards relating to such Endorsed Bills. Accordingly, it has derecognised the carrying amounts of the Endorsed Bills of RMB nil, RMB nil and RMB49,853,000 (the "**Derecognised Bills**") and the associated trade payables of the same amount. The maximum exposure to loss from the Company's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors of the Company, the fair values of the Company's Continuing Involvement in the Derecognised Bills are not significant. No gain or loss was recognised on the date of transfer of the Derecognised Bills, nor any gain or loss from the Continuing Involvement, both during the year or cumulatively.

Regarding the remaining balance of the Endorsed Bills of RMB21,742,000, RMB125,738,000 and RMB19,401,000 as at December 31, 2023, 2024 and 2025, respectively, in the opinion of the directors of the Company, the Company has retained the substantial risks and rewards, which include default risks, and accordingly, it continued to recognise the carrying amounts of these Endorsed Bills and associated trade payables settled. These financial assets are measured at FVOCI in the Historical Financial Information.

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion:			
Deposits and other receivables	3,752	3,354	3,033
Prepayments to suppliers	14,254	10,549	10,943
Prepaid [REDACTED] expenses and deferred issue costs	—	—	[REDACTED]
VAT recoverable	79,270	54,309	55,084
Other prepaid taxes	2,569	1,127	1,245
	99,845	69,339	81,505
Less: impairment loss allowance	(3,290)	(3,017)	(2,674)
	96,555	66,322	78,831
Non-current portion:			
Prepayments for purchase of property, plant and equipment	1,226	2,149	3,187
Prepayments to suppliers	979	—	—
	2,205	2,149	3,187

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current portion:			
Deposits and other receivables	2,490	2,489	2,295
Prepayments to suppliers	6,301	2,155	2,613
Prepaid [REDACTED] expenses and deferred issue costs	—	—	[REDACTED]
VAT recoverable	79,093	54,272	54,463
	87,884	58,916	70,571
Less: impairment loss allowance	(2,256)	(2,360)	(2,241)
	85,628	56,556	68,330
Non-current portion:			
Prepayments for purchase of property, plant and equipment	2,205	2,149	2,460

22. FINANCIAL ASSETS MEASURED AT AMORTISED COST

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Fixed income product	91,283	—	—

The fixed income product represents a non-transferrable and non-cancellable fixed income investment issued by a financial institution with a principal amount of RMB90,000,000 carried at a fixed interest rate of 3.4% per annum.

23. CASH AND CASH EQUIVALENTS/TIME DEPOSITS/RESTRICTED BANK BALANCES

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with original maturity over three months	696,653	1,308,780	1,284,126
Restricted bank balances	—	77	33,196
Cash and cash equivalents	917,255	215,805	318,710
	1,613,908	1,524,662	1,636,032

The Group's cash and cash equivalents comprise cash on hand and short-term bank deposits carrying interests at prevailing market interest rate ranged from 0.1% to 3.3% per annum. Time deposits with original maturity over three months carry interests at fixed rate ranged from 1.4% to 3.5% per annum. The directors of the Company consider that the carrying value of the deposits at the end of reporting period approximates to their fair values.

As at December 31, 2023, 2024 and 2025, most of the Group's cash at banks and on hands, restricted bank balances and time deposits with original maturity over three months are denominated in RMB and placed in the PRC, amounted to RMB1,600,705,000, RMB1,502,667,000, RMB1,573,911,000, respectively. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

As at December 31, 2024 and 2025, certain restricted bank deposits with balances of RMB77,000 and RMB1,452,000 carry interest at a fixed rate of 0.05% per annum for performance guarantee used in a construction project. As at December 31, 2025, certain restricted bank deposits with balances of RMB30,000,000 carry interest at a fixed rate of 0.05% per annum for structured deposits restricted to be withdrawn under the subscription period and the remaining balances of RMB3,196,000 carry interest at a fixed rate of 0.05% per annum for deposits of discounted bills restricted to be withdrawn.

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with original maturity over three months	540,638	982,715	1,220,247
Restricted bank balances	—	26	33,196
Cash and cash equivalents	840,828	66,683	85,543
	1,381,466	1,049,424	1,338,986

The Company's cash and cash equivalents comprise cash on hand and short-term bank deposits carrying interests at prevailing market interest rate ranged from 0.1% to 3.3% per annum. Time deposits with original maturity over three months carry interests at fixed rate ranged from 1.8% to 3.5% per annum. The directors of the Company consider that the carrying value of the deposits at the end of reporting period approximates to their fair values.

As at December 31, 2023, 2024 and 2025, all of the Company's cash at banks and on hands, restricted bank balances and time deposits with original maturity over three months are denominated in RMB and placed in the PRC. RMB is not a freely convertible currency. Under the PRC's Foreign Exchange Control Regulations and Administration of Settlement and Sales and Payment of Foreign Exchange Regulations, the Company is permitted to exchange RMB for foreign currencies through banks that are authorised to conduct foreign exchange business.

As at December 31, 2024 and 2025, certain restricted bank deposits with balances of RMB26,000 carry interest at a fixed rate of 0.05% per annum for retention deposit used in a construction project. As at December 31, 2025, certain restricted bank deposits with balances of RMB30,000,000 carry interest at a fixed rate of 0.05% per annum for structured deposits restricted to be withdrawn under the subscription period and the remaining balances of RMB3,196,000 carry interest at a fixed rate of 0.05% per annum for deposits of discounted bills restricted to be withdrawn.

24. TRADE PAYABLES

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	104,885	122,659	180,812

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	104,728	120,847	180,802
After one year but within two years	157	1,812	10
	104,885	122,659	180,812

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

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	68,238	70,561	104,699

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	68,184	70,551	104,689
After one year but within two years	54	10	10
	68,238	70,561	104,699

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

25. OTHER PAYABLES AND ACCRUALS

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deposits received	2,871	8,950	28,283
Accrued salaries	25,660	36,434	41,101
Other accrued expenses	1,514	1,275	1,456
Other tax payables	6,769	8,821	12,622
	36,814	55,480	83,462

As of December 31, 2023, 2024 and 2025, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deposits received	2,600	2,600	5,200
Accrued salaries	12,063	17,170	18,596
Other accrued expenses	456	355	298
Other tax payables	15,641	18,713	5,733
	30,760	38,838	29,827

As of December 31, 2023, 2024 and 2025, all other payables and accruals were non-interest bearing, unsecured and repayable on demand.

26. CONTRACT LIABILITIES

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities arising from			
Sales of goods	3,266	7,644	5,637

The contract liabilities represented the advance consideration received from customers for sales of integrated circuits and electronic products chips. The addition of contract liabilities was mainly due to the increase of cash payments made upfront by the Group's customers under sales contracts. The Group receives payment from customers based on billing schedule as established in contracts.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	1,908	2,381	7,065

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities arising from			
Sales of goods	92,173	112,926	2,316

The contract liabilities represented the advance consideration received from customers for sales of integrated circuits and electronic products chips. The addition of contract liabilities was mainly due to the increase of cash payments made upfront by the Company's customers under sales contracts. The Company receives payment from customers based on billing schedule as established in contracts.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	30,468	92,167	112,750

27. LEASE LIABILITIES

The Group and the Company lease properties to operate its business. These leases are typically made for fixed terms from 2 years to 7 years. Lease terms are negotiated on an individual basis and contain different payments and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purpose.

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

Present value of future lease payments of the leases is analysed as follows:

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities	7,865	6,919	3,103
Non-current liabilities	8,141	5,146	868
	16,006	12,065	3,971

The Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current liabilities	4,866	4,422	2,788
Non-current liabilities	4,256	3,513	868
	9,122	7,935	3,656

Movement of the lease liabilities is analysed as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	18,579	16,006	12,065
Additions of new leases	7,704	5,492	1,366
Termination of leases	(813)	(1,367)	(2,565)
Interest expenses	672	512	277
Capital element of lease payments	(9,464)	(8,066)	(6,895)
Interest element of lease payments	(672)	(512)	(277)
At the end of the year	16,006	12,065	3,971

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	10,735	9,122	7,935
Additions of new leases	2,705	3,602	218
Termination of leases	(352)	(401)	—
Interest expenses	368	322	211
Capital element of lease payments	(3,966)	(4,388)	(4,497)
Interest element of lease payments	(368)	(322)	(211)
At the end of the year	9,122	7,935	3,656

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

The Group

	Minimum lease payments	Future interest expenses	Present value
	RMB'000	*RMB'000*	*RMB'000*
As of December 31, 2023			
— Within 1 year	8,138	(273)	7,865
— More than 1 year but less than 2 years	5,099	(193)	4,906
— More than 2 years but less than 5 years	3,353	(118)	3,235
	16,590	(584)	16,006
As of December 31, 2024			
— Within 1 year	7,236	(317)	6,919
— More than 1 year but less than 2 years	3,922	(105)	3,817
— More than 2 years but less than 5 years	1,360	(31)	1,329
	12,518	(453)	12,065
As of December 31, 2025			
— Within 1 year	3,175	(72)	3,103
— More than 1 year but less than 2 years	577	(23)	554
— More than 2 years but less than 5 years	317	(3)	314
	4,069	(98)	3,971

The Company

	Minimum lease payments	Future interest expenses	Present value
	RMB'000	*RMB'000*	*RMB'000*
As of December 31, 2023			
— Within 1 year	5,117	(251)	4,866
— More than 1 year but less than 2 years	3,046	(84)	2,962
— More than 2 years but less than 5 years	1,363	(69)	1,294
	9,526	(404)	9,122
As of December 31, 2024			
— Within 1 year	4,636	(214)	4,422
— More than 1 year but less than 2 years	3,290	(67)	3,223
— More than 2 years but less than 5 years	317	(27)	290
	8,243	(308)	7,935
As of December 31, 2025			
— Within 1 year	2,859	(71)	2,788
— More than 1 year but less than 2 years	577	(23)	554
— More than 2 years but less than 5 years	317	(3)	314
	3,753	(97)	3,656

28. BANK BORROWINGS

The Group and the Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Discounted bills with recourse:			
— Within 1 year	—	99,396	199,823

As at December 31, 2024 and 2025, discounted bills with recourse include the proceeds received from the discounting of bills issued by the group entity of approximately RMB99,396,000 and RMB199,823,000 respectively to a bank. The discounted bills carried at fixed interest rate of 1.5% and 1.33% per annum at December 31, 2024 and 2025.

29. DEFERRED INCOME

The Group and the Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	374	3,013	2,964

Government grants are related to assets which were obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets in relation to research and development projects.

The movements during the Track Record Period of the deferred income are set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	743	374	3,013
Grants received during the year/period	—	3,000	1,133
Amounts released to profit or loss during the year	(369)	(361)	(1,182)
At the end of the year	374	3,013	2,964

30. SHARE CAPITAL/SHARE PREMIUM/TREASURY SHARES

(a) Share capital and share premium

The Group and the Company

	Number of shares
Registered:	
Ordinary shares of RMB1.00 each	
At January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	400,365,000

	Number of shares	Share capital	Share premium
		RMB'000	*RMB'000*
Issued and fully paid:			
At January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024, January 1, 2025 and December 31, 2025	400,365,000	400,365	1,780,782

(b) Treasury shares

The Group and the Company

	Number of shares in issue	Treasury shares
		RMB'000
Issued:		
At January 1, 2023	—	—
A shares repurchased *(Note)*	620,000	14,892
At December 31, 2023 and January 1, 2024	620,000	14,892
A shares repurchased *(Note)*	886,639	15,557
At December 31, 2024, January 1, 2025 and December 31, 2025	1,506,639	30,449

Note: On August 10, 2023, the Company passed the directors' resolution to repurchase not less than RMB30,000,000 but not more than RMB60,000,000, with a repurchase price not more than RMB30.86 per A share. The repurchase period was valid for 12 months after the directors of the Company approved the resolution with renewal clause. For the year ended December 31, 2023, the Company repurchased 620,000 A shares, with a repurchase price between RMB22.70 and RMB24.77 per A shares. For the year ended December 31, 2024, the Company repurchased 886,639 A shares, with a repurchase price between RMB16.35 and RMB21.16 per A share.

31. INVESTMENTS IN SUBSIDIARIES

The Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investment, at cost	136,498	136,498	136,498

The particulars of the directly and indirectly held subsidiaries of the Company are set out in Note 1.

32. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

As of December 31, 2023, 2024 and 2025, the balances are unsecured, interest-free and repayable on demand.

33. RESERVES

The Group and the Company

The Group's and the Company's reserves and the movements therein for the years ended December 31, 2023, 2024 and 2025 are presented in the consolidated statements of changes in equity and the summary to the Company's reserve below, respectively.

Summary to the Company's reserve is as follows:

	Treasury shares	Share premium	Capital reserve	Statutory reserve	Retained earnings	Total reserve
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30(b))	*(Notes 30(a) and 33(a))*	*(Note 33(b))*	*(Note 33(d))*	*(Note 33(e))*	
Balance at January 1, 2023	—	1,780,782	82,351	70,140	608,179	2,541,452
Loss and total comprehensive expense for the year	—	—	—	—	(50,811)	(50,811)
Repurchase of shares *(Note 30(b))*	(14,892)	—	—	—	—	(14,892)
Dividend declared *(Note 12)*	—	—	—	—	(180,164)	(180,164)
Balance at December 31, 2023	(14,892)	1,780,782	82,351	70,140	377,204	2,295,585

	Treasury shares	Share premium	Capital reserve	Statutory reserve	Retained earnings	Total reserve
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30(b))	*(Notes 30(a) and 33(a))*	*(Note 33(b))*	*(Note 33(d))*	*(Note 33(e))*	
Balance at January 1, 2024	(14,892)	1,780,782	82,351	70,140	377,204	2,295,585
Profit and total comprehensive income for the year	—	—	—	—	101,863	101,863
Repurchase of shares *(Note 30(b))*	(15,557)	—	—	—	—	(15,557)
Dividend declared *(Note 12)*	—	—	—	—	(99,899)	(99,899)
Transfer to statutory reserve	—	—	—	10,187	(10,187)	—
Balance at December 31, 2024	(30,449)	1,780,782	82,351	80,327	368,981	2,281,992

	Treasury shares	Share premium	Capital reserve	Statutory reserve	Retained earnings	Total reserve
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 30(b))	*(Notes 30(a) and 33(a))*	*(Note 33(b))*	*(Note 33(d))*	*(Note 33(e))*	
Balance at January 1, 2025	(30,449)	1,780,782	82,351	80,327	368,981	2,281,992
Profit and total comprehensive income for the year	—	—	—	—	218,175	218,175
Dividend declared *(Note 12)*	—	—	—	—	(99,715)	(99,715)
Transfer to statutory reserve	—	—	—	21,817	(21,817)	—
Balance at December 31, 2025	(30,449)	1,780,782	82,351	102,144	465,624	2,400,452

(a) Share premium

Share premium represents the excess of issuing price over the nominal values of ordinary shares.

(b) Capital reserve

The capital reserve represents the capital contributions from the shareholders of the Company.

(c) Translation reserve

The translation reserve represents the exchange differences arising from the translation of the financial statements of group entities whose the functional currencies are not RMB.

(d) Statutory reserve

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

(e) Retained earnings

Cumulative net gains and losses recognised in profit or loss in the previous financial years.

34. NOTES SUPPORTING TO CONSOLIDATED STATEMENTS OF CASH FLOWS

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

	Dividend payable	Bank borrowings	Lease liabilities	Total
	RMB'000 *(Note 12)*	*RMB'000* *(Note 28)*	*RMB'000* *(Note 27)*	*RMB'000*
At January 1, 2023	—	—	18,579	18,579
Changes from financing cash flows:				
Repayments of principal portion of lease liabilities	—	—	(9,464)	(9,464)
Repayments of interest portion of lease liabilities	—	—	(672)	(672)
Dividend paid	(180,164)	—	—	(180,164)
Total changes from financing cash flows	(180,164)	—	(10,136)	(190,300)
Other changes:				
Interest expenses *(Note 9)*	—	—	672	672
Additions of new leases	—	—	7,704	7,704
Termination of leases	—	—	(813)	(813)
Dividend declared	180,164	—	—	180,164
Total other changes	180,164	—	7,563	187,727
At December 31, 2023	—	—	16,006	16,006

	Dividend payable	Bank borrowings	Lease liabilities	Total
	RMB'000 *(Note 12)*	*RMB'000* *(Note 28)*	*RMB'000* *(Note 27)*	*RMB'000*
At January 1, 2024	—	—	16,006	16,006
Changes from financing cash flows:				
Proceeds from bank borrowings	—	99,250	—	99,250
Repayments of principal portion of lease liabilities	—	—	(8,066)	(8,066)
Repayments of interest portion of lease liabilities	—	—	(512)	(512)
Dividend paid	(99,899)	—	—	(99,899)
Total changes from financing cash flows	(99,899)	99,250	(8,578)	(9,227)
Other changes:				
Other changes:Interest expenses *(Note 9)*	—	146	512	658
Additions of new leases	—	—	5,492	5,492
Termination of leases	—	—	(1,367)	(1,367)
Dividend declared	99,899	—	—	99,899
Total other changes	99,899	146	4,637	104,682
At December 31, 2024	—	99,396	12,065	111,461

	Dividend payable	Bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 12)	*(Note 28)*	*(Note 27)*	
At January 1, 2025	—	99,396	12,065	111,461
Changes from financing cash flows:				
Proceeds from bank borrowings	—	198,675	—	198,675
Repayments of bank borrowings	—	(99,250)	—	(99,250)
Interest paid	—	(780)	—	(780)
Repayments of principal portion of lease liabilities	—	—	(6,895)	(6,895)
Repayments of interest portion of lease liabilities	—	—	(277)	(277)
Dividend paid	(99,715)	—	—	(99,715)
Total changes from financing cash flows	(99,715)	98,645	(7,172)	(8,242)
Other changes:				
Interest expenses *(Note 9)*	—	1,782	277	2,059
Additions of new leases	—	—	1,366	1,366
Termination of leases	—	—	(2,565)	(2,565)
Dividend declared	99,715	—	—	99,715
Total other changes	99,715	1,782	(922)	100,575
At December 31, 2025	—	199,823	3,971	203,794

35. CAPITAL COMMITMENTS

The Group

As of December 31, 2023, 2024 and 2025, the Group had outstanding capital commitments as follows:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
— Property, plant and equipment	6,279	5,001	13,804
— Intangible assets	—	776	—
	6,279	5,777	13,804

The Company

As of December 31, 2023, 2024 and 2025, the Company had outstanding capital commitments as follows:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
— Property, plant and equipment	484	1,300	5,629
— Intangible assets	—	776	—
	484	2,076	5,629

36. SHARE-BASED PAYMENTS

Employee Share-Based Payment Plan

On 18 May 2023, the Company's shareholders approved an employee share-based payment plan (the "**SBP Plan**") with the intention to grant up to 6,000,000 restricted shares to employees of the Group. The SBP Plan was designed to incentivise performance and align the interests of employees with those of the Group. Accordingly, a total number of 4,800,000 restricted shares was granted to the employees of the Group during the year ended December 31, 2023 while the remaining was lapsed due to the employees of which were not determined before deadline.

The vesting of the restricted shares under the SBP Plan was conditional upon the achievement of specific non-market performance conditions, namely the attainment of both annual revenue and gross profit targets for the financial years 2023, 2024, and 2025. The vesting schedule provided for three tranches, with each tranche subject to annual revenue and gross profit targets, and vesting would only occur if both targets for the relevant financial year were met in full.

Management assessed the probability of meeting these performance conditions at each reporting date. Based on best estimate of the financial results available, it was determined that it was not probable that the vesting conditions would be satisfied at any point during the Track Record Period.

As a result, no restricted shares were expected to be vested and no share-based payment expense was recognised in respect of the SBP Plan during the Track Record Period. In accordance with the requirements of IFRS 2, where non-market performance conditions are not expected to be satisfied, the fair value of the restricted shares is multiplied by zero, resulting in no expense recognised in the Historical Financial Information.

As at 31 December 2023, 2024 and 2025, a total number of 4,800,000, 3,318,210 and 2,008,210 of restricted shares remained outstanding and unvested under the SBP Plan respectively, and no dilution or impact on the Company's equity has arisen from this scheme. Other considerations such as the grant date fair value of the restricted shares are not relevant for the purposes of expense recognition under these circumstances.

On 18 March 2026, the directors of the Company resolved to forfeit the remaining 2,008,210 unvested restricted shares, as the applicable performance targets for the year ended December 31, 2025 were not met. Accordingly, these restricted shares have lapsed and will not vest.

37. RELATED PARTY TRANSACTIONS

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

(a) Save as disclosed elsewhere in the Historical Financial Information, the directors of the Company are of the view that the following company was a related party that had transactions or balances with the Group:

Name of related party	Relationship with the Group
Shanghai V-Test Semiconductor Tech. Co., Ltd.* ("**Shanghai V-Test**") (上海偉測半導體科技股份有限公司)	Common director of the Company
Chongqing Zhongke Xinyida Electronics Co., Ltd.* ("**Chongqing Zhongke**") (重慶中科芯億達電子有限公司)	Company in which director of the Company has significant influence

* The English name of these companies represent the best effort made by the management of the Company to directly translate the Chinese name as it does not register any official English name.

(b) Transactions with related parties

The Group entered into the following related party transactions with related companies during the Track Record Period:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chongqing Zhongke:			
Sales of goods	793	—	—
Purchase of goods	(229)	—	—
Shanghai V-Test:			
Packaging and testing service expenses	(1,219)	(1,994)	(3,011)

The terms of the related party transactions carried out during the Track Record Period were mutually agreed by the Group and the related company.

(c) Balance with related parties

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables:			
Shanghai V-Test Semiconductor Tech. Co., Ltd.	546	307	672

All of the above balances with related parties are trade in nature.

(d) Compensation of key management personnel of the Group

The compensation of key management personnel of the Group during the Track Record Period represented the directors' emoluments as disclosed in Note 14(a).

38. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

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

The capital structure of the Group consists of net debt, net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained earnings, respectively.

The directors of the Company review the capital structure on a continuous basis taking into account the cost of capital and the risk associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new shares issue and share repurchase as well as the issue of new debts or redemption of existing debt, if necessary.

Management regards total equity as capital. The amount of capital as of December 31, 2023, 2024 and 2025 amounted to approximately RMB2,971,639,000, RMB2,993,370,000 and RMB3,177,390,000, respectively.

39. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The Group

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

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
Financial assets at FVOCI:			
Trade and bills receivables	24,074	29,225	5,313
Financial assets at FVTPL:			
Financial assets at FVTPL	432,013	894,828	1,071,416
Financial assets at amortised cost:			
Trade and bills receivables	178,861	190,170	247,124
Deposits and other receivables	462	337	359
Fixed income product	91,283	—	—
Time deposits	696,653	1,308,780	1,284,126
Restricted bank balances	—	77	33,196
Cash and cash equivalents	917,255	215,805	318,710
	1,884,514	1,715,169	1,883,515
Financial liabilities:			
Financial liabilities at amortised cost:			
Trade payables	104,885	122,659	180,812
Other payables and accruals	30,045	46,659	70,840
Lease liabilities	16,006	12,065	3,971
Bank borrowings	—	99,396	199,823
	150,936	280,779	455,446

The Company

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVOCI:			
Trade and bills receivables	24,074	28,068	5,313
Financial assets at FVTPL:			
Financial assets at FVTPL	255,975	741,409	532,014
Financial assets at amortised cost:			
Trade and bills receivables	81,874	173,693	384,110
Deposits and other receivables	234	129	54
Amounts due from subsidiaries	434,385	437,803	299,320
Time deposits	540,638	982,715	1,220,247
Restricted bank balances	—	26	33,196
Cash and cash equivalents	840,828	66,683	85,543
	1,897,959	1,661,049	2,022,470
Financial liabilities			
Financial liabilities at amortised cost:			
Trade payables	68,238	70,561	104,699
Amounts due to subsidiaries	54,795	59,807	85,113
Other payables and accruals	15,119	20,125	24,094
Lease liabilities	9,122	7,935	3,656
Bank borrowings	—	99,396	199,823
	147,274	257,824	417,385

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group and the Company's financial instruments in the normal course of the Group and the Company's business are interest rate risk, credit risk, liquidity risk, equity price risk and foreign currency risk. These risks are limited by the Group and the Company's financial management policies and practices described below. Generally, the Group and the Company introduces conservative strategies on its risk management. The Group and the Company has not used any derivatives and other instruments for hedging purposes nor does it hold or issue derivative financial instruments for trading purposes.

(a) Interest rate risk

The Group and the Company's interest-bearing financial instruments at variable interest rates as of December 31, 2023, 2024 and 2025 are cash at banks, restricted bank deposits and structured deposits, and the cash flow interest rate risk arising from the changes of market interest rates on those balances with short maturity periods is not considered significant. The Group and the Company's interest-bearing financial instruments at fixed interest rates as of December 31, 2023, 2024 and 2025 are time deposits, fixed income product and bank borrowings and the changes of market interest rates on those balances do not expose the Group and the Company to fair value interest rate risk. The directors of the Company consider that the Group and the Company's exposure to interest rate risk is not significant and no sensitivity analysis of interest rate risk is presented.

(b) Credit risk

The Group and the Company's credit risk is primarily attributable to its trade and bills receivables, deposits and other receivables, cash at banks and time deposits. Management has a credit policy in place and those exposure of credit risk is monitored on an ongoing basis.

In respect of the risk, individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. Ongoing credit evaluation is performed on the financial condition of trade customers and, where appropriate, credit enhancement procedure is implemented. Trade receivables are due ranged from 0 to 90 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group and the Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country where the customers operate also has an influence on credit risk but to a lesser extent. 19.4%, 16.3%, 9.4% and 36.3%, 32.8%, 32.2% of the Group's trade receivables was due from the Group's largest customer and the five largest customers respectively as of December 31, 2023, 2024 and 2025, respectively. 10.1%, 13.6%, 65.3% and 42.5%, 46.4%, 86.4% of the Company's trade receivables was due from the Company's largest customer and the five largest customers respectively as of December 31, 2023, 2024 and 2025, respectively.

The Group

(i) Trade and bills receivables

The Group measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

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

	Less than 1 year	**Over 1 year**	**Total**
At December 31, 2023			
Expected loss rate *(%)*	2.0%	100%	
Gross carrying amount *(RMB'000)*	182,450	3,976	186,426
Loss allowance *(RMB'000)*	3,589	3,976	7,565
At December 31, 2024			
Expected loss rate *(%)*	2.2%	100%	
Gross carrying amount *(RMB'000)*	194,469	1,883	196,352
Loss allowance *(RMB'000)*	4,299	1,883	6,182
At December 31, 2025			
Expected loss rate *(%)*	2.3%	100%	
Gross carrying amount *(RMB'000)*	252,960	167	253,127
Loss allowance *(RMB'000)*	5,836	167	6,003

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movements in impairment loss allowance of trade and bills receivables are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	10,558	7,565	6,182
(Reversal)/provision of loss allowance	(2,993)	1,791	550
Write off	—	(3,174)	(729)
At the end of the year	7,565	6,182	6,003

Bills receivables were bank acceptance bills and commercial acceptance bills. For bank acceptance bills, the issuers are reputable banks with high credit ratings and strong credit quality. Based on the Group's credit risk assessment, the credit risk associated with these bank acceptance bills is considered as insignificant. Consequently, no loss allowance has been recognised for bank acceptance bills at the end of each reporting period. For commercial acceptance bills, the Group estimates the expected credit loss allowance using the rate based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group monitors the credit risk of commercial acceptance bills by assessing the creditworthiness of the issuers and considering macroeconomic factors.

(ii) Deposits and other receivables

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

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount:			
— Deposits and other receivables	3,752	3,354	3,033
Loss allowance:			
— Deposits and other receivables	3,290	3,017	2,674

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,189	3,290	3,017
Provision/(reversal) of loss allowance	1,125	(273)	(343)
Written off	(24)	—	—
At the end of the year	3,290	3,017	2,674

(iii) Cash at banks, time deposits and fixed income product

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

The Group has assessed that during the Track Record Periods, fixed income product has not been a significant increase in credit risk since origination, and therefore the loss allowance is measured at an amount equal to 12-month ECLs. The Group do not expect any losses from non-performance by the counterparties of fixed income product and no loss allowance was recognised.

The Company

(i) Trade and bills receivables

The Company measures loss allowances for trade and bills receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Company's historical credit loss experience does not indicate significantly different loss patterns for different customer bases, the loss allowance based on past due status is not further distinguished between the Company's different customer bases.

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

	Less than 1 year	Over 1 year	Total
At December 31, 2023			
Expected loss rate *(%)*	1.9%	100%	
Gross carrying amount *(RMB'000)*	83,420	60	83,480
Loss allowance *(RMB'000)*	1,546	60	1,606
At December 31, 2024			
Expected loss rate *(%)*	1.1%	100%	
Gross carrying amount *(RMB'000)*	175,601	313	175,914
Loss allowance *(RMB'000)*	1,908	313	2,221
At December 31, 2025			
Expected loss rate *(%)*	0.6%	N/A	
Gross carrying amount *(RMB'000)*	386,482	—	386,482
Loss allowance *(RMB'000)*	2,372	—	2,372

Expected loss rates are based on actual loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the Track Record Period over which the historic data has been collected, current conditions and the Company's view of economic conditions over the expected lives of the receivables.

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,204	1,606	2,221
Provision of loss allowance	402	654	169
Write off	—	(39)	(18)
At the end of the year	1,606	2,221	2,372

Bills receivables were bank acceptance bills and commercial acceptance bills. For bank acceptance bills, the issuers are reputable banks with high credit ratings and strong credit quality. Based on the Company's credit risk assessment, the credit risk associated with these bank acceptance bills is considered as insignificant. Consequently, no loss allowance has been recognised for bank acceptance bills at the end of each reporting period. For commercial acceptance bills, the Company estimates the expected credit loss allowance using the rate based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Company monitors the credit risk of commercial acceptance bills by assessing the creditworthiness of the issuers and considering macroeconomic factors.

(ii) Deposits and other receivables

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

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

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross carrying amount:			
— Deposits and other receivables	2,490	2,489	2,295
Loss allowance:			
— Deposits and other receivables	2,256	2,360	2,241

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	996	2,256	2,360
Provision/(reversal) of loss allowance	1,260	104	(119)
At the end of the year	2,256	2,360	2,241

(iii) Cash at banks and time deposits

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

(c) Liquidity risk

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

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

The Group

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023					
Trade payables	104,885	104,885	104,885	—	—
Other payables and accruals	30,045	30,045	30,045	—	—
Lease liabilities	16,006	16,590	8,138	7,841	611
	150,936	151,520	143,068	7,841	611

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2024					
Trade payables	122,659	122,659	122,659	—	—
Other payables and accruals	46,659	46,659	46,659	—	—
Lease liabilities	12,065	12,518	7,236	4,965	317
Bank borrowings	99,396	100,000	100,000	—	—
	280,779	281,836	276,554	4,965	317

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2025					
Trade payables	180,812	180,812	180,812	—	—
Other payables and accruals	70,840	70,840	70,840	—	—
Lease liabilities	3,971	4,069	3,175	894	—
Bank borrowings	199,823	200,000	200,000	—	—
	455,446	455,721	454,827	894	—

The Company

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023					
Trade payables	68,238	68,238	68,238	—	—
Amounts due to subsidiaries	54,795	54,795	54,795	—	—
Other payables and accruals	15,119	15,119	15,119	—	—
Lease liabilities	9,122	9,526	5,117	3,584	825
	147,274	147,678	143,269	3,584	825

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2024					
Trade payables	70,561	70,561	70,561	—	—
Amounts due to subsidiaries	59,807	59,807	59,807	—	—
Other payables and accruals	20,125	20,125	20,125	—	—
Lease liabilities	7,935	8,243	4,636	3,290	317
Bank borrowings	99,396	100,000	100,000	—	—
	257,824	258,736	255,129	3,290	317

	Carrying amount	Total contractual undiscounted cash flows	Within 1 year or on demand	More than 1 year but less than 3 years	More than 3 years
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2025					
Trade payables	104,699	104,699	104,699	—	—
Amounts due to subsidiaries	85,113	85,113	85,113	—	—
Other payables and accruals	24,094	24,094	24,094	—	—
Lease liabilities	3,656	3,753	2,859	894	—
Bank borrowings	199,823	200,000	200,000	—	—
	417,385	417,659	416,765	894	—

(d) Equity price risk

The following table illustrates the sensitivity of the carrying amounts of financial assets at FVTPL during the Track Record Period subject to changes of market quoted prices of the listed equity investments while all other variable held constant. A positive number below indicates an increase in profits for the year. For a decrease in profits for the year, the balance below would be negative.

The Group

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
10% higher in the fair value of the investment	25,598	24,134	32,111
10% lower in the fair value of the investment	(25,598)	(24,134)	(32,111)

The Company

	As of December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
10% higher in the fair value of the investment	25,598	24,134	32,111
10% lower in the fair value of the investment	(25,598)	(24,134)	(32,111)

(e) Foreign currency risk

Currency risk refers to the risk that the fair values or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk to the Group and the Company is minimal as most of the Group and the Company's transactions are carried out in functional currency of the respective entities.

41. FAIR VALUE MEASUREMENT

The hierarchy groups financial assets and liabilities into three levels based on the relative reliability of significant inputs used in measuring the fair value of these financial assets and liabilities. The fair value hierarchy has the following levels:

— Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

— Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

— Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The level in the fair value hierarchy within which the financial assets and liabilities is categorised in its entirety is based on the lowest level of input that is significant to the fair value measurement. The financial assets and liabilities measured at fair value are grouped into the fair value hierarchy as follows:

The Group

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023				
Financial assets at FVTPL	255,975	171,038	5,000	432,013
Financial assets measured at FVOCI:				
— Bills receivables	—	—	24,074	24,074
As of December 31, 2024				
Financial assets at FVTPL	241,338	648,490	5,000	894,828
Financial assets measured at FVOCI:				
— Bills receivables	—	—	29,225	29,225
As of December 31, 2025				
Financial assets at FVTPL	321,113	745,303	5,000	1,071,416
Financial assets measured at FVOCI:				
— Bills receivables	—	—	5,313	5,313

The disclosure of the Level 3 fair value measurements of unlisted equity investment and bills receivables are disclosed in Note 18 and Note 20 respectively.

The Company

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023				
Financial assets at FVTPL	255,975	—	—	255,975
Financial assets measured at FVOCI:				
— Bills receivables	—	—	24,074	24,074
As of December 31, 2024				
Financial assets at FVTPL	241,338	500,071	—	741,409
Financial assets measured at FVOCI:				
— Bills receivables	—	—	28,068	28,068
As of December 31, 2025				
Financial assets at FVTPL	321,113	210,901	—	532,014
Financial assets measured at FVOCI:				
— Bills receivables	—	—	5,313	5,313

The disclosure of the Level 3 fair value measurements of bills receivables are disclosed in Note 20.

There were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 during the Track Record Period.

42. EVENTS AFTER THE END OF THE TRACK RECORD PERIOD

The final dividend for the year ended December 31, 2025 of RMB0.3 per ordinary share, in an aggregate amount of approximately RMB119,658,000, was approved by the directors of the Company and to be approved by the shareholders of the Company at the annual general meeting to be held on April 9, 2026.

On 18 March 2026, the directors of the Company resolved to forfeit the remaining 2,008,210 unvested restricted shares, as the applicable performance targets for the year ended December 31, 2025 were not met. Accordingly, these restricted shares have lapsed and will not vest.

43. SUBSEQUENT FINANCIAL STATEMENTS

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