

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-71, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 深圳市晶存科技股份有限公司 RAYSON HI-TECH (SZ) CO., LTD. (FORMERLY KNOWN AS 深圳市晶存科技有限公司 RAYSON HI-TECH (SZ) LIMITED), CHINA MERCHANTS SECURITIES (HK) CO., LIMITED AND GUOTAI JUNAN CAPITAL LIMITED.

Introduction

We report on the historical financial information of 深圳市晶存科技股份有限公司 Rayson HI-TECH (SZ) Co., Ltd. (formerly known as 深圳市晶存科技有限公司 Rayson HI-TECH (SZ) Limited) (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-71, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of 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 I-4 to I-71 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the [REDACTED] of H shares of the Company on the [REDACTED] of [REDACTED].

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 and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

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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 (the “HKICPA”). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants’ report, a true and fair view of the Company’s and the Group’s financial position as at 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 and presentation set out in Note 1 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 31(d) to the Historical Financial Information which states that no dividends have been declared by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince’s Building
10 Chater Road
Central, Hong Kong

[Date]

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HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi (“RMB”))

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	4	2,401,888	3,713,804	5,919,483
Cost of sales		(2,188,545)	(3,373,460)	(4,586,297)
Gross profit		213,343	340,344	1,333,186
Other net income	5	995	18,648	1,614
Selling and distribution expenses		(13,319)	(22,495)	(36,980)
Administrative and other operating expenses		(41,702)	(63,743)	(116,604)
Research and development expenses		(56,059)	(77,556)	(97,474)
Reversals/(provisions) of impairment loss on trade and other receivables		1,521	(11,078)	11,751
Profit from operations		104,779	184,120	1,095,493
Finance costs	6(a)	(52,722)	(74,013)	(92,970)
Profit before taxation	6	52,057	110,107	1,002,523
Income tax expense	7(a)	(15,044)	(21,220)	(122,641)
Profit for the year		37,013	88,887	879,882
Attributable to:				
Equity shareholders of the Company		36,808	88,625	878,840
Non-controlling interests		205	262	1,042
Profit for the year		37,013	88,887	879,882
Profit per share				
Basic earnings per share (RMB)	10(a)	0.41	0.92	8.60
Diluted earnings per share (RMB)	10(b)	0.41	0.92	8.60
Profit for the year		37,013	88,887	879,882
Other comprehensive income for the year (after tax and reclassification adjustments)				
Items that are or may be reclassified subsequently to profit or loss				
Exchange differences arising from net investment in foreign operations and translation of financial statements		(5,189)	3,142	(9,540)
Total comprehensive income for the year		31,824	92,029	870,342
Attributable to:				
Equity shareholders of the Company		31,618	91,758	869,329
Non-controlling interests		206	271	1,013
Total comprehensive income for the year		31,824	92,029	870,342

The accompanying notes are integral part of these Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Notes	As at December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Non-current assets				
Property, plant and equipment	11	42,096	63,560	97,283
Right-of-use assets	12	34,309	27,031	34,340
Intangible assets	13	7,702	4,461	12,288
Goodwill	14	7,086	7,086	7,086
Prepayments, deposits and other receivables	16	1,108	2,636	3,511
Deferred tax assets	28(b)	10,886	16,259	49,613
		<u>103,187</u>	<u>121,033</u>	<u>204,121</u>
Current assets				
Inventories	17	872,930	1,161,833	4,846,678
Trade and bills receivables	18	324,529	789,308	137,793
Prepayments, deposits and other receivables	16	184,606	86,350	377,875
Cash and cash equivalents	19	119,510	285,668	462,846
		<u>1,501,575</u>	<u>2,323,159</u>	<u>5,825,192</u>
Current liabilities				
Trade payables	20	118,364	146,059	170,952
Financial liabilities at FVTPL	32(d)(i)	—	—	12,180
Other payables and accruals	21	24,677	18,908	76,458
Contract liabilities	22	78,245	3,681	1,307,635
Bank loans and other borrowings	23	469,792	917,333	1,958,250
Lease liabilities	24	10,653	11,187	12,442
Redemption liabilities	25	482,777	840,260	—
Current taxation	28(a)	8,728	15,902	77,143
Provisions	26	22,194	20,730	22,898
		<u>1,215,430</u>	<u>1,974,060</u>	<u>3,637,958</u>
Net current assets		<u>286,145</u>	<u>349,099</u>	<u>2,187,234</u>
Total assets less current liabilities		<u>389,332</u>	<u>470,132</u>	<u>2,391,355</u>
Non-current liabilities				
Bank loans and other borrowings	23	—	—	99,600
Lease liabilities	24	26,589	19,985	24,690
Provisions	26	2,440	2,227	2,617
Deferred income	27	3,568	1,356	1,162
Deferred tax liabilities	28(b)	853	233	40,446
		<u>33,450</u>	<u>23,801</u>	<u>168,515</u>
NET ASSETS		<u>355,882</u>	<u>446,331</u>	<u>2,222,840</u>
CAPITAL AND RESERVES				
Paid-in/share capital	31(b)/(c)	88,922	102,160	102,160
Reserves		266,595	343,535	2,119,031
Total equity attributable to equity shareholders of the Company		<u>355,517</u>	<u>445,695</u>	<u>2,221,191</u>
Non-controlling interests		365	636	1,649
TOTAL EQUITY		<u>355,882</u>	<u>446,331</u>	<u>2,222,840</u>

The accompanying notes are integral part of these Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Notes	As at December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Non-current assets				
Property, plant and equipment	11	9,538	6,248	14,462
Right-of-use assets	12	23,629	19,729	15,414
Intangible assets	13	432	807	3,760
Prepayments, deposits and other receivables	16	286	1,096	2,382
Investment in subsidiaries	15	232,583	428,474	490,928
Deferred tax assets	28(b)	3,589	4,199	6,869
		<u>270,057</u>	<u>460,553</u>	<u>533,815</u>
Current assets				
Inventories	17	70,129	54,356	406,778
Trade and bills receivables	18	373,196	401,332	381,524
Prepayments, deposits and other receivables	16	601,632	1,024,872	1,974,966
Cash and cash equivalents	19	38,993	121,483	43,276
		<u>1,083,950</u>	<u>1,602,043</u>	<u>2,806,544</u>
Current liabilities				
Trade payables	20	15,851	28,175	231,608
Financial liabilities at FVTPL	32(d)(i)	–	–	12,180
Other payables and accruals	21	14,353	74,020	42,686
Contract liabilities	22	5,004	1,075	99,232
Bank loans and other borrowings	23	469,792	753,675	1,446,199
Lease liabilities	24	4,993	5,517	6,231
Redemption liabilities	25	482,777	840,260	–
Current taxation	28(a)	5,066	2,879	13,024
Provisions	26	16,851	16,956	16,574
		<u>1,014,687</u>	<u>1,722,557</u>	<u>1,867,734</u>
Net current assets/(liabilities)		<u>69,263</u>	<u>(120,514)</u>	<u>938,810</u>
Total assets less current liabilities		<u>339,320</u>	<u>340,039</u>	<u>1,472,625</u>
Non-current liabilities				
Bank loans and other borrowings	23	–	–	99,600
Lease liabilities	24	20,713	16,807	11,857
Provisions	26	1,653	1,433	1,559
		<u>22,366</u>	<u>18,240</u>	<u>113,016</u>
NET ASSETS		<u>316,954</u>	<u>321,799</u>	<u>1,359,609</u>
CAPITAL AND RESERVES				
Paid-in/share capital	31(b)/(c)	88,922	102,160	102,160
Reserves		228,032	219,639	1,257,449
TOTAL EQUITY		<u>316,954</u>	<u>321,799</u>	<u>1,359,609</u>

The accompanying notes are integral part of these Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in RMB)

Attributable to equity shareholders of the Company										
	Paid-in capital	Share capital	PRC			Exchange reserve	Retained earnings	Total	Non-controlling interests	Total equity
			Capital reserve	statutory reserve	Other reserve					
	RMB'000 (Note 31(b))	RMB'000 (Note 31(c))	RMB'000 (Note 31(e) (i))	RMB'000 (Note 31(e) (ii))	RMB'000 (Note 31(e) (iii))	RMB'000 (Note 31(e) (iv))	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	88,922	–	474,486	21,309	(414,539)	1,224	148,831	320,233	159	320,392
Changes in equity for 2023:										
Profit for the year	–	–	–	–	–	–	36,808	36,808	205	37,013
Other comprehensive income	–	–	–	–	–	(5,190)	–	(5,190)	1	(5,189)
Total comprehensive income	–	–	–	–	–	(5,190)	36,808	31,618	206	31,824
Equity settled share-based transactions (Note 30)	–	–	3,666	–	–	–	–	3,666	–	3,666
Balance at December 31, 2023	88,922	–	478,152	21,309	(414,539)	(3,966)	185,639	355,517	365	355,882

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Attributable to equity shareholders of the Company										
	Paid-in capital	Share capital	PRC				Exchange reserve	Retained earnings	Total	Non-controlling interests
			Capital reserve	statutory reserve	Other reserve	RMB '000				RMB '000
	RMB '000 (Note 31(b))	RMB '000 (Note 31(c))	RMB '000 (Note 31(e) (i))	RMB '000 (Note 31(e) (ii))	RMB '000 (Note 31(e) (iii))	RMB '000 (Note 31(e) (iv))	RMB '000	RMB '000	RMB '000	RMB '000
Balance at January 1, 2024	88,922	–	478,152	21,309	(414,539)	(3,966)	185,639	355,517	365	355,882
Changes in equity for 2024:										
Profit for the year	–	–	–	–	–	–	88,625	88,625	262	88,887
Other comprehensive income	–	–	–	–	–	3,133	–	3,133	9	3,142
Total comprehensive income	–	–	–	–	–	3,133	88,625	91,758	271	92,029
Capital injection from investors before conversion										
into a joint stock company (Note 31(b))	9,333	–	131,777	–	–	–	–	141,110	–	141,110
Conversion into a joint stock company (Note 31(c))	(98,255)	98,255	267,533	(27,589)	–	–	(239,944)	–	–	–
Equity settled share-based transactions (Note 30)	–	–	19,398	–	–	–	–	19,398	–	19,398
Appropriation to statutory reserve (Note 31(e)(ii))	–	–	–	6,280	–	–	(6,280)	–	–	–
Capital injection from investors after conversion into a										
joint stock company (Note 31(c)(ii))	–	3,905	144,539	–	–	–	–	148,444	–	148,444
Recognition of liabilities in relation to financial										
instruments issued to investors (Note 25)	–	–	–	–	(310,532)	–	–	(310,532)	–	(310,532)
Balance at December 31, 2024	–	102,160	1,041,399	–	(725,071)	(833)	28,040	445,695	636	446,331

The accompanying notes are integral part of these Historical Financial Information.

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CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Operating activities				
Cash used in operations	19(b)	(182,642)	(470,580)	(795,041)
Income tax paid		(47,030)	(20,039)	(54,541)
Net cash used in operating activities		<u>(229,672)</u>	<u>(490,619)</u>	<u>(849,582)</u>
Investing activities				
Proceeds from disposal of property, plant and equipment and right-of-use assets		49	44	39
Payment for the purchase of property, plant and equipment and intangible assets		(18,888)	(35,513)	(60,125)
Net cash used in investing activities		<u>(18,839)</u>	<u>(35,469)</u>	<u>(60,086)</u>
Financing activities				
Capital injection by investors		–	289,554	–
Proceeds from bank loans and other borrowings	19(c)	518,181	949,380	2,618,177
Repayment of bank loans and other borrowings	19(c)	(211,662)	(503,730)	(1,464,224)
Capital element of lease rentals paid . .	19(c)	(9,392)	(11,405)	(11,773)
Interest element of lease rentals paid . .	19(c)	(1,462)	(1,294)	(1,138)
Interests paid	19(c)	(12,198)	(22,639)	(45,109)
Dividend paid		–	(9,044)	–
[REDACTED] paid		[REDACTED]	[REDACTED]	[REDACTED]
Net cash generated from financing activities		<u>283,467</u>	<u>690,822</u>	<u>1,094,138</u>
Net increase in cash and cash equivalents		34,956	164,734	184,470
Effect of exchange rate changes		691	1,424	(7,292)
Cash and cash equivalents at the beginning of the year		<u>83,863</u>	<u>119,510</u>	<u>285,668</u>
Cash and cash equivalents at the end of the year	19(a)	<u>119,510</u>	<u>285,668</u>	<u>462,846</u>

The accompanying notes are integral part of these Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB, unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE HISTORICAL FINANCIAL INFORMATION

Rayson HI-TECH (SZ) Co., Ltd. (深圳市晶存科技股份有限公司) (“the Company”), formerly known as Rayson HI-TECH (SZ) LIMITED (深圳市晶存科技有限公司), was incorporated in Shenzhen, Guangdong Province, the People’s Republic of China (the “PRC”) on December 22, 2016 as a limited liability company. In July 2024, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, “the Group”) are principally engaged in research and development, design, testing, and sales of embedded memory semiconductor.

The financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC (the PRC GAAP) and audited by Pan-China Certified Public Accountants LLP, Shenzhen Branch (天健會計師事務所(特殊普通合夥)深圳分所). The audited financial statements of the Company for the year ended 31 December 2025 is not available.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 36.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The Historical Financial Information is presented in RMB, rounded to the nearest thousand (RMB’000) except when otherwise indicated. The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial instruments measured at their fair value as explained in Note 2(y).

(b) Use of estimates and judgements

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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 the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

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(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the Historical Financial Information. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

In the Company’s statements of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(i)).

(d) Goodwill

Goodwill arising on acquisition of businesses represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group’s previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree’s identifiable assets and liabilities measured as of the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses (see Note 2(i)). Goodwill arising on a business combination is allocated to cash generating unit, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)).

On disposal of a cash generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

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(e) Other investments in debt and equity securities

The Group’s policies for investments in debt and equity securities, other than investments in subsidiaries are as follows.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investments. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (“FVPL”) for which transaction costs are recognised directly in profit or loss.

(i) Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(ii)(a))), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Fair value through other comprehensive income (“FVOCI”) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income (“OCI”). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(t)(ii)(c)).

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any impairment losses (see Note 2(i)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(v)).

Any gains or losses on disposal of an item of property, plant and equipment is recognised in profit or loss.

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Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

- The Group’s interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings’ estimated useful lives, being no more than 50 years after the date of completion.
- Leasehold land is depreciated over the unexpired term of lease.
- Machinery and equipment 3-10 years
- Vehicles 5 years
- Office equipment and others 3-5 years
- Leasehold improvements 1.5-3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred.

Other Intangible assets, including IP authorization, software, copyrights and others, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)).

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line basis over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

- IP Authorization 2-10 years
- Software 3 years
- Copyrights and others 4-14.3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

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At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(f) and 2(i)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Note 2(e)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group’s estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the Historical Financial Information, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses (“ECLs”) on financial assets measured at amortised cost (including cash and cash equivalents, trade and bills receivables, and other receivables).

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and bills receivables and prepayments, deposits and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

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ECLs are measured on either of the following bases:

- 12-month ECLs: these are portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected live of the instrument is less than 12 months); and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade and bills receivables are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring 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 and analysis, based on the Group’s historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 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 actions such as realising security (if any is held); or
- the financial asset is more than three years past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade’ in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of ‘performing’. Performing means that the counterparty has a strong financial position and there are no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial assets in the consolidated statements of financial position.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

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- a breach of contract, such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than property carried at revalued amounts, investment property, inventories and other contract costs, contract assets and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (“CGU”s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, 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.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

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Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(i)(i)).

(l) Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Cash and cash equivalents and restricted cash are assessed for ECLs in accordance with the policy set out in Note 2(i)(i).

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Redemption liabilities

A contract that contains an obligation to purchase the Company’s equity instruments for cash or another financial asset gives rise to financial liabilities for the redemption amount, even if the Company’s obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) as the Company could be required to pay on demand. Any change in the carrying amount of the redemption liability arising from remeasurement of the redemption amount is recognised in profit or loss. The carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty’s redemption right.

The redemption liability is classified as current as the Company does not have the right at the reporting date to defer settlement of the liability for at least 12 months from the reporting date.

(o) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

(p) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable is also recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(t)(ii)(a)).

(q) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Contribution to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in Chinese Mainland and Hong Kong are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

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(ii) *Share-based payments*

The fair value of share awards granted to employees is recognised as an employee cost with a corresponding increase in the capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the awards is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of share awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to capital reserve). The equity amount is recognised in the capital reserve until either the right is exercised (when it is included in the amount recognised in share capital for the shares issued) or the shares expires (when it is released directly to retained profits).

(iii) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) **Income tax**

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. 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 taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

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(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group’s business.

Further details of the Group’s revenue and other income recognition policies are as follows:

(i) *Revenue from contracts with customers*

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group’s ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(ii) *Revenue from other sources and other income*

(a) *Interest income*

Interest income is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(b) *Government grants*

Government grants are recognised in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

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Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised by setting up the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

(c) Dividends

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established.

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) Related parties

(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 the key management personnel of the Group or the Group’s parent.

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

- (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).

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- (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 employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group’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.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the Historical Financial Information, are identified from the financial information provided regularly to the Group’s most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group’s various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group has only one single reportable segment. Accordingly, no segmental analysis is presented.

(y) Derivative financial instruments

The Group holds derivative financial instruments to manage its foreign currency. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group’s accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the Historical Financial Information:

(a) Impairment of non-current assets

If circumstances indicate that the carrying value of a non-current asset may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstance indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

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(b) Impairment of trade and bills receivables, deposits and other receivables

The Group estimates the amount of loss allowance for ECLs on trade and bills receivables, deposits and other receivables that are measured at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

(c) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated cost necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group’s profit or loss and net assets value. The Group reassesses these estimates annually.

(d) Useful lives of property, plant and equipment

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group’s historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

(e) Deferred tax assets

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

(f) Determining the lease term

As explained in policy Note 2(h), the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group’s operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group’s control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(g) Warranty provisions

As explained in Note 26, the Group makes provisions under the warranties it gives on sale of its products taking into account the Group’s recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

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4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group primarily generates its revenue from the sales of embedded memory semiconductor and other products.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15			
<i>Disaggregated by major products</i>			
Embedded memory products	2,283,949	3,459,720	5,498,666
DRAM (a) -based products (DDR, LPDDR)	1,658,683	2,474,303	3,744,369
NAND (b) Flash-based products (eMMC, UFS) . .	319,339	673,647	1,593,344
MCP (c) embedded memory products (eMCP, uMCP, ePOP)	305,927	311,770	160,953
Others	117,939	254,084	420,817
	<u>2,401,888</u>	<u>3,713,804</u>	<u>5,919,483</u>

Notes:

- (a) Dynamic random access memory, a type of volatile memory used in computers and other devices to store data that is actively being used or processed, requiring periodic refreshing to maintain the stored information.
- (b) A type of non-volatile Flash memory technology and the products based on this technology, typically used for data storage.
- (c) Multi-chip package, a semiconductor packaging technique that encapsulates two or more memory chips within a single package through methods such as stacking.

(ii) Disaggregated by timing of revenue recognition

Disaggregated by timing of revenue recognition is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Point in time	<u>2,401,888</u>	<u>3,713,804</u>	<u>5,919,483</u>

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(iii) Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group in the years ended December 31, 2023, 2024 and 2025:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer A	504,575	549,242	N/A*
Customer B	N/A*	427,615	N/A*
Customer H	N/A*	424,521	N/A*

* Revenue from relevant customers was less than 10% of the Group’s total revenue for the respective year.

Details of concentrations of credit risk arising from these customers are set out in Note 32(a).

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of electronic products that had an original expected duration of one year or less.

(iv) Geographic information

The following table sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location where the customers were registered.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	999,807	1,443,986	2,641,429
Hong Kong	1,275,784	2,208,785	2,924,249
Korea	54,440	44,716	89,611
Others	71,857	16,317	264,194
	<u>2,401,888</u>	<u>3,713,804</u>	<u>5,919,483</u>

As substantially all of the Group’s non-current assets are mainly in the Chinese Mainland, no geographic information is presented.

5 OTHER NET INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income from bank deposits	1,405	1,460	3,913
Government grants (note)	8,194	19,391	34,240
Net gain on disposal of equipments and others . .	15	68	268
Net foreign exchange gain/(loss)	6,184	(2,242)	(24,353)
Provision for litigation (Note 34)	(14,183)	–	–
Change in fair value of financial liabilities . . .	–	–	(12,180)
Net loss on financial liabilities	(665)	–	–
Others	45	(29)	(274)
	<u>995</u>	<u>18,648</u>	<u>1,614</u>

Note: The amounts mainly represented government incentive and support to the Group received during the Track Record Period. There are no unfulfilled conditions or contingencies relating to the grants.

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6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest expenses on bank loans and other borrowings	12,521	23,922	47,369
Changing in carrying amount on redemption liabilities	37,325	46,951	43,968
Interests on lease liabilities	1,462	1,294	1,138
Others	1,414	1,846	495
	<u>52,722</u>	<u>74,013</u>	<u>92,970</u>

(b) Staff costs (including directors’ and supervisors’ emoluments)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	65,900	86,048	148,801
Contributions to defined contribution retirement plans	4,293	5,660	7,888
Equity-settled share-based payment expenses (Note 30)	3,666	19,398	21,939
	<u>73,859</u>	<u>111,106</u>	<u>178,628</u>

(c) Other items

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amortisation cost of intangible assets (Note 13)	<u>7,984</u>	<u>4,641</u>	<u>1,417</u>
Depreciation charge			
– Owned property, plant and equipment (Note 11)	8,849	13,906	22,185
– Right-of-use assets (Note 12)	10,849	11,657	10,966
	<u>19,698</u>	<u>25,563</u>	<u>33,151</u>
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Auditors’ remuneration	520	2,440	17
Cost of inventories sold (Note) (Note 17(b))	<u>2,188,545</u>	<u>3,372,128</u>	<u>4,577,832</u>
(Reversal)/provision of impairment losses on financial assets			
– Trade receivables (Note 32(a))	(1,586)	10,435	(12,987)
– Other receivables (Note 32(a))	65	643	1,236
	<u>(1,521)</u>	<u>11,078</u>	<u>(11,751)</u>

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Note: Cost of inventories includes RMB18,230,000, RMB25,233,000 and RMB33,810,000 for the years ended December 31, 2023, 2024 and 2025, respectively, relating to staff costs, depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax			
Provision for the year	12,678	29,627	115,841
Over-provision in respect of prior years	(529)	(2,414)	(59)
	12,149	27,213	115,782
Deferred income tax			
Origination and reversal of temporary differences	2,895	(5,993)	6,859
Income tax expense	15,044	21,220	122,641

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before taxation	52,057	110,107	1,002,523
Notional tax on profit before taxation, calculated at the rates applicable to profit/loss in the jurisdictions concerned	6,129	18,960	240,191
Tax effect of preferential tax rates entitled	2,030	(2,636)	(88,030)
Additional deduction for research and development costs	(6,417)	(8,749)	(12,235)
Tax effect of non-deductible expenses	6,830	10,797	10,244
Tax effect of non-taxable income	(21)	(6)	(3)
Tax effect of unused tax losses and deductible temporary differences not recognized	7,022	5,268	–
Tax effect of recognition of unused tax losses and deductible temporary differences not recognized in previous years	–	–	(8,609)
Tax effect of utilization of tax losses not recognized in previous years	–	–	(18,858)
Over-provision in respect of prior years	(529)	(2,414)	(59)
Actual tax expense	15,044	21,220	122,641

Notes:

(i) In accordance with relevant PRC rules and regulations, the PRC Corporate Income Tax rate applicable to the Company and Company’s subsidiaries registered in Chinese Mainland is principally 25% during the Track Record Period, except as described below:

(a) Rayson HI-TECH (SZ) Co., Ltd. (深圳市晶存科技股份有限公司) and Artmem Technology Co., Ltd. (珠海妙存科技有限公司) were qualified as the High and New Technology Enterprise (“HNTE”) and entitled to a preferential tax rate of 15% during the Track Record Period.

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- (b) According to the Preferential Policies for Enterprise Income Tax in Shenzhen Park of Hetao Shenzhen Hong Kong Science and Technology Innovation Cooperation Zone (財政部國家稅務總局關於河套深港科技創新合作區深圳園區企業所得稅優惠政策的通知(財稅(2024)2號)), Rayson Technology (SZ) Limited (深圳晶存技術有限公司) as the eligible encouraged industrial enterprises located in the designated enclosed area of the Shenzhen Industrial Park in the Hetao Shenzhen Hong Kong Science and Technology Innovation Cooperation Zone, entitled to a preferential tax rate of 15% during the Track Record Period.
- (ii) According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to RAYSON HI-TECH (HK) LIMITED (晶存科技(香港)有限公司) in any year of assessment commencing on or after April 1, 2018. Under the two-tiered Profits tax rates regime, the first HK\$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK\$2 million are taxed at 16.5%.
- (iii) The additional deduction for research and development expenses mainly represents an additional 100% tax deduction on eligible research and development expenses incurred by Rayson HI-TECH (SZ) Co., Ltd. (深圳市晶存科技股份有限公司) and Artmem Technology Co., Ltd. (珠海妙存科技有限公司) during the Track Record Period.

8 DIRECTORS’ AND SUPERVISORS’ EMOLUMENTS

Details of directors’ and supervisors’ emoluments during the Track Record Period are as follows:

For the year ended December 31, 2023

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments Note (k)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Chairman							
Mr. Wen Jianwei 文建偉	–	631	350	71	1,052	–	1,052
Executive Directors							
Mr. Wen Jianxiong 文建雄 (a)	–	615	300	71	986	–	986
Mr. Gong Hui 龔暉	–	257	40	42	339	–	339
Non-executive Director							
Mr. Jin Renzhong 金任忠 (d)	–	–	–	–	–	–	–
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–
Supervisor							
Mr. Cui Cheng 崔成	–	249	360	53	662	–	662
	–	1,752	1,050	237	3,039	–	3,039
	–	–	–	–	–	–	–

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For the year ended December 31, 2024

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (Note (k))	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Chairman							
Mr. Wen Jianwei 文建偉	–	701	75	77	853	–	853
Executive Directors							
Mr. Wen Jianxiong 文建雄 (a)	–	701	75	77	853	–	853
Mr. Gong Hui 龔暉	–	584	40	44	668	–	668
Mr. Cheng Yimin 程義敏 (b)	–	322	37	43	402	–	402
Non-executive Director							
Mr. Jin Renzhong 金任忠 (d)	–	–	–	–	–	–	–
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–
Independent non-executive Director							
Mr. Xie Chunhua 謝春華 (e)	65	–	–	–	65	–	65
Ms. Wu Bihong 吳碧虹 (f)	65	–	–	–	65	–	65
Ms. Han Yan 韓雁 (g)	65	–	–	–	65	–	65
Supervisor							
Mr. Cui Cheng 崔成	–	307	45	55	407	–	407
Mr. Xie Denghuang 謝登煌 (i)	–	176	35	27	238	40	278
Ms. Liao Yating 廖雅婷 (j)	–	173	48	24	245	–	245
	<u>195</u>	<u>2,964</u>	<u>355</u>	<u>347</u>	<u>3,861</u>	<u>40</u>	<u>3,901</u>

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For the year ended 31 December 2025

	Directors’ fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (Note (k))	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Chairman							
Mr. Wen Jianwei 文建偉	–	759	3,730	90	4,579	–	4,579
Executive Directors							
Mr. Wen Jianxiong 文建雄 (a)	–	463	1,500	50	2,013	–	2,013
Mr. Gong Hui 龔暉	–	922	724	60	1,706	–	1,706
Mr. Cheng Yimin 程義敏 (b)	–	588	1,323	79	1,990	–	1,990
Mr. Lai Nai 賴鼎 (c)	–	374	519	30	923	1,243	2,166
Non-executive Director							
Mr. Jin Renzhong 金任忠 (d)	–	–	–	–	–	–	–
Mr. Wang Zanzhang 王贊章	–	–	–	–	–	–	–
Independent non- executive Director							
Mr. Xie Chunhua 謝春華 (e)	120	–	–	–	120	–	120
Ms. Wu Bihong 吳碧虹 (f)	120	–	–	–	120	–	120
Ms. Han Yan 韓雁 (g)	120	–	–	–	120	–	120
Mr. Yuan Chenjie 袁陳傑 (h)	46	–	–	–	46	–	46
Supervisor							
Mr. Cui Cheng 崔成	–	369	322	58	749	–	749
Mr. Xie Denghuang 謝登煌 (i)	–	300	443	52	795	77	872
Ms. Liao Yating 廖雅婷 (j)	–	335	550	45	930	–	930
	<u>406</u>	<u>4,110</u>	<u>9,111</u>	<u>464</u>	<u>14,091</u>	<u>1,320</u>	<u>15,411</u>

Notes:

- (a) Mr. Wen Jianxiong (文建雄) resigned from his position in July 2025.
- (b) Mr. Cheng Yimin (程義敏) is executive Director and deputy general manager. He was appointed as a Director in June 2024.
- (c) Mr. Lai Nai (賴鼎) acted as an executive Director since August 2025.
- (d) Mr. Jin Renzhong (金任忠) resigned from his position in July 2025.
- (e) Mr. Xie Chunhua (謝春華) was appointed as an independent director in June 2024.
- (f) Ms. Wu Bihong (吳碧虹) was appointed as an independent director in June 2024.

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- (g) Ms. Han Yan (韓雁) was appointed as an independent director in June 2024.
- (h) Mr. Yuan Chenjie (袁陳傑) was appointed as an independent director in August 2025.
- (i) Mr. Xie Denghuang (謝登煌) was appointed as a supervisor in June 2024.
- (j) Ms. Liao Yating (廖雅婷) was appointed as a supervisor in June 2024.
- (k) These represent the estimated value of the restricted shares (Note 30) granted to the directors and supervisors of the Company under the Company’s share award scheme. The value of these restricted shares is measured according to the Group’s accounting policy for share-based payment transactions as set out in Note 2(q)(ii). The details of the share award scheme are disclosed in Note 30.
- (l) During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 FIVE HIGHEST PAID INDIVIDUALS

The number of directors, supervisors and other employees included in the five highest paid individuals for the years ended December 31, 2023, 2024 and 2025 are set forth below:

	Year ended December 31,		
	2023	2024	2025
	Number of individuals	Number of individuals	Number of individuals
Directors and supervisors	—	—	2
Other employees	5	5	3
	5	5	5
	=	=	=

The emoluments of the directors and supervisors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid non-director/supervisor individuals, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and other benefits	3,834	4,112	2,225
Discretionary bonuses	1,340	1,587	4,368
Retirement scheme contributions	340	362	251
Share-based payments	2,080	8,430	5,548
	7,594	14,491	12,392
	<u>7,594</u>	<u>14,491</u>	<u>12,392</u>

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The emoluments of the remaining highest paid non-director/supervisor individuals are within the following bands:

	Year ended December 31,		
	2023	2024	2025
	Number of individuals	Number of individuals	Number of individuals
HK\$1,000,001 to HK\$1,500,000	1	—	—
HK\$1,500,001 to HK\$2,000,000	4	1	—
HK\$2,000,001 to HK\$2,500,000	—	1	—
HK\$3,000,001 to HK\$3,500,000	—	1	—
HK\$3,500,001 to HK\$4,000,000	—	1	1
HK\$4,500,001 to HK\$5,000,000	—	1	1
HK\$5,000,001 to HK\$5,500,000	—	—	1
	5	5	3
	=	=	=

During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share during the Track Record Period is based on the profit attributable to ordinary equity shareholders of the Company and the weighted-average number of ordinary shares in issue or deemed to be in issue for the respective period. The profit attributable to the contingently returnable ordinary shares held by the investors of ordinary shares with redemption right (see Note 25) and the number of such shares have been excluded from the calculation of basic earnings per share.

As described in Note 31(c)(i), the Company was converted from a limited liability company into a joint stock company with limited liability in July 2024. The Company’s paid-in-capital of RMB98,254,586 was converted into 98,254,586 shares with the par value of RMB1.00. For the purpose of computing basic earnings per share, the weighted average number of ordinary shares were deemed to be in issue before the Company’s conversion into a joint stock company with limited liability as if the above conversion had occurred on January 1, 2023, at the conversion ratio established in July 2024.

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- (i) Profit attributable to ordinary equity shareholders of the Company:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit for the year attributable to all equity shareholders of the Company	36,808	88,625	878,840
Allocation of profit for the year attributable to ordinary shares with redemption right issued to investors (Note 25)	(7,250)	(19,078)	(156,694)
Profit for the year attributable to ordinary equity shareholders of the Company . . .	<u>29,558</u>	<u>69,547</u>	<u>722,146</u>

- (ii) *Weighted-average number of ordinary shares*

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Ordinary shares (deemed to be) in issue at January 1, ...	88,922	88,922	102,160
Effect of issuance of ordinary shares (including those deemed to be in issue) .	–	6,999	–
Effect of ordinary shares with redemption right issued to investors (Note 25)	(17,516)	(20,649)	(18,215)
Weighted average number of ordinary shares (deemed to be) in issue at December 31, ...	<u>71,406</u>	<u>75,272</u>	<u>83,945</u>

- (b) **Diluted earnings per share**

During the Track Record Period, the effects of ordinary shares with redemption right issued to investors (Note 25) have not been included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares, and therefore the amounts of diluted earnings per share are the same as basic earnings per share.

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11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

The Group:

	Machinery and equipment	Office equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2023	20,832	6,029	434	5,829	234	33,358
Additions	338	1,905	3	13,060	8,786	24,092
Disposals	–	(664)	–	–	–	(664)
Transfers within property, plant and equipment	7,678	234	–	–	(7,912)	–
At December 31, 2023 and January 1, 2024	28,848	7,504	437	18,889	1,108	56,786
Additions	6,167	4,899	–	11,813	12,511	35,390
Disposals	(62)	–	–	–	–	(62)
Transfers within property, plant and equipment	9,409	60	–	–	(9,469)	–
At December 31, 2024 and January 1, 2025	44,362	12,463	437	30,702	4,150	92,114
Additions	4,890	9,420	2,678	2,650	36,314	55,952
Disposals	(159)	(124)	–	–	–	(283)
Transfers within property, plant and equipment	28,255	21	–	–	(28,276)	–
At December 31, 2025.	77,348	21,780	3,115	33,352	12,188	147,783
Accumulated depreciation:						
At January 1, 2023	(2,968)	(2,552)	(82)	(869)	–	(6,471)
Charge for the year (<i>Note 6(c)</i>)	(2,676)	(1,731)	(83)	(4,359)	–	(8,849)
Written back on disposals	–	630	–	–	–	630
At December 31, 2023 and January 1, 2024	(5,644)	(3,653)	(165)	(5,228)	–	(14,690)
Charge for the year (<i>Note 6(c)</i>)	(4,356)	(2,210)	(83)	(7,257)	–	(13,906)
Written back on disposals	42	–	–	–	–	42
At December 31, 2024 and January 1, 2025	(9,958)	(5,863)	(248)	(12,485)	–	(28,554)
Charge for the year (<i>Note 6(c)</i>)	(7,565)	(4,334)	(190)	(10,096)	–	(22,185)
Written back on disposals	148	91	–	–	–	239
At December 31, 2025.	(17,375)	(10,106)	(438)	(22,581)	–	(50,500)
Net book value:						
At December 31, 2023.	23,204	3,851	272	13,661	1,108	42,096
At December 31, 2024.	34,404	6,600	189	18,217	4,150	63,560
At December 31, 2025.	59,973	11,674	2,677	10,771	12,188	97,283

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The Company:

	Machinery and equipment	Office and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:						
At January 1, 2023	12,668	1,291	434	650	234	15,277
Additions	13	1,091	3	6,931	–	8,038
Disposals	(8,585)	(339)	–	–	–	(8,924)
Transfers within property, plant and equipment	–	234	–	–	(234)	–
At December 31, 2023 and January 1, 2024	4,096	2,277	437	7,581	–	14,391
Additions	25	428	–	105	–	558
At December 31, 2024 and January 1, 2025	4,121	2,705	437	7,686	–	14,949
Additions	165	1,178	2,678	1,133	7,366	12,520
Disposals	(133)	(9)	–	–	–	(142)
Transfers within property, plant and equipment	–	15	–	–	(15)	–
At December 31, 2025.	4,153	3,889	3,115	8,819	7,351	27,327
Accumulated depreciation:						
At January 1, 2023	(2,888)	(560)	(82)	(650)	–	(4,180)
Charge for the year	(1,064)	(524)	(83)	(2,079)	–	(3,750)
Written back on disposals	2,864	213	–	–	–	3,077
At December 31, 2023 and January 1, 2024	(1,088)	(871)	(165)	(2,729)	–	(4,853)
Charge for the year	(751)	(674)	(83)	(2,340)	–	(3,848)
At December 31, 2024 and January 1, 2025	(1,839)	(1,545)	(248)	(5,069)	–	(8,701)
Charge for the year	(781)	(834)	(190)	(2,495)	–	(4,300)
Written back on disposals	127	9	–	–	–	136
At December 31, 2025.	(2,493)	(2,370)	(438)	(7,564)	–	(12,865)
Net book value:						
At December 31, 2023.	3,008	1,406	272	4,852	–	9,538
At December 31, 2024	2,282	1,160	189	2,617	–	6,248
At December 31, 2025.	1,660	1,519	2,677	1,255	7,351	14,462

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12 RIGHT-OF-USE ASSETS

Reconciliation of carrying amount

The Group:

	Leased property
	<i>RMB’000</i>
Cost:	
At January 1, 2023	44,724
Additions	8,631
Disposals	(5,061)
Foreign currency translation	30
At December 31, 2023 and January 1, 2024	48,324
Additions	5,831
Disposals	(2,862)
Foreign currency translation	45
At December 31, 2024 and January 1, 2025	51,338
Additions	21,841
Disposals	(11,158)
Foreign currency translation	(66)
At December 31, 2025	61,955
Accumulated depreciation:	
At January 1, 2023	(7,229)
Charge for the year (<i>Note 6(c)</i>)	(10,849)
Written back on disposals	4,080
Foreign currency translation	(17)
At December 31, 2023 and January 1, 2024	(14,015)
Charge for the year (<i>Note 6(c)</i>)	(11,657)
Written back on disposals	1,387
Foreign currency translation	(22)
At December 31, 2024 and January 1, 2025	(24,307)
Charge for the year (<i>Note 6(c)</i>)	(10,966)
Written back on disposals	7,615
Foreign currency translation	43
At December 31, 2025	(27,615)
Net book value:	
At December 31, 2023	34,309
At December 31, 2024	27,031
At December 31, 2025	34,340

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The Company:

	Leased property
	<i>RMB'000</i>
Cost:	
At January 1, 2023	32,318
Additions	2,116
Disposals	<u>(4,251)</u>
At December 31, 2023 and January 1, 2024	30,183
Additions	2,369
Disposals	<u>(1,241)</u>
At December 31, 2024 and January 1, 2025	31,311
Additions	1,709
Disposals	<u>(272)</u>
At December 31, 2025	<u>32,748</u>
Accumulated depreciation:	
At January 1, 2023	(4,413)
Charge for the year	(5,951)
Written back on disposals	<u>3,810</u>
At December 31, 2023 and January 1, 2024	(6,554)
Charge for the year	(5,609)
Written back on disposals	<u>581</u>
At December 31, 2024 and January 1, 2025	(11,582)
Charge for the year	(5,850)
Written back on disposals	<u>98</u>
At December 31, 2025	<u>(17,334)</u>
Net book value:	
At December 31, 2023	<u>23,629</u>
At December 31, 2024	<u>19,729</u>
At December 31, 2025	<u>15,414</u>

The right-of-use assets of the Group are the properties leased for own use.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expense relating to short-term leases	1,377	1,381	3,741
Expense relating to leases of low-value assets. . .	<u>23</u>	<u>49</u>	<u>37</u>
	<u>1,400</u>	<u>1,430</u>	<u>3,778</u>

Details of total cash outflows for leases are set out in Note 19(d) and the maturity analysis of lease liabilities is set out in Note 24.

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13 INTANGIBLE ASSETS

The Group:

	IP Authorization	Software	Copyrights and others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:				
At January 1, 2023	3,105	437	23,507	27,049
Additions	<u>2,978</u>	<u>352</u>	<u>1,000</u>	<u>4,330</u>
At December 31, 2023 and January 1, 2024	6,083	789	24,507	31,379
Additions	<u>359</u>	<u>741</u>	<u>300</u>	<u>1,400</u>
At December 31, 2024 and January 1, 2025	6,442	1,530	24,807	32,779
Additions	<u>1,360</u>	<u>5,631</u>	<u>2,253</u>	<u>9,244</u>
At December 31, 2025	<u>7,802</u>	<u>7,161</u>	<u>27,060</u>	<u>42,023</u>
Accumulated amortisation:				
At January 1, 2023	(1,659)	(146)	(13,888)	(15,693)
Charge for the year (<i>Note 6(c)</i>).	<u>(1,174)</u>	<u>(210)</u>	<u>(6,600)</u>	<u>(7,984)</u>
At December 31, 2023 and January 1, 2024	(2,833)	(356)	(20,488)	(23,677)
Charge for the year (<i>Note 6(c)</i>).	<u>(810)</u>	<u>(367)</u>	<u>(3,464)</u>	<u>(4,641)</u>
At December 31, 2024 and January 1, 2025	(3,643)	(723)	(23,952)	(28,318)
Charge for the year (<i>Note 6(c)</i>).	<u>(370)</u>	<u>(714)</u>	<u>(333)</u>	<u>(1,417)</u>
At December 31, 2025	<u>(4,013)</u>	<u>(1,437)</u>	<u>(24,285)</u>	<u>(29,735)</u>
Net book value:				
At December 31, 2023	<u>3,250</u>	<u>433</u>	<u>4,019</u>	<u>7,702</u>
At December 31, 2024	<u>2,799</u>	<u>807</u>	<u>855</u>	<u>4,461</u>
At December 31, 2025	<u>3,789</u>	<u>5,724</u>	<u>2,775</u>	<u>12,288</u>

The amortisation charges during the Track Record Period are included in “selling and distribution expenses, administrative and other operating expenses, and research and development expenses” in the consolidated statements of profit or loss and other comprehensive income.

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The Company:

	Software
	<i>RMB'000</i>
Cost:	
At January 1, 2023	437
Additions	<u>352</u>
At December 31, 2023 and January 1, 2024	789
Additions	<u>741</u>
At December 31, 2024 and January 1, 2025	1,530
Additions	<u>3,431</u>
At December 31, 2025	<u>4,961</u>
Accumulated amortisation:	
At January 1, 2023	(146)
Charge for the year	<u>(211)</u>
At December 31, 2023 and January 1, 2024	(357)
Charge for the year	<u>(366)</u>
At December 31, 2024 and January 1, 2025	(723)
Charge for the year	<u>(478)</u>
At December 31, 2025	<u>(1,201)</u>
Net book value:	
At December 31, 2023	<u>432</u>
At December 31, 2024	<u>807</u>
At December 31, 2025	<u>3,760</u>

14 GOODWILL

On January 1, 2021, the Company acquired 94% equity interests in Artmem Technology Co., Ltd., at a total consideration of RMB50,292,000. The consideration exceeded fair value of 94% identifiable assets and liabilities of Artmem Technology Co., Ltd., by RMB7,086,000, which was recognized as goodwill.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group’s CGUs identified as follows:

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Artem Technology Co., Ltd	7,086	7,086	7,086

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The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the forecast period remain a constant. The key assumptions used in estimating the recoverable amount are as follows:

	As at December 31,		
	2023	2024	2025
Annual revenue growth rate	19.57%	9.14%	19.34%
Gross profit margin	10.70%	9.73%	16.20%
Growth rate beyond the forecast period	2.20%	2.20%	2.20%
Pre-tax discount rate	10.84%	12.54%	12.94%

As at 31 December 2023, 2024 and 2025, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of the CGU are RMB89,669,000, RMB73,614,000 and RMB2,358,937,000 respectively.

The following table sets forth the hypothetical changes of revenue and changes to the percentage points of pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at December 31, 2023, 2024 and 2025:

	As at December 31,		
	2023	2024	2025
Decrease in revenue	10.5%	10.4%	79.4%
Increase in discount rate	5.8%	4.2%	63.7%

The management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of Artmem Technology Co., Ltd. to exceed the recoverable amount of it for the years ended December 31, 2023, 2024 and 2025.

15 SUBSIDIARIES

Particulars of subsidiaries

During the Track Record Period and as at the date of this report, the Company has direct or indirect interests in the following subsidiaries:

Company name	Place and date of establishment	Particulars of issued and paid-up capital	Effective interest held by the Group				
			As at December 31,			At the date of this report	Principal activities and place of operation
			2023	2024	2025		
<i>Directly held by the Company</i>							
Rayson Technology (SZ) Limited 深圳晶存技術有限公司 (Note i)	The PRC/ January 19, 2022	RMB 50,000,000	100.00%	100.00%	100.00%	100.00%	Manufacturing, testing and sales of memory products in Shenzhen, Guangdong province, the PRC
Artem Technology Co., Ltd. 珠 海妙存科技有限公司 (Note ii) .	The PRC/ November 24, 2017	RMB 200,000,000	100.00%	100.00%	100.00%	100.00%	Research and development, design of flash memory controller chip, and research and development and sales of memory chips in Zhuhai, Guangdong province, the PRC

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Company name	Place and date of establishment	Particulars of issued and paid-up capital	Effective interest held by the Group				
			As at December 31,			At the date of this report	Principal activities and place of operation
			2023	2024	2025		
Rayson Technology (ZS) Limited 中山晶存技術有限公司 (Note iii)	The PRC/ March 25, 2024	RMB 185,000,000	NA	100.00%	100.00%	100.00%	Manufacturing, testing and sales of memory products in Zhongshan, Guangdong province, the PRC
RAYSON HI-TECH (HK) LIMITED 晶存科技(香港)有限 公司 (Note iv)	Hong Kong/ August 17, 2018	USD 2,557,900.00	99.70%	99.70%	99.70%	99.70%	Procurement of raw materials for memory products and sales of memory products in Hong Kong

Note i: The financial statements of this entity for the years ended December 31, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC (the PRC GAAP) and audited by Shenzhen Yuehua Certified Public Accountants (General Partnership) (深圳岳華會計師事務所(普通合夥)) and Zhonglian Certified Public Accountants Co., Ltd. Shenzhen Branch (中聯會計師事務所有限公司(深圳分所)), respectively. The audited financial statement of this entity for the year ended December 31, 2025 is not available. The official name of this entity is in Chinese. The English translation is for identification purposes only.

Note ii: The financial statements of this entity for the year ended December 31, 2023 and 2024 were prepared in accordance with the PRC GAAP and audited by Zhonglian Certified Public Accountants Co., Ltd. Shenzhen Branch (中聯會計師事務所有限公司(深圳分所)). The audited financial statement of this entity for the year ended 31 December 2025 is not available. The official name of this entity is in Chinese. The English translation is for identification purposes only.

Note iii: The audited financial statements of this entity for the year ended December 31, 2024 and 2025 are not available. The official name of this entity is in Chinese. The English translation is for identification purposes only.

Note iv: The financial statements of this entity for the years ended December 31, 2023 and 2024 were prepared in accordance with the Hong Kong Financial Reporting Standards for Private Entities and audited by The Dawn CPA & Co. (啟向會計師事務所). The audited financial statement of this entity for the year ended 31 December 2025 is not available.

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16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Prepayments for purchase of property, plant and equipment			
– third parties	1,108	2,636	3,511
	-----	-----	-----
Current			
Prepayments for materials and expenses	148,786	51,999	143,512
Other deposits and receivables	9,771	9,905	73,762
Value added tax recoverable.	32,704	28,235	155,736
Income tax recoverable.	136	702	–
Deferred expenses	1,154	3,678	14,084
	-----	-----	-----
	192,551	94,519	387,094
Less: loss allowance	(7,945)	(8,169)	(9,219)
	-----	-----	-----
	184,606	86,350	377,875
	-----	-----	-----
	185,714	88,986	381,386
	=====	=====	=====

The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Prepayments for purchase of property, plant and equipment			
– third parties	286	1,096	2,382
	-----	-----	-----
Current			
Prepayments for materials and expenses	331,378	668,015	1,556,919
Other deposits and receivables	266,332	357,338	391,289
Value added tax recoverable.	4,049	66	27,909
	-----	-----	-----
	601,759	1,025,419	1,976,117
Less: loss allowance	(127)	(547)	(1,151)
	-----	-----	-----
	601,632	1,024,872	1,974,966
	-----	-----	-----
	601,918	1,025,968	1,977,348
	=====	=====	=====

All of the prepayments, deposits and other receivables (including amounts due from related parties) are expected to be recovered or recognised as expense within one year, except for non-current prepayments which mainly represent deposits paid to suppliers for the purchases of property, plant and equipment.

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17 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprises:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	63,044	131,704	1,014,137
Semi-finished products and work in progress . . .	288,073	220,834	1,400,673
Finished goods	521,813	809,295	2,431,868
	<u>872,930</u>	<u>1,161,833</u>	<u>4,846,678</u>

The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	1,541	4,325	35,395
Semi-finished products and work in progress . . .	11,893	7,960	134,235
Finished goods	56,695	42,071	237,148
	<u>70,129</u>	<u>54,356</u>	<u>406,778</u>

(b) The analysis of the amount of inventories recognised as cost of sales and included in profit or loss is as follows:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount of inventories sold.	2,171,457	3,330,482	4,420,969
Write down of inventories	17,088	41,646	156,863
	<u>2,188,545</u>	<u>3,372,128</u>	<u>4,577,832</u>

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18 TRADE AND BILLS RECEIVABLES

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables – third parties	311,511	800,261	139,312
Bills receivables – third parties.	17,327	3,892	–
Less: loss allowance	(4,309)	(14,845)	(1,519)
	<u>324,529</u>	<u>789,308</u>	<u>137,793</u>

The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables			
– third parties	58,035	46,532	12,534
– related parties	303,298	351,844	369,191
	<u>361,333</u>	<u>398,376</u>	<u>381,725</u>
Bills receivables – third parties.	13,077	3,892	–
Less: loss allowance	(1,214)	(936)	(201)
	<u>373,196</u>	<u>401,332</u>	<u>381,524</u>

The Group and the Company derecognised the bills receivables issued by the major banks or the banks with qualified rating when the bill receivables are transferred to others through endorsement to suppliers or discounting to other banks. As at December 31, 2023, 2024 and 2025, bills receivables of RMB9,030,000, RMB2,103,000 and Nil, were transferred but not derecognised.

Aging analysis

As of the end of each reporting period, the aging analysis of trade and bills receivables, based on the revenue recognition date and net of loss allowance, is as follows:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Less than 3 months	297,028	629,742	135,985
More than 3 months but less than			
12 months	27,439	155,737	1,808
More than 1 year but less than			
2 years	4	3,829	–
More than 2 years but less than			
3 years	58	–	–
	<u>324,529</u>	<u>789,308</u>	<u>137,793</u>

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The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Less than 3 months	359,003	389,302	379,731
More than 3 months but less than 12 months	14,131	10,959	1,793
More than 1 year but less than 2 years	4	1,071	—
More than 2 years but less than 3 years	58	—	—
	<u>373,196</u>	<u>401,332</u>	<u>381,524</u>

Trade receivables are due within 0 to 90 days from the date of goods received by the customers. Further details on the Group’s credit policy and credit risk arising from trade receivables are set out in Note 32(a).

19 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group:

	As at December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	<u>119,510</u>	<u>285,668</u>	<u>462,846</u>
Cash and cash equivalents in the consolidated statements of financial position and the consolidated cash flow statements.	<u>119,510</u>	<u>285,668</u>	<u>462,846</u>

The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	<u>38,993</u>	<u>121,483</u>	<u>43,276</u>
Cash and cash equivalents in the statements of financial position of the Company	<u>38,993</u>	<u>121,483</u>	<u>43,276</u>

As at December 31, 2023, 2024 and 2025, cash and cash equivalents of the Group situated in Chinese Mainland amounted to RMB91,197,000, RMB217,415,000 and RMB130,351,000. Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

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(b) Reconciliation of profit before taxation to cash used in from operations:

	Notes	Years ended December 31,		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Profit before taxation		52,057	110,107	1,002,523
Adjustments for:				
Depreciation	6(c)	19,698	25,563	33,151
Amortisation of intangible assets	6(c)	7,984	4,641	1,417
Net gain on disposals of property, plant and equipment.	5	(15)	(68)	(268)
(Reversals)/provisions of impairment loss on trade and other receivables. . .	6(c)	(1,521)	11,078	(11,751)
Net loss on financial instruments	5	665	–	12,180
Finance costs	6(a)	52,722	74,013	92,970
Provision for write-down of inventories	17(b)	17,088	41,646	156,863
Equity settled share-based payment expenses	6(b)	3,666	19,398	21,939
Exchange (gain)/loss	5	(6,184)	2,242	24,353
Changes in working capital:				
Increase in inventories.		(208,132)	(330,549)	(3,841,708)
(Increase)/decrease in trade and bills receivables		(135,050)	(477,410)	641,767
(Increase)/decrease in prepayments, deposits and other receivables.		(96,604)	98,032	(290,780)
Increase in trade payables.		83,705	25,905	13,284
(Decrease)/increase in other payables and accruals.		(1,937)	3,275	42,701
Increase/(decrease) in deferred income.		3,568	(2,212)	(194)
Increase/(decrease) in contract liabilities		16,164	(74,564)	1,303,954
Increase/(decrease) in provisions		9,484	(1,677)	2,558
Cash used in operations		<u>(182,642)</u>	<u>(470,580)</u>	<u>(795,041)</u>

(c) Reconciliation of liabilities arising from financing activities:

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

	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	RMB'000 (Note 24)	RMB'000 (Note 25)	RMB'000
Balance at January 1, 2023	162,936	39,059	445,452	647,447
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	518,181	–	–	518,181
Repayment of bank loans and other borrowings	(211,662)	–	–	(211,662)
Capital element of lease rentals paid	–	(9,392)	–	(9,392)

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	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	RMB'000 (Note 24)	RMB'000 (Note 25)	RMB'000
Interest element of lease rentals paid	–	(1,462)	–	(1,462)
Interest paid	(12,198)	–	–	(12,198)
Total changes from financing cash flows	294,321	(10,854)	–	283,467
Other changes:				
Interests incurred during the year . .	12,521	1,462	–	13,983
Changes in carrying amount	–	–	37,325	37,325
Increase in lease liabilities	–	8,631	–	8,631
Termination of lease	–	(1,072)	–	(1,072)
Effect of exchange rate changes . . .	14	16	–	30
Total other changes	12,535	9,037	37,325	58,897
Balance at December 31, 2023	469,792	37,242	482,777	989,811

	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	RMB'000 (Note 24)	RMB'000 (Note 25)	RMB'000
Balance at January 1, 2024	469,792	37,242	482,777	989,811
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	949,380	–	–	949,380
Proceeds from investors	–	–	283,783	283,783
Repayment of bank loans and other borrowings	(503,730)	–	–	(503,730)
Capital element of lease rentals paid	–	(11,405)	–	(11,405)
Interest element of lease rentals paid	–	(1,294)	–	(1,294)
Interest paid	(22,639)	–	–	(22,639)
Total changes from financing cash flows	423,011	(12,699)	283,783	694,095
Other changes:				
Interests incurred during the year . .	23,922	1,294	–	25,216
Changes in carrying amount	–	–	46,951	46,951
Increase in lease liabilities	–	5,831	–	5,831
Termination of lease	–	(516)	–	(516)
Recognition of liabilities in relation to financial instruments issued to investors	–	–	26,749	26,749
Effect of exchange rate changes . . .	608	20	–	628
Total other changes	24,530	6,629	73,700	104,859
Balance at December 31, 2024	917,333	31,172	840,260	1,788,765

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	Bank loans and other borrowings	Lease liabilities	Redemption liabilities	Total
	RMB'000 (Note 23)	RMB'000 (Note 24)	RMB'000 (Note 25)	RMB'000
Balance at January 1, 2025	917,333	31,172	840,260	1,788,765
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	2,618,177	–	–	2,618,177
Repayment of bank loans and other borrowings	(1,464,224)	–	–	(1,464,224)
Capital element of lease rentals paid	–	(11,773)	–	(11,773)
Interest element of lease rentals paid	–	(1,138)	–	(1,138)
Interest paid	(45,109)	–	–	(45,109)
Total changes from financing cash flows	1,108,844	(12,911)	–	1,095,933
Other changes:				
Interests incurred during the year	47,369	1,138	–	48,507
Changes in carrying amount.	–	–	43,968	43,968
Increase in lease liabilities	–	21,841	–	21,841
Termination of lease	–	(3,968)	–	(3,968)
Recognition of liabilities in relation to financial instruments issued to investors	–	–	(884,228)	(884,228)
Effect of exchange rate changes	(15,696)	(140)	–	(15,836)
Total other changes	31,673	18,871	(840,260)	(789,716)
Balance at December 31, 2025	2,057,850	37,132	–	2,094,982

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprises the following:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating cash flows.	1,400	1,430	3,778
Within financing cash flows.	10,854	12,699	12,911
	12,254	14,129	16,689

20 TRADE PAYABLES

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	118,364	146,059	170,952
	118,364	146,059	170,952

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The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	15,851	28,175	231,608
	<u>15,851</u>	<u>28,175</u>	<u>231,608</u>

As of the end of each of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	118,364	146,018	170,911
1 year to 2 years	–	41	–
Over 2 years	–	–	41
	<u>118,364</u>	<u>146,059</u>	<u>170,952</u>

The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	15,851	28,134	231,567
1 year to 2 years	–	41	–
Over 2 years	–	–	41
	<u>15,851</u>	<u>28,175</u>	<u>231,608</u>

21 OTHER PAYABLES AND ACCRUALS

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages, bonus and benefits payable	11,505	14,256	56,545
Other tax payable	2,526	4,156	1,748
Other payables and accruals (i).	9,382	312	3,133
Other current liabilities.	1,264	184	15,032
	<u>24,677</u>	<u>18,908</u>	<u>76,458</u>

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The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages, bonus and benefits payable . . .	4,039	5,448	26,876
Other tax payable	617	1,926	570
Other payables and accruals (i)	—	—	1,449
Amounts due to related parties	9,047	66,506	891
Other current liabilities	650	140	12,900
	<u>14,353</u>	<u>74,020</u>	<u>42,686</u>

Note:

- (i) All other payables and accruals are expected to be settled within one year or are repayable on demand.

22 CONTRACT LIABILITIES

Contract liabilities represent receipts in advance from customers before the delivery of the goods recognised. Movement of contract liabilities are as follows:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	62,081	78,245	3,681
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(61,134)	(77,395)	(3,540)
Increase in contract liabilities as a result of billing in advance of sales activities	77,288	2,819	1,307,544
Foreign currency translation	10	12	(50)
Balance at the end of the year	<u>78,245</u>	<u>3,681</u>	<u>1,307,635</u>

The amounts of contract liabilities expected to be recognised as revenue after more than one year are RMB851,000, RMB846,000 and Nil as at December 31, 2023 and 2024, 2025. All of the other contract liabilities are expected to be recognised as revenue within one year.

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The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	3,056	5,004	1,075
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	(2,780)	(4,945)	(1,075)
Increase in contract liabilities as a result of billing in advance of sales activities	4,728	1,016	99,232
Balance at the end of the year	<u>5,004</u>	<u>1,075</u>	<u>99,232</u>

23 BANK LOANS AND OTHER BORROWINGS

The maturity profile for the interest-bearing bank loans and other borrowings of the Group and the Company at the end of each reporting period is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Short-term bank loans and other borrowings . . .	469,792	917,333	1,957,790
Long-term bank loans and other borrowings due within one year	—	—	460
	<u>469,792</u>	<u>917,333</u>	<u>1,958,250</u>
Non-current			
Long-term bank loans and other borrowings . . .	—	—	100,060
Less: Due within one year	—	—	(460)
	<u>—</u>	<u>—</u>	<u>99,600</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Short-term bank loans and other borrowings . . .	469,792	753,675	1,445,739
Long-term bank loans and other borrowings due within one year	—	—	460
	<u>469,792</u>	<u>753,675</u>	<u>1,446,199</u>
Non-current			
Long-term bank loans and other borrowings . . .	—	—	100,060
Less: Due within one year	—	—	(460)
	<u>—</u>	<u>—</u>	<u>99,600</u>

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(a) The analysis of the repayment schedule of bank loans is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	469,792	905,706	1,958,250
1 year to 2 years	—	—	99,600
	<u>469,792</u>	<u>905,706</u>	<u>2,057,850</u>

(b) The analysis of the repayment schedule of other borrowings is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	—	11,627	351,821
	—	<u>11,627</u>	<u>351,821</u>
	—	—	—

(c) Assets pledged as security and covenants for bank loans and other borrowings

At the end of each reporting period, the bank loans and other borrowings were secured and guaranteed as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank loans			
– Unsecured and guaranteed.	469,792	905,706	1,706,029
	<u>469,792</u>	<u>905,706</u>	<u>1,706,029</u>
Other borrowings			
– Secured and guaranteed	—	11,627	281,533
– Unsecured and guaranteed.	—	—	70,288
	—	<u>11,627</u>	<u>351,821</u>
	<u>469,792</u>	<u>917,333</u>	<u>2,057,850</u>

As at December 31, 2023, 2024 and 2025, certain bank loans and other borrowings granted to the Group were guaranteed by directors. The details are disclosed in Note 35(d). Directors confirmed that all such guarantees will be released before [REDACTED].

The Group’s other borrowings were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Inventory	—	106,881	208,517
	—	<u>106,881</u>	<u>208,517</u>
	—	—	—

Further details of the Group’s management of liquidity risk are set out in Note 32(b). As at December 31, 2023, 2024 and 2025, the directors of the Company confirmed that none of the covenants relating to drawn down facilities had been breached.

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24 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	10,653	11,187	12,442
After 1 year but within 2 years.	10,218	7,455	12,788
After 2 years but within 5 years	16,371	12,530	11,902
	26,589	19,985	24,690
	37,242	31,172	37,132

The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	4,993	5,517	6,231
After 1 year but within 2 years.	5,368	5,627	6,654
After 2 years but within 5 years	15,345	11,180	5,203
	20,713	16,807	11,857
	25,706	22,324	18,088

25 REDEMPTION LIABILITIES

Since the date of incorporation, the Company conducted several rounds of financing by issuing registered capital to certain independent investors.

Certain investors shall have the right to require the Company and/or Mr. Wen Jianwei, Mr. Wen Jianxiong and Xinyu Rayson Management Consulting Partnership (Limited Partnership) (“Rayson Management”) to purchase all or part of their registered capital upon the occurrence of any redemption events (the “repurchase rights”), including but not limited to the Company’s failure to complete a [REDACTED] within a specified time period, the controlling shareholders’ loss of control over the Company without obtaining written consent from the investors, and the founder’s breach of non-compete obligations.

The redemption price shall equal to the higher of (i) the original investment amount paid by the investors plus an annual rate of return of 8% or 10% for the period from the payment date of the investment amount up to the redemption date, less paid dividends; or (ii) a pro-rata share of the audited net asset value of the Company as at the last reporting date prior to the date of the redemption.

Upon the occurrence of any liquidation events, including but not limited to change in control events, some of the investors shall be entitled to be paid out of the funds and assets available for distribution, in priority, a liquidation preference amount equal to the original investment amount paid by the investors, plus an annual rate of return of 8% or 10% for the period from the payment date of the investment amount up to the payment date of the liquidation preference amount (including declared but unpaid dividends); and a pro-rata share of any remaining assets after distribution of the liquidation preference amount (the “liquidation preferences”).

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The Company’s contractual obligation to purchase its equity instruments for cash upon the occurrence of redemption events or liquidation events that are beyond the control of the Company gives rise to financial liabilities for the redemption amount and they are accounted for in accordance with Note 2(n). The change in the carrying amount of the redemption liabilities arising from remeasurement is recognised in profit or loss and included in “Finance cost”.

The movement of the carrying amount of redemption liabilities is set out below:

The Group and the Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	445,452	482,777	840,260
Recognition upon issuance of registered capital and grant of redemption rights	–	310,532	–
Changes in carrying amount	37,325	46,951	43,968
Discharge upon termination of repurchase rights	–	–	(884,228)
At the end of the year	<u>482,777</u>	<u>840,260</u>	<u>–</u>

On 30 June 2025, the Company entered into a supplemental investment agreement with some of the investors, pursuant to which the investors agreed to forgive their repurchase rights against the Company from 30 June 2025. Therefore, the Company’s obligations in respect of the repurchase rights in relation to these investors were terminated on 30 June 2025, and the corresponding carrying amount of the redemption liabilities was reclassified to equity where the occurrence of liquidation events (if any) is not beyond the control of the Company.

On 8 September 2025, the Company entered into a further supplemental investment agreement with the investors, Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management. According to the agreement,

- the investors’ liquidation preferences against the Company shall cease to be effective on the day before the date of the filing of the [REDACTED]. The Company’s obligations in respect of liquidation preferences were terminated and the corresponding carrying amount of redemption liabilities were reclassified to equity on the day before the date of the filing of the [REDACTED].
- the investors’ repurchase rights against Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management also ceased to be effective on the day before the date of the filing of the [REDACTED], provided that such cessation will be automatically reverted upon the occurrence of certain events such as the [REDACTED] being withdrawn by the Company voluntarily or rejected by the regulatory authorities. The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the repurchase rights granted by Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management; and (ii) the Company has not provided any guarantee for the repurchases rights granted by Mr. Wen Jianwei, Mr. Wen Jianxiong and Rayson Management in the event of a default by any of them.

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26 PROVISION

At the end of each reporting period, the provision was as follows:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Product warranties	8,011	6,547	8,715
Litigation (Note 34)	14,183	14,183	14,183
	<u>22,194</u>	<u>20,730</u>	<u>22,898</u>
Non-current			
Product warranties	2,440	2,227	2,617
	<u>24,634</u>	<u>22,957</u>	<u>25,515</u>

The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Product warranties	2,668	2,773	2,391
Litigation (Note 34)	14,183	14,183	14,183
	<u>16,851</u>	<u>16,956</u>	<u>16,574</u>
Non-current			
Product warranties	1,653	1,433	1,559
	<u>18,504</u>	<u>18,389</u>	<u>18,133</u>

Product warranties are made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group’s recent claim experience and is only made where a warranty claim is probable.

27 DEFERRED INCOME

Deferred income represented unamortised conditional government grants for compensating the Group for the cost of assets and will be recognised in profit or loss over the useful lives of these assets.

28 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Current taxation in the consolidated statements of financial position represents:

The Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	43,609	8,728	15,902
Provision for Chinese Mainland Income Tax and Hong Kong Profits Tax	12,149	27,213	115,782
Chinese Mainland Income Tax and Hong Kong Profits Tax paid	(47,030)	(20,039)	(54,541)
Balance at the end of the year	<u>8,728</u>	<u>15,902</u>	<u>77,143</u>

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The Company:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year	25,548	5,066	2,879
Provision for Chinese Mainland Income Tax . . .	4,848	8,341	31,278
Chinese Mainland Income Tax paid	(25,330)	(10,528)	(21,133)
Balance at the end of the year	<u>5,066</u>	<u>2,879</u>	<u>13,024</u>

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the statements of financial position of the Group and the movements during the year are as follows:

	Inventory provision	Credit loss allowance	Lease liabilities	Provisions	Deferred Income	Unrealised intra-group profit	Unused tax losses	Loss on swap	Right-of-use assets	Assets valuation appreciation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023	12,313	2,140	5,714	28	–	(307)	–	–	(5,502)	(1,418)	(40)	12,928
(Charged)/credited to profit or loss (Note 7(a))	(7,703)	(225)	(395)	2,347	–	390	1,127	–	579	945	40	(2,895)
Balance at December 31, 2023 and January 1, 2024 .	4,610	1,915	5,319	2,375	–	83	1,127	–	(4,923)	(473)	–	10,033
Credited/(charged) to profit or loss (Note 7(a))	2,046	1,780	(553)	(33)	–	1,787	(301)	–	794	473	–	5,993
Balance at December 31, 2024 and January 1, 2025 .	6,656	3,695	4,766	2,342	–	1,870	826	–	(4,129)	–	–	16,026
Credited/(charged) to profit or loss (Note 7(a))	10,949	(1,947)	(585)	378	173	(25,127)	7,100	1,827	373	–	–	(6,859)
Balance at December 31, 2025 .	<u>17,605</u>	<u>1,748</u>	<u>4,181</u>	<u>2,720</u>	<u>173</u>	<u>(23,257)</u>	<u>7,926</u>	<u>1,827</u>	<u>(3,756)</u>	<u>–</u>	<u>–</u>	<u>9,167</u>

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The components of deferred tax assets/(liabilities) recognised in the statements of financial position and the statements of financial position of the Company and the movements during the year are as follows:

	Inventory provision	Credit loss allowance	Lease liabilities	Provisions	Loss on swap	Right-of-use assets	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2023.	2,050	42	4,337	28	–	(4,186)	2,271
Credited/(charged) to profit or loss (<i>Note 7(a)</i>)	<u>(1,349)</u>	<u>159</u>	<u>(481)</u>	<u>2,347</u>	<u>–</u>	<u>642</u>	<u>1,318</u>
Balance at December 31, 2023 and January 1, 2024	701	201	3,856	2,375	–	(3,544)	3,589
Credited/(charged) to profit or loss (<i>Note 7(a)</i>)	<u>544</u>	<u>21</u>	<u>(507)</u>	<u>(33)</u>	<u>–</u>	<u>585</u>	<u>610</u>
Balance at December 31, 2024 and January 1, 2025	1,245	222	3,349	2,342	–	(2,959)	4,199
Credited/(charged) to profit or loss (<i>Note 7(a)</i>)	<u>473</u>	<u>(19)</u>	<u>(636)</u>	<u>378</u>	<u>1,827</u>	<u>647</u>	<u>2,670</u>
Balance at December 31, 2025	<u>1,718</u>	<u>203</u>	<u>2,713</u>	<u>2,720</u>	<u>1,827</u>	<u>(2,312)</u>	<u>6,869</u>

(ii) *Reconciliation to the consolidated statements of financial position*

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position . .	10,886	16,259	49,613
Net deferred tax liabilities recognised in the consolidated statements of financial position . .	<u>(853)</u>	<u>(233)</u>	<u>(40,446)</u>
	<u>10,033</u>	<u>16,026</u>	<u>9,167</u>

(c) **Deferred tax assets not recognised**

The following table presents the deductible temporary differences and cumulative tax losses as at December 31, 2023, 2024 and 2025, for which the Group did not recognize deferred tax assets as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	6,114	4,550	–
Cumulative tax losses	<u>142,730</u>	<u>178,563</u>	<u>–</u>
	<u>148,844</u>	<u>183,113</u>	<u>–</u>

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The expiration information of the Group’s cumulative tax losses in respect of which no deferred tax assets is recognized, is set out below:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2027	1,301	1,301	—
2028	16,640	16,640	—
2029	13,859	13,859	—
2030	12,399	12,399	—
2031	—	—	—
2032	51,518	51,518	—
2033	47,013	47,013	—
2034	—	35,833	—
	<u>142,730</u>	<u>178,563</u>	<u>—</u>

29 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group mainly participates in the social insurance schemes for its employees in Chinese Mainland.

The employees of the Company and its subsidiaries in Chinese Mainland are members of the state-managed retirement benefits schemes operated by the PRC government. They are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligations of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

30 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

For the purpose of providing incentives to the selected employees, two share award schemes, namely “**2020 Share Award Scheme**” and “**2021 Share Award Scheme**” were adopted, through two employees’ share incentive platforms, which are 新餘市晶存貳號科技研發合夥企業(有限合夥) (the “Rayson Erhao”) and 深圳市晶妙存研發合夥企業(有限合夥) (the “Jingmiaocun”).

Under the 2020 Share Award Scheme, total of 7,500,000, 775,000 and 16,290 restricted shares were granted to certain employee through the platform “Rayson Erhao” in November 2020, December 2020 and February 2025 respectively.

Under the 2021 Share Award Scheme, there are two batches of grants to certain employees through platform “Jingmiaocun”, which are 3,228,422 restricted shares in December 2021 (the “**First Batch**”), and 4,934,183 and 30,000 restricted shares in March 2024 and March 2025 respectively (the “**Second Batch**”).

(a) The terms and conditions of the grants are as follows:

For the restricted shares granted under the 2020 Share Award Scheme, it would vest from the grant date over a certain service period without performance condition requirements. For the restricted shares granted under the 2021 Share Award Scheme, it would vest in tranches from the grant date over a certain service period with performance condition requirements. Based on the vesting schedules, the awards shall be vested on straight-line basis at the anniversary years over the service period. Once the vesting conditions underlying the respective restricted shares are met, the restricted shares are considered duly and validly issued to the holders, with restrictions on transfer of such entitlements at any time during a period subject to the agreements and listing rules commencing on the date on which the shares of the Company are [REDACTED] (the “**Lock-up Period**”).

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(b) Movements in the number of restricted shares granted to employees are as follows:

	Numbers of restricted shares
	<i>(Note)</i>
Outstanding as at January 1, 2023	11,109,712
Granted during the year	4,934,183
Outstanding as at December 31, 2023, January 1, 2024 and December 31, 2024. . . .	16,043,895
Granted during the year	46,290
Forfeited during the year.	(56,816)
Outstanding as at December 31, 2025.	16,033,369

Note: In March 2025, there were 56,816 shares forfeited as an employee failed to meet the performance condition requirements.

The subscription price per restricted share is RMB1.00. No restricted share was vested as at December 31, 2023, 2024 and 2025.

The directors have used the equity allocation approach to determine the fair value of the restricted shares of the 2020 and 2021 Share Award Scheme.

(c) Fair value of restricted shares and assumptions

The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. Key valuation assumptions used to determine the fair value of the restricted shares are as follows.

	First Batch	Second Batch
Fair value at measurement date (RMB).	7.40	23.32
Expected volatility	48%	57%
Expected dividend yield	0%	0%
Risk-free interest rate.	2.69%	2.26%

The expected volatility is referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. No dividends are expected based on the historical record.

Changes in the subjective input assumption could materially affect the fair value estimate.

(d) Equity settled share-based transactions expenses recognised in the consolidated statements of profit or loss and other comprehensive income during the Track Record Period:

Share-based payment expense of RMB3,666,000, RMB19,398,000, and RMB21,939,000 are recognised as staff costs (Note 6(b)) in the consolidated statements of profit or loss and other comprehensive income for the year ended December 31, 2023, 2024 and 2025 respectively.

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31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of the year during the Track Record Period are set out below:

	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Retained earnings	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023	88,922	–	479,760	21,309	(414,539)	144,020	319,472
Changes in equity for 2023:							
Loss for the period	–	–	–	–	–	(6,184)	(6,184)
Equity-settled share-based transactions (<i>Note 30</i>)	–	–	3,666	–	–	–	3,666
At December 31, 2023 and January 1, 2024	88,922	–	483,426	21,309	(414,539)	137,836	316,954
Changes in equity for 2024:							
Profit for the period	–	–	–	–	–	6,425	6,425
Capital injection from investors before conversion into a joint stock company (<i>Note 31(b)</i>)	9,333	–	131,777	–	–	–	141,110
Equity settled share-based transactions (<i>Note 30</i>)	–	–	19,398	–	–	–	19,398
Conversion into a joint stock company (<i>Note 31(c)</i>)	(98,255)	98,255	267,533	(27,589)	–	(239,944)	–
Appropriation to statutory reserve (<i>Note 31(e)(ii)</i>)	–	–	–	6,280	–	(6,280)	–
Capital injection from investors after conversion into a joint stock company (<i>Note 31(c)(ii)</i>)	–	3,905	144,539	–	–	–	148,444
Recognition of liabilities in relation to financial instruments issued to investors (<i>Note 25</i>).	–	–	–	–	(310,532)	–	(310,532)
At December 31, 2024 and January 1, 2025	–	102,160	1,046,673	–	(725,071)	(101,963)	321,799
Profit for the period	–	–	–	–	–	131,643	131,643
Equity-settled share-based transactions (<i>Note 30</i>)	–	–	21,939	–	–	–	21,939
Appropriation to statutory reserve (<i>Note 31(e)(ii)</i>)	–	–	–	13,164	–	(13,164)	–
Discharge of redemption liabilities upon termination of redemption rights (<i>Note 25</i>).	–	–	–	–	884,228	–	884,228
At December 31, 2025	–	102,160	1,068,612	13,164	159,157	16,516	1,359,609

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(b) Paid-in capital

The paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	Paid-in capital
	RMB’000
At January 1, 2023, December 31, 2023 and January 1, 2024	88,922
Capital contribution from investors (<i>Note</i>)	9,333
Conversion into a joint stock limited liability company (<i>Note 31(c)(i)</i>)	(98,255)
At December 31, 2024 and 2025	—

Note: In March 2024, the Company entered into investment agreements with several investors, pursuant to which, the investors agreed to make a total investment of RMB135,337,874 in the Company as consideration of subscription for the Company’s paid-in capital of RMB3,560,586.

In March 2024, the Company received a total investment of RMB5,771,789 from investors with which entered into investment agreements in 2021 as consideration of subscription for the Company’s paid-in capital of RMB5,771,789.

(c) Share capital

	Number of shares	RMB’000
Ordinary shares, issued and fully paid:		
At January 1, 2023, December 31, 2023 and January 1, 2024	—	—
Issuance of new shares upon conversion into a joint stock		
limited liability company (<i>i</i>)	98,255	98,255
Capital contribution from investors (<i>ii</i>)	3,905	3,905
At December 31, 2024 and 2025	102,160	102,160

Notes:

- (i) On July 18, 2024, the Company was converted into a joint stock company with limited liability under the PRC Company Law. The net assets of the Company as of the conversion base date were converted into 98,254,586 ordinary shares with par value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company’s capital reserve.
- (ii) In December 2024, the Company entered into investment agreements with several investors, pursuant to which, the investors subscribed for 3,905,414 ordinary shares of the Company at a consideration of RMB148,444,817. The excess of the consideration of RMB148,444,817, over the increase in the share capital of RMB3,905,414, amounting to RMB144,539,403 was credited to capital reserve.

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(d) Dividends

No dividends have been declared by the Company during the Track Record Period.

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises (i) the portion of the grant date fair value of restricted shares granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments and (ii) the excess of the contributions from the shareholders of the Company over the total paid-in capital or ordinary shares issued.

(ii) PRC statutory reserve

According to the PRC laws, the PRC subsidiaries of the Group and the Company are required to set up two statutory reserve funds which are general reserve fund and staff general fund. General reserve fund was set up by appropriating at least 10% of the entity’s annual profit after taxation, as determined under PRC regulations, until the balance of the fund equals to 50% of the entity’s registered capital. This fund can be used to make up previous years’ losses or to convert into paid-in capital. Transfer from retained earnings to staff general fund is made at the discretion of the board of directors of the entities.

PRC statutory reserve in the Group’s consolidated statements of changes in equity represented the amount allocated for the Company.

(iii) Other reserve

Amounts arising from the following events are recognised in other reserve:

- (i) recognition of redemption liabilities upon issuance of registered capital and grant of redemption rights;
- (ii) discharge of redemption liabilities upon termination of redemption rights.

(iv) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

(f) Capital management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position and makes adjustments to the capital structure in light of changes in economic conditions.

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32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business.

The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables and other receivables. The Group’s exposure to credit risk arising from cash and cash equivalents and bills receivable are limited because the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have low credit risk.

Trade receivables and other receivables

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

As of December 31, 2023, 2024 and 2025, 7.20%, 9.94% and 0.09% of the total trade receivables was due from the Group’s largest customer in reporting period during the Track Record Period respectively, and 23.44%, 40.53% and 4.90% of the total trade receivables was due from the Group’s five largest customers in each year during the Track Record Period respectively.

In respect of trade receivables, individual credit 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 customer as well as pertaining to the economic environment in which the customer operates. Trade and bills receivables are due within 0 to 90 days from the date of goods received by the customer. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade 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 segments, 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 receivables which are assessed collectively as at the end of the reporting periods:

As at December 31, 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	RMB'000
Less than 3 months	0.7%	282,991	2,040
More than 3 months but less than 12 months	7.6%	28,399	2,150
More than 1 year but less than 2 years	50.0%	4	2
More than 2 years but less than 3 years	100.0%	117	117
		311,511	4,309
As at December 31, 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	RMB'000
Less than 3 months	0.5%	636,102	2,913
More than 3 months but less than 12 months	6.6%	159,837	10,589
More than 1 year but less than 2 years	30.0%	4,255	1,276
More than 3 years	100.0%	67	67
		800,261	14,845

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As at December 31, 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	RMB'000
Less than 3 months	1.0%	137,410	1,420
More than 3 months but less than 12 months	5.2%	1,902	99
		<u>139,312</u>	<u>1,519</u>

These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

Loss allowance made for bills receivables as of December 31, 2023, 2024 and 2025 was insignificant.

Loss allowances of trade receivables

Movement in the loss allowance account in respect of trade receivables during the years ended December 31, 2023, 2024 and 2025 is as follows:

As at December 31,			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	5,904	4,309	14,845
(Reversals of provisions)/provisions	(1,586)	10,435	(12,987)
Amounts written off	(50)	(5)	(64)
Foreign currency translation.	41	106	(275)
At the end of the year	<u>4,309</u>	<u>14,845</u>	<u>1,519</u>

Loss allowances of other receivables

Loss allowances in respect of other receivables are recorded using an allowance account unless the Group is satisfied that there is no reasonable expectation of further recoveries in which case the receivables are written off.

The movement in the loss allowances in respect of other receivables during the years ended December 31, 2023, 2024 and 2025 is as follows.

As at December 31,			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	7,315	7,489	8,169
Provisions.	65	643	1,236
Amounts written off	(16)	(73)	(27)
Foreign currency translation.	125	110	(159)
At the end of the year	<u>7,489</u>	<u>8,169</u>	<u>9,219</u>

(b) Liquidity risk

The Group’s policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern.

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The following table details the remaining contractual maturities as at the end of the reporting periods of the Group’s financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates on, if floating, based on rates current at the end of the reporting periods) and the earliest date the Group can be required to pay.

For borrowings subject to repayment on demand clause which can be exercised at the bank’s sole discretion, the maturity analysis shows the cash outflow based on expected repayment dates with reference to the schedule of repayments set out in the banking facilities letter.

As at December 31, 2023						
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	118,364	–	–	–	118,364	118,364
Other payables and accruals . .	24,677	–	–	–	24,677	24,677
Bank loans and other borrowings	480,082	–	–	–	480,082	469,792
Redemption liabilities	482,777	–	–	–	482,777	482,777
Lease liabilities	12,258	10,575	17,205	–	40,038	37,242
	<u>1,118,158</u>	<u>10,575</u>	<u>17,205</u>	<u>–</u>	<u>1,145,938</u>	<u>1,132,852</u>

As at December 31, 2024						
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	146,018	41	–	–	146,059	146,059
Other payables and accruals . .	18,908	–	–	–	18,908	18,908
Bank loans and other borrowings	934,142	–	–	–	934,142	917,333
Redemption liabilities	840,260	–	–	–	840,260	840,260
Lease liabilities	12,098	8,047	12,948	–	33,093	31,172
	<u>1,951,426</u>	<u>8,088</u>	<u>12,948</u>	<u>–</u>	<u>1,972,462</u>	<u>1,953,732</u>

As at December 31, 2025						
	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contractual undiscounted cash flow	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	170,952	–	–	–	170,952	170,952
Other payables and accruals . .	76,458	–	–	–	76,458	76,458
Bank loans and other borrowings	1,998,827	100,885	–	–	2,099,712	2,057,850
Lease liabilities	13,279	13,322	12,260	–	38,861	37,132
	<u>2,259,516</u>	<u>114,207</u>	<u>12,260</u>	<u>–</u>	<u>2,385,983</u>	<u>2,342,392</u>
Derivatives settled gross:						
Foreign currency swap contracts (note 32(d)(i)) . .						
- outflow	124,247	–	–	–	124,247	
- inflow	(112,067)	–	–	–	(112,067)	
	<u>12,180</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>12,180</u>	

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(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from the Group’s bank loans and other borrowings. Bank loans and other borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does use financial derivatives to hedge against the interest rate risk. However, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure. The Group’s interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group at the end of the reporting periods.

	As at December 31, 2023		As at December 31, 2024		As at December 31, 2025	
	Effective interest rate	Amount	Effective interest rate	Amount	Effective interest rate	Amount
		RMB’000		RMB’000		RMB’000
Fixed rate instruments:						
Bank loans and other borrowings	3.30%-4.00%	439,759	2.95%-10.80%	917,333	0.65%-8.80%	1,877,850
Lease liabilities	3.45%-4.56%	37,242	3.45%-4.56%	31,172	3.00%-3.56%	37,132
		477,001		948,505		1,914,982
Variable rate instruments:						
Bank loans and other borrowings	3.60%-3.80%	30,033		–	2.65%-2.90%	180,000
		507,034		948,505		2,094,982

(ii) Sensitivity analysis

As at December 31, 2023, 2024 and 2025, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have decrease/increase the Group’s profit after taxation and retained earnings by approximately RMB251,000, Nil and RMB1,530,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group’s profit/(loss) after taxation that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments the Group held at the end of the reporting periods, the impact on the Group’s profit after taxation is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis during the Track Record Period.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases which give rise to receivables, payables, and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars (“USD”), Hong Kong Dollars (“HKD”), Japanese Yen (“JPY”), Chinese Yuan (“CNY”). The Group manages this risk as follows:

(i) Recognised liabilities

Changes in the fair value of foreign currency swaps contracts that economically hedge monetary liabilities denominated in foreign currencies are recognised in profit or loss (see Note 5). The net fair value of foreign currency swaps contracts used by the Group as economic hedges of monetary liabilities denominated in foreign currencies at 31 December 2025 was RMB12,180,000, recognised as financial liabilities at FVTPL.

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(ii) Exposure to currency risk

The following table details the Group’s exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the period end date.

The Group’s exposures to foreign currencies are as follows:

	As at December 31,									
	2023			2024			2025			
	USD RMB’000	CNY RMB’000	HKD RMB’000	USD RMB’000	CNY RMB’000	HKD RMB’000	USD RMB’000	CNY RMB’000	HKD RMB’000	JPY RMB’000
Cash and cash equivalents	854	–	498	3,173	–	119	36,886	–	153	–
Trade and bills receivables	1,746,700	–	–	1,572,208	–	–	2,373,954	–	–	–
Other receivables	19,736	301	57	20,030	1	69	–	1	1,119	–
Bank loans and other borrowings	–	–	–	–	–	–	–	–	–	111,943
Trade payables	(1,266,525)	(23,974)	(191)	(580,276)	(26,365)	(20,650)	(1,142,204)	(31,525)	(258)	–
Other payables	–	(2,883)	(162)	–	(2,602)	(185)	–	(2,941)	(10,567)	–
Gross exposure arising from recognised assets and liabilities	500,765	(26,556)	202	1,015,135	(28,966)	(20,647)	1,268,636	(34,465)	(9,553)	111,943
Notional amounts of foreign currency swap contracts used as economic hedges	–	–	–	–	–	–	–	–	–	(112,067)
Net exposure arising from recognised assets and liabilities	500,765	(26,556)	202	1,015,135	(28,966)	(20,647)	1,268,636	(34,465)	(9,553)	(124)

(iii) Sensitivity analysis

The Group’s exposure at the end of the reporting period to currency risk is mainly arising from USD. A 5% strengthening of RMB against the USD at the reporting date is estimated that a general decrease the profit after taxation (and retained earnings) by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant.

		As at December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
USD	5%	21,283	43,061	53,901
	-5%	(21,283)	(43,061)	(53,901)

A 5% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities’ profit after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group’s presentation currency. The analysis is performed on the same basis during the Track Record Period.

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(e) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group’s financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

As at 31 December 2025, the only financial instruments of the Group carried at fair value were foreign currency swaps contracts. These instruments are measured at fair value on a recurring basis and their fair value measurements fall into Level 2 of the fair value hierarchy described above. The fair value of the foreign currency swaps is determined by the difference between the contractual forward rate and the current forward rate.

(f) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at amortised cost are not materially different from their fair values as at December 31, 2023, 2024 and 2025.

33 COMMITMENTS

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contracted for acquisition of property, plant and equipment	8,438	449	4,954
	<u>8,438</u>	<u>449</u>	<u>4,954</u>

34 CONTINGENT LIABILITY

The Company are currently involved in a trade secret legal proceedings in China, where a third party (the “Plaintiff”) filed a claim against the Company and two of its employees in 2020, alleging misappropriation of its trade secrets and seeking joint compensation as well as an injunction to cease the alleged unfair competition. The trade secrets at issue primarily relate to technologies the Company utilized prior to the commencement of the Track Record Period.

In 2023, the first-instance court rendered a first-instance judgment partially in favor of the Plaintiff and ordered the Company to pay compensation of approximately RMB14.2 million. In accordance with the principle of prudence, the Company made a full provision for this amount in 2023. (see Note 5).

As the Company disagree with this judgement, it subsequently filed an appeal to the appellate court, seeking to overturn the decision and dismiss all claims brought by the Plaintiff. As of the date of this report, the appeal has been accepted and remains in progress.

The management are of the view that the risk of any further economic outflow is remote and haven’t make further provisions, primarily because (i) the Company have solid grounds to argue that the Plaintiff’s allegations are unfounded, and (ii) the Company have already made full provision based on the first-instance judgment,

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notwithstanding the Company’s disagreement with that judgment. In addition, the revenue and profit attributable to the accused technologies during the Track Record Period were minimal, as the technologies subject to the allegations have since been replaced by more advanced technologies.

35 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the Track Record Period, the directors are of the view that the following are related parties of the Group:

Name of related party	Relationship with the Group
Mr. Wen Jianwei 文建偉	Controlling shareholder, executive director, chairman of Board and general manager
Mr. Wen Jianxiong 文建雄 (i)	Director
Xinyu Jingcun Management Consulting Partnership Enterprise (Limited Partnership) 新余市晶存管理諮詢合夥企業(有限合夥)*	Controlled by controlling shareholder
Guizhou Yile Management Consulting Partnership (Limited Partnership) 貴州以樂管理諮詢合夥企業(有限合夥) (Used name: 貴安新區樂美管理諮詢合夥企業(有限合夥)及新余市樂美管理諮詢合夥企業(有限合夥))*	Controlled by controlling shareholder

(i) Mr. Wen Jianxiong (文建雄) resigned from his position in July 2025.

* The official names of these entities are in Chinese. The English translation of the names are for identification purpose only.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Group’s directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, wages and other benefits	4,191	4,837	5,160
Discretionary bonuses	1,472	1,102	10,628
Contributions to defined contribution retirement plans	443	455	530
Equity-settled share-based payment expenses (Note 30)	593	7,181	8,862
	<u>6,699</u>	<u>13,575</u>	<u>25,180</u>

Total remuneration is included in “staff costs” (see Note 6(b)).

In addition to the related party information disclosed elsewhere in the Historical Financial Information, the Group entered into the following material related party transactions.

(c) Balances with related parties

There are no significant related party balances that need to be disclosed.

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(d) Guarantees provided by related parties

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Banking facilities granted to the Group with guarantees by related parties	881,429	2,220,800	2,981,440
	<u>881,429</u>	<u>2,220,800</u>	<u>2,981,440</u>

Note: Certain facilities granted to the Group were guaranteed by certain directors.

36 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information.

	Effective for accounting periods beginning on or after
Contracts Referencing Nature-dependent Electricity	January 1, 2026
Classification and Measurement of Financial Instruments – Amendments to IFRS9 and IFRS7.	January 1, 2026
Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18 Presentation and Disclosure in Financial Statements	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Historical Financial Information of the Group, except for the following:

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

37 SIGNIFICANT NON-ADJUSTING EVENTS AFTER THE TRACK RECORD PERIOD

There was no material non-adjusting event after the Track Record Period up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENT

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