

APPENDIX I

ACCOUNTANTS’ REPORT

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU UIGREEN MICRO&NANO TECHNOLOGIES CO., LTD., GUOTAI JUNAN CAPITAL LIMITED AND CHINA SECURITIES (INTERNATIONAL) CORPORATE FINANCE COMPANY LIMITED

Introduction

We report on the historical financial information of Suzhou UIGreen Micro&Nano Technologies Co., Ltd. (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

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Certified Public Accountants

Hong Kong

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I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	285,514	567,900	864,186
Cost of sales		(225,807)	(478,126)	(706,403)
Gross profit.		<u>59,707</u>	<u>89,774</u>	<u>157,783</u>
Other income and gains	5	32,911	23,968	11,516
Selling and marketing expenses		(19,362)	(25,234)	(33,088)
Administrative expenses		(30,871)	(35,709)	(42,901)
Research and development expenses		(72,169)	(56,943)	(63,357)
Impairment losses on financial and contract assets, net.		(2,952)	(4,319)	(1,187)
Other expenses		(1,029)	(6,008)	(1,903)
Finance costs	7	(178)	(1,247)	(357)
Share of profits and losses of associates		(432)	(1,187)	(191)
(LOSS)/PROFIT BEFORE TAX	6	(34,375)	(16,905)	26,315
Income tax credit	10	13,468	8,266	3,480
(LOSS)/PROFIT FOR THE YEAR		<u>(20,907)</u>	<u>(8,639)</u>	<u>29,795</u>
Attributable to:				
Owners of the parent		(20,939)	(8,708)	29,792
Non-controlling interests		32	69	3
		<u>(20,907)</u>	<u>(8,639)</u>	<u>29,795</u>
(LOSS)/EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE PARENT				
Basic (<i>RMB</i>)	12	(0.14)	(0.06)	0.20
Diluted (<i>RMB</i>)	12	<u>(0.14)</u>	<u>(0.06)</u>	<u>0.20</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(LOSS)/PROFIT FOR THE YEAR	(20,907)	(8,639)	29,795
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(402)	81	909
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX.	(402)	81	909
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR.	<u>(21,309)</u>	<u>(8,558)</u>	<u>30,704</u>
Attributable to:			
Owners of the parent	(21,340)	(8,632)	30,708
Non-controlling interests	31	74	(4)
	<u>(21,309)</u>	<u>(8,558)</u>	<u>30,704</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	294,338	343,146	374,759
Right-of-use assets	14	27,010	26,785	22,884
Goodwill	18	6,328	726	726
Other intangible assets	15	8,168	9,383	13,635
Investments in associates	17	6,303	10,122	9,804
Financial assets at fair value through profit or loss	24	10,000	16,000	10,358
Prepayments, other receivables and other assets	23	12,961	5,431	43,255
Deferred tax assets	19	9,012	17,583	21,425
Total non-current assets		374,120	429,176	496,846
CURRENT ASSETS				
Inventories	20	70,228	98,820	104,921
Trade and bills receivables at amortised cost	21	116,524	190,457	208,036
Contract assets		—	—	156
Bills receivable at fair value through other comprehensive income	22	5,242	8,036	22,840
Prepayments, other receivables and other assets	23	99,858	70,962	23,381
Tax recoverable		35	69	4,743
Financial assets at fair value through profit or loss	24	—	518,952	—
Restricted cash	25	5,374	788	—
Cash and cash equivalents	25	706,998	90,808	614,970
Total current assets		1,004,259	978,892	979,047

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		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and other payables	26	104,579	167,900	198,944
Contract liabilities	27	152	459	705
Interest-bearing bank borrowings	28	29,784	12,010	30,019
Lease liabilities	14	2,341	3,590	2,537
Amounts due to a related company	36(b)	—	817	2,231
Tax payable		31	4	58
Total current liabilities		136,887	184,780	234,494
NET CURRENT ASSETS		867,372	794,112	744,553
TOTAL ASSETS LESS CURRENT LIABILITIES				
		1,241,492	1,223,288	1,241,399
NON-CURRENT LIABILITIES				
Lease liabilities	14	3,569	2,417	62
Provision		—	282	73
Deferred income	29	13,333	11,805	13,378
Total non-current liabilities		16,902	14,504	13,513
Net assets		1,224,590	1,208,784	1,227,886
EQUITY				
Equity attributable to owners of the parent				
Share capital	30	89,874	116,836	151,888
Reserves	32	1,134,685	1,091,843	1,075,897
		1,224,559	1,208,679	1,227,785
Non-controlling interests		31	105	101
Total equity		1,224,590	1,208,784	1,227,886

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Reserve fund*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 32	Note 31	Note 32	Note 32				
As at 1 January 2023.	89,874	999,482	39,952	17,735	(319)	111,005	1,257,729	—	1,257,729
Loss for the year	—	—	—	—	—	(20,939)	(20,939)	32	(20,907)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	(401)	—	(401)	(1)	(402)
Total comprehensive loss for the year	—	—	—	—	(401)	(20,939)	(21,340)	31	(21,309)
Share-based payments	—	—	2,550	—	—	—	2,550	—	2,550
Dividends declared and paid . . .	—	—	—	—	—	(14,380)	(14,380)	—	(14,380)
As at 31 December 2023	89,874	999,482	42,502	17,735	(720)	75,686	1,224,559	31	1,224,590

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Reserve fund*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	Note 32	Note 31	Note 32	Note 32				
As at 1 January 2024.	89,874	999,482	42,502	17,735	(720)	75,686	1,224,559	31	1,224,590
Loss for the year	—	—	—	—	—	(8,708)	(8,708)	69	(8,639)
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	76	—	76	5	81
Total comprehensive loss for the year	—	—	—	—	76	(8,708)	(8,632)	74	(8,558)
Share-based payments	—	—	(64)	—	—	—	(64)	—	(64)
Capitalisation issue of shares . . .	26,962	(26,962)	—	—	—	—	—	—	—
Dividends declared and paid . . .	—	—	—	—	—	(7,190)	(7,190)	—	(7,190)
Others**	—	6	—	—	—	—	6	—	6
As at 31 December 2024	116,836	972,526	42,438	17,735	(644)	59,788	1,208,679	105	1,208,784

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Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Capital reserve*	Share-based payment reserve*	Reserve fund*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 Note 30	RMB'000 Note 32	RMB'000 Note 31	RMB'000 Note 32	RMB'000 Note 32	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025.	116,836	972,526	42,438	17,735	(644)	59,788	1,208,679	105	1,208,784
Profit for the year	—	—	—	—	—	29,792	29,792	3	29,795
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations.	—	—	—	—	916	—	916	(7)	909
Total comprehensive income for the year	—	—	—	—	916	29,792	30,708	(4)	30,704
Share-based payments	—	—	(2,486)	—	—	—	(2,486)	—	(2,486)
Capitalisation issue of shares . . .	35,052	(35,052)	—	—	—	—	—	—	—
Dividends declared	—	—	—	—	—	(9,347)	(9,347)	—	(9,347)
Transfer from retained profits . .	—	—	—	1,842	—	(1,842)	—	—	—
Others**	—	231	—	—	—	—	231	—	231
As at 31 December 2025	151,888	937,705	39,952	19,577	272	78,391	1,227,785	101	1,227,886

* These reserve accounts represent the total consolidated reserves of RMB1,134,685,000, RMB1,091,843,000 and RMB1,075,897,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

** Others represented increased share of net assets in Jiangsu Furui Weina Sensor Technology, Co., Ltd., an associate of the Company, due to capital injection from other investors.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(34,375)	(16,905)	26,315
Adjustments for:				
Depreciation of property, plant and equipment	6,13	36,955	48,487	58,473
Depreciation of right-of-use assets	6,14	1,594	3,502	4,126
Amortisation of other intangible assets	6,15	621	1,151	1,422
Share-based payment expenses	6,31	2,550	(64)	(2,486)
Share of profits and losses of associates	17	432	1,187	191
Impairment losses on financial and contract assets	6	2,952	4,319	1,187
Impairment of goodwill	6,18	—	5,602	—
Impairment losses on inventories	6,20	11,656	13,214	15,393
Finance costs	7	178	1,247	357
Bank interest income	5	(10,068)	(8,409)	(1,926)
Fair value gains on financial assets at fair value through profit or loss	5,6	—	(952)	(358)
Investment income from structured deposits	5,6	(12,180)	(6,283)	(4,798)
Investment income from financial instruments at amortised cost	5,6	(253)	(377)	(388)
Foreign exchange differences, net	6	(1,881)	270	743
Losses on disposal of items of property, plant and equipment and other intangible assets, net	6	928	133	833
Gain on partial disposal of interest in an associate	5	—	—	(642)
		<u>(891)</u>	<u>46,122</u>	<u>98,442</u>

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Increase in inventories		(20,341)	(41,806)	(21,494)
Increase in trade and bills receivables		(57,728)	(78,019)	(19,925)
Increase in contract assets		—	—	(164)
Decrease/(increase) in bills receivable at fair value through other comprehensive income		23,196	(2,794)	(14,804)
Decrease in prepayments, other receivables and other assets		8,805	10,261	12,137
Decrease in restricted cash		—	303	788
Increase in trade and other payables		23,002	72,061	20,445
(Decrease)/increase in contract liabilities		(739)	307	246
Increase in amount due to a related company		—	817	1,414
Increase/(decrease) in deferred income		753	(1,528)	1,573
Increase/(decrease) in provision		—	282	(209)
Cash generated (used in)/from operations		(23,943)	6,006	78,449
Interest received		10,068	8,409	1,926
Income tax refunded/(paid)		2,819	(366)	(5,061)
Net cash flows (used in)/from operating activities		(11,056)	14,049	75,314

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		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of structured deposits		(2,169,800)	(3,544,000)	(2,360,000)
Proceeds received upon maturity of structured deposits.		2,929,693	3,032,682	2,884,061
Purchase of financial instruments at amortised cost.		(370,964)	(921,512)	(1,216,254)
Proceeds received upon maturity of financial instruments at amortised cost . . .		281,216	949,089	1,279,443
Purchases of unlisted equity investments measured at fair value through profit or loss		(10,000)	(6,000)	—
Proceeds from disposal of unlisted equity investments measured at fair value through profit or loss.		—	—	6,000
Purchases of items of property, plant and equipment and right-of-use assets.		(97,233)	(106,590)	(128,654)
Purchases of other intangible assets		(5,169)	(2,366)	(5,674)
Proceeds from disposal of items of property, plant and equipment		869	184	5
Acquisition of a subsidiary	33	(4,858)	—	—
Investment in associates		(6,400)	(5,000)	—
Proceeds from disposal of investments in an associate.		—	—	1,000
Placement of restricted cash		(4,209)	—	—
Withdrawal of restricted cash		—	4,209	—
Net cash flows from/(used in) investing activities.		543,145	(599,304)	459,927

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		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank loans		29,764	12,000	30,000
Repayment of bank loans		—	(29,764)	(12,000)
Lease payments		(951)	(3,313)	(3,820)
[REDACTED] expense paid		[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid		(14,380)	(7,190)	(9,347)
Interest paid		(70)	(1,074)	(161)
Lease deposits paid and others		(30)	(1,047)	(582)
Net cash flows from/(used in) financing activities		14,333	(30,388)	(12,418)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
Cash and cash equivalents at beginning of year		546,422	(615,643)	522,823
Effect of foreign exchange rate changes, net		1,745	(547)	1,339
Cash and cash equivalents at end of year		706,998	90,808	614,970
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	25	712,372	91,596	614,970
Less: Restricted cash	25	(5,374)	(788)	—
Cash and cash equivalents as stated in the consolidated statements of cash flows and statements of financial position		706,998	90,808	614,970

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	291,921	335,124	367,534
Right-of-use assets	14	21,407	22,384	20,889
Other intangible assets	15	6,309	7,834	10,628
Investments in subsidiaries	16	25,100	29,560	41,680
Investments in associates	17	6,303	10,122	9,804
Financial assets at fair value through profit or loss	24	10,000	16,000	10,358
Prepayments, other receivables and other assets	23	12,416	5,059	42,988
Deferred tax assets	19	7,948	16,359	19,423
Total non-current assets		381,404	442,442	523,304
CURRENT ASSETS				
Inventories	20	68,143	97,494	103,649
Trade and bills receivables at amortised cost	21	109,155	184,338	198,879
Bills receivable at fair value through other comprehensive income.	22	5,242	8,036	22,840
Prepayments, other receivables and other assets	23	98,931	69,169	22,348
Tax recoverable		—	—	4,730
Financial assets at fair value through profit or loss	24	—	518,952	—
Amounts due from subsidiaries	16	19,482	17,498	16,558
Restricted cash	25	1,091	—	—
Cash and cash equivalents.	25	685,168	72,763	593,709
Total current assets.		987,212	968,250	962,713

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	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CURRENT LIABILITIES				
Trade and other payables	26	93,697	160,359	191,334
Contract liabilities	27	152	314	669
Interest-bearing bank borrowings	28	29,784	12,010	30,019
Amounts due to subsidiaries and a related company	16	185	962	2,894
Lease liabilities	14	—	885	448
Total current liabilities		123,818	174,530	225,364
NET CURRENT ASSETS		863,394	793,720	737,349
TOTAL ASSETS LESS CURRENT LIABILITIES				
		1,244,798	1,236,162	1,260,653
NON-CURRENT LIABILITIES				
Lease liabilities	14	—	448	—
Provision		—	282	73
Deferred income	29	13,333	11,805	13,378
Total non-current liabilities		13,333	12,535	13,451
Net assets		1,231,465	1,223,627	1,247,202
EQUITY				
Share capital	30	89,874	116,836	151,888
Reserves	32	1,141,591	1,106,791	1,095,314
Total equity		1,231,465	1,223,627	1,247,202

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People’s Republic of China (“**PRC**”) with limited liability on 18 June 2012 and was converted into a joint stock company on 23 December 2019. The Company’s ordinary shares were listed on the Science and Technology Innovation Board of the Shanghai Stock Exchange on 29 March 2021. The registered office of the Company is located at No. 80 Emeishan Road, Hi-tech Industrial Development Zone, Suzhou, Jiangsu Province, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “**Group**”) were principally engaged in the research and development, design, production and sales of micro-electro-mechanical system (“**MEMS**”) micro- and nanofabrication components, semiconductor test probes and miniature transmission systems.

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

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
UIGREEN CO., Ltd.	(a)	Japan/ 28 December 2021	JPY160,000,000	—	100	Research and development (“ R&D ”), production and sales of semiconductor test probes and MEMS micro-and nanofabrication components
蘇州和林微納科技貿易有限公司 Suzhou UIGreen Technology Trading Co., Ltd.	(a)	PRC/Chinese mainland/ 22 October 2021	RMB5,000,000	100	—	Sales of semiconductor test probes and MEMS micro-and nanofabrication components
蘇州工業園區和林微納科技有限公司 Suzhou Industrial Park UIGreen Micro and Nano Technologies Co., Ltd.	(a)	PRC/Chinese mainland/ 27 September 2021	RMB50,000,000	100	—	Technology development, provision of technical services, equipment sales
蘇州永科電子設備有限公司 Yoke Microtronics (Suzhou) Co., Ltd.	(b)	PRC/Chinese mainland/ 6 May 2016	RMB3,417,550	—	100	R&D, production and sales of semiconductor equipment and precision mechanical products
UIGREEN AMERICA, INC.	(a)	United States of America/ 25 April 2023	USD10	—	90	Sales of semiconductor test probes and MEMS micro-and nanofabrication components
UIGreen Switzerland AG.	(a)	Switzerland/ 17 January 2024	CHF 1,000,000	—	100	R&D, production and sales of micro automation equipment
UIGREEN SINGAPORE PTE. LTD . .	(a)	Singapore/ 27 May 2025	SGD 500,000	—	100	Sales of semiconductor test probes and MEMS micro-and nanofabrication components

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Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered paid-in capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
UIGREEN HONG KONG LIMITED.	(a)	Hong Kong/ 8 July 2025	HKD10,000,000	100	—	Sales of semiconductor test probes and MEMS micro-and nanofabrication components

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

- (a) No audited financial statements have been prepared for these entities for the years ended 31 December 2023, 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations.
- (b) The subsidiary was acquired by the Group in 2023 and details of which were set out in note 33 to the Historical Financial Information. The statutory financial statements of Yoke Microtronics (Suzhou) Co., Ltd. for the year ended 31 December 2024 prepared in accordance with generally accepted accounting principles in Chinese mainland have been audited by 天衡會計師事務所(特殊普通合伙) (Talent Certified Public Accountants), a certified public accounting firm registered in Chinese mainland. No audited financial statements have been prepared for the year ended 31 December 2023. Up to the date of this report, the statutory financial statements for the year ended 31 December 2025 have not yet to be issued.

2.1 BASIS OF PREPARATION

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

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

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods.

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

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

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

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- ¹ Effective for annual periods beginning on or after 1 January 2026
² Effective for annual/reporting periods beginning on or after 1 January 2027
³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

The Group has already commenced an assessment of the impact of other new and amended IFRS Accounting Standards, which are relevant to the Group’s operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these new and amended IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results of associates is included in the consolidated statement of profit or loss, respectively. In addition, when there has been a change recognised directly in the equity of the associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

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Business combinations and goodwill

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

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

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

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset’s recoverable amount is estimated. An asset’s recoverable amount is the higher of the asset’s or

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cash-generating unit’s value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

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

Related parties

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

- (a) the party is a person or a close member of that person’s family and that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;

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

Property, plant and equipment and depreciation

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

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

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

Buildings	4.75% to 33.33%
Machinery	9.50% to 19.00%
Vehicles	19.00% to 31.67%
Office equipment and tools	9.50% to 19.00%
Electronic devices	19.00% to 31.67%

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 10 years, which is mainly determined by reference to the authorised period of the purchased software.

Research and development costs

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

Leases

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

Group as a lessee

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

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(a) *Right-of-use assets*

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

Leasehold land	50 years
Machinery equipment	2 years
Plant and properties	2 to 3 years

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

(b) *Lease liabilities*

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and tools and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

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Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

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

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and

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rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group’s continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

General approach

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

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

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

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

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

- Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group’s financial liabilities include payables and interest-bearing bank borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same

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taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

There are no significant variable consideration and financing component for the Group’s revenue from contracts with customers.

Sales of goods

The Group provides MEMS micro- and nanofabrication components under non-vendor managed inventory consignment sales and vendor managed inventory consignment sales models, semiconductor test probes as well as miniature transmission systems.

Non-vendor managed inventory (“VMI”) consignment sales

Revenue from sales of non-VMI consignment products is recognised at the point in time when control of the products has transferred to the customers, generally when the products are accepted by the customer or at the point of on board, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed.

VMI consignment sales

For VMI consignment products, as agreed in the sales contract, products are considered delivered when accepted by the customer.

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Rental income

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

Other income

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

Contract assets

If we perform by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognized for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Share-based payments

The Company operates a restricted share incentive scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value of the share option is determined using the Black-Scholes option pricing model. Further details of which are given in note 31 to the Historical Financial Information.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but

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without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

Housing fund and other social insurances

The employees of the Group’s subsidiaries in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases

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when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

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

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

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

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For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB using the month-end exchange rate immediately preceding the cash flow transaction date. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Determining significant influence over entities for the Group holding less than 20% equity interest

The Group held 5.0%, 4.8% and 4.47% equity interest in Jiangsu Furui Weina Sensor Technology Co., Ltd as at 31 December 2023, 2024 and 2025, respectively, and the Group also held 10% equity interest in Suzhou Yuanxin Private Equity Fund Management Co., Ltd. as at 31 December 2025, which were less than 20%, the Company’s management considers that the Group has significant influence in the two entities. The Group was able to appoint director representative and had the right to participate in the financial and operating policy decisions of Jiangsu Furui Weina Sensor Technology Co., Ltd. and Suzhou Yuanxin Private Equity Fund Management Co., Ltd. Accordingly, the Group accounted for its interests in Jiangsu Furui Weina Sensor Technology Co., Ltd. and Suzhou Yuanxin Private Equity Fund Management Co., Ltd. as associates under equity method during the Relevant Periods.

Deferred tax assets

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

As at 31 December 2023, 2024 and 2025, the Group had accumulated tax losses of RMB200,101,000, RMB228,915,000 and RMB216,377,000 carried forward, of which nil, RMB2,665,000 and RMB7,569,000 tax losses related to subsidiaries that have a history of operating losses, which may not be used to offset taxable income elsewhere in the Group, no deferred tax assets are recognised on these tax losses. For the remaining RMB200,101,000, RMB226,250,000 and RMB208,808,000, the Group expects that these entities will generate sufficient taxable income in the future to utilize the losses, and thus recognized deferred tax assets accordingly.

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Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the leases commencement dates, the Group reassesses the lease terms if there are significant events or changes in circumstances that are within its control and affects the Group’s ability to exercise or not to exercise the option to renew or to terminate the lease (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group includes the renewal period as part of the lease term for leases of machinery due to the significance of these assets to its operations. These leases have a short non-cancellable period (i.e., two to three years) and there will be a significant negative effect on production if a replacement is not readily available.

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Provision for expected credit losses on trade and bills receivables at amortised cost and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables at amortised cost and contract assets. The provision rates are based on ageing of trade and bills receivables at amortised cost and contract assets for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group’s historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which may lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and

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forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade and bills receivables is set out in note 21 to the Historical Financial Information.

Leases — estimating the incremental borrowing rate

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

Impairment of non-current assets (other than goodwill)

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

Fair value of unlisted equity investments

The Group made investments in certain unlisted companies and those investments are accounted for as financial assets at fair value through profit or loss. The fair values of those investments are determined using valuation techniques and the Group exercises judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting period. Further details are included in note 39 to the Historical Financial Information. Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

Impairment of inventories

The Group’s inventories are stated at the lower of cost and net realisable value. The Group’s provision for its inventories is based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly, if appropriate. Further details of the inventories are set out in note 20 to the Historical Financial Information.

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4. OPERATING SEGMENT INFORMATION

The board of directors reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The board of directors considers that the Group operates in one business segment and the measurement of segment results is based on the profit from operations as presented in the consolidated statements of profit or loss and the consolidated statements of comprehensive income.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
China (including Hong Kong and Taiwan) . . .	217,428	430,967	610,024
Overseas	68,086	136,933	254,162
Total revenue	285,514	567,900	864,186

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

(b) Non-current assets

Almost all of the Group’s non-current assets were located in Chinese mainland.

Information about major customers

The revenue generated from sales to customers which individually amounted to more than 10% of the Group’s total revenue during each of the Relevant Periods is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer C	35,986	*	*
Customer A	*	144,254	142,610
Customer D	37,748	*	*
Customer B	*	*	155,136
Customer F	31,473	*	*

* Less than 10% of the Group’s revenue

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5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	285,514	565,717	856,971
Revenue from other sources			
Gross rental income.	—	2,183	7,215
Total	285,514	567,900	864,186

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods			
MEMS micro- and nanofabrication components	200,077	255,592	351,272
Semiconductor test probes	57,818	118,173	258,217
Miniature transmission systems	4,079	154,382	185,141
Others*.	23,540	37,570	62,341
Total	285,514	565,717	856,971

* Primarily include revenue from the sale of mould products and scrap materials.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Timing of revenue recognition			
Goods transferred at a point in time	285,514	565,717	856,971

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:	449	152	425

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(b) *Performance obligations*

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

Sales of products

The Group primarily offers MEMS micro- and nanofabrication components, semiconductor test probes, and miniature transmission systems. The Group also sells mould products and scrap materials generated during the production process. The performance obligation is satisfied upon customers’ acceptance. Payment terms generally vary from 30 days to 120 days from the invoice date.

All amounts of transaction prices allocated to the performance obligations of sales of goods are expected to be recognised as revenue within one year.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other income			
Government grants	8,529	5,015	3,216
Bank interest income	10,068	8,409	1,926
Total other income	18,597	13,424	5,142
Gains			
Investment income from structured deposits	12,180	6,283	4,798
Investment income from financial instruments at amortised cost	253	377	388
Gain on partial disposal of investment in an associate	—	—	642
Compensation for early termination of the lease	—	2,932	—
Foreign exchange gains	1,881	—	—
Fair value gains on financial assets at fair value through profit or loss	—	952	358
Others	—	—	188
Total gains	14,314	10,544	6,374
Total other income and gains	32,911	23,968	11,516

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6. PROFIT/(LOSS) BEFORE TAX

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

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of sales*.		214,151	464,912	691,010
Depreciation of property, plant and equipment.	13	36,955	48,487	58,473
Depreciation of right-of-use assets.	14	1,594	3,502	4,126
Amortisation of other intangible assets.	15	621	1,151	1,422
Research and development expenses*		72,169	56,943	63,357
Lease payments not included in the measurement of lease liabilities	14	666	891	3,023
Auditor’s remuneration		708	716	809
Fair value gains on financial assets at fair value through profit or loss	5	—	(952)	(358)
Impairment losses on inventories.	20	11,656	13,214	15,393
Impairment of goodwill**.		—	5,602	—
Impairment losses on financial and contract assets, net.		2,952	4,319	1,187
Foreign exchange differences, net		(1,881)	270	743
Provision		—	282	73
Losses on disposal of items of property, plant and equipment and other intangible assets		928	133	833
Gain on partial disposal of investment in an associate.		—	—	(642)
Investment income from structured deposits.	5	(12,180)	(6,283)	(4,798)
Investment income from financial instruments at amortised cost.	5	(253)	(377)	(388)
Bank interest income	5	(10,068)	(8,409)	(1,926)
Employee benefit expense (including directors’ and chief executive’s remuneration (<i>note 8</i>)):				
Wages and salaries		90,437	129,742	154,365
Pension scheme contributions and social welfare		24,873	27,932	32,441
Share-based payment expenses.		2,550	(64)	(2,486)

* Cost of sales and research and development expenses include expenses relating to depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of other intangible assets and staff costs, which are also included in the respective total amounts disclosed separately above for each of these types of expenses. In addition, impairment losses on inventories are not included in “cost of sales”.

** The impairment of goodwill is included in “Other expenses” in the consolidated statement of profit or loss.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on interest-bearing bank borrowings .	90	1,064	170
Interest on lease liabilities.	88	183	187
Total	178	1,247	357

8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

The remuneration paid or payable to directors of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fees.	180	180	210
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	2,082	2,462	3,637
Pension scheme contributions and social welfare	273	288	294
Share-based payment expenses	162	(1)	(161)
Subtotal	2,517	2,749	3,770
Total fees and other emoluments	2,697	2,929	3,980

Certain directors of the Company are entitled to bonus payments which are determined as performance of the Group.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dr. Shan Debin.	90	90	60
Dr. Jiang Xiaosan.	90	90	60
Dr. Qi Xiaoyan.	—	—	30
Dr. Jiang Yan	—	—	30
Dr. Xu Yan.	—	—	30
Total	180	180	210

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Dr. Shan Debin and Dr. Jiang Xiaosan were appointed as independent non-executive directors in December 2019 and resigned in September 2025.

Dr. Qi Xiaoyan, Dr. Jiang Yan and Dr. Xu Yan were appointed as independent non-executive directors in September 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Directors and chief executive

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2023				
Director and chief executive:				
Mr. Luo Xingshun	815	91	—	906
Directors:				
Mr. Liu Zhiwei	636	91	—	727
Mr. Qian Xiaochen	631	91	162	884
Mr. Ma HongWei	—	—	—	—
Subtotal	1,267	182	162	1,611
Total	2,082	273	162	2,517

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2024				
Director and chief executive:				
Mr. Luo Xingshun	1,139	96	—	1,235
Directors:				
Mr. Qian Xiaochen	694	96	(1)	789
Mr. Liu Zhiwei	629	96	—	725
Mr. Ma HongWei	—	—	—	—
Subtotal	1,323	192	(1)	1,514
Total	2,462	288	(1)	2,749

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Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
2025				
Director and chief executive:				
Mr. Luo Xingshun	1,583	98	—	1,681
Directors:				
Mr. Liu Zhiwei	1,110	98	—	1,208
Mr. Qian Xiaochen	944	98	(161)	881
Mr. Ma HongWei	—	—	—	—
Subtotal	2,054	196	(161)	2,089
Total	3,637	294	(161)	3,770

Mr. Luo Xingshun was appointed as a director and chief executive on 18 June 2012.

Mr. Liu Zhiwei was appointed as a director on 20 December 2019.

Mr. Ma Hongwei was appointed as a director on 8 February 2020.

Mr. Qian Xiaochen was appointed as a director on 4 January 2023.

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind	2,029	4,078	2,510
Share-based payment expenses	347	(3)	(125)
Pension scheme contributions and social welfare	204	360	271
Total	2,580	4,435	2,656

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

	Year ended 31 December		
	2023	2024	2025
Nil to HKD500,000	—	—	—
HKD500,001 to HKD1,000,000	3	3	—
HKD1,000,001 to HKD1,500,000	—	1	1
HKD1,500,001 to HKD2,000,000	—	—	1
Total	3	4	2

10. INCOME TAX

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

Chinese mainland

The companies incorporated/established in Chinese mainland are subject to income tax at the statutory rate of 25% on the taxable profits determined in accordance with the Corporate Income Tax Law of Chinese mainland which became effective on 1 January 2008, except for those entitled to income tax preferential policy set out below:

The Company is registered as High and New Technology Enterprises pursuant to the tax regulations of Chinese mainland and is entitled to a preferential income tax rate of 15% during the Relevant Periods.

Certain subsidiaries who met the criteria as small-scaled and minimal profit enterprise, with annual taxable income less than RMB3,000,000, was subject to an effective preferential income tax rate of 5% for the period during the Relevant Periods.

The United States of America

The subsidiary incorporated in the United States was subject to statutory federal corporate income tax at a rate of 21% and state corporate income tax at a rate of 3.5% on taxable income up to USD50,000, and 3% on taxable income in excess of USD50,000 during the Relevant Periods.

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Japan

The subsidiary incorporated in Japan was subject to corporate tax at the rate of 15% for ordinary corporation with capital less than 100 million yen and taxable income not exceeding 8 million yen during the period from 2023 to 2024. The corporate income tax rate was increased to 23.2% due to the capital exceeding 100 million yen in 2025.

Switzerland

Pursuant to the relevant tax laws, the subsidiary incorporated in Switzerland was subject to corporate income tax rate of 14.6% during the Relevant Periods.

Pillar Two income taxes

The Organisation for Economic Co-operation and Development (“OECD”) published Pillar Two model rules in December 2021, according to which a jurisdiction may enact domestic tax laws (“**Pillar Two legislation**”) to implement the Pillar Two model rules on a globally agreed common approach. Pillar Two legislation applies to a member of a multinational group within the scope of the Pillar Two model rules, which the Group is reasonably expected to fall into. As at 31 December 2025, the Group mainly operated in Chinese mainland, in which exposures to Pillar Two income taxes might exist although the legislation was not yet substantively enacted or enacted. Besides, certain subsidiaries of the Company are located in jurisdictions mainly including Japan, Singapore, Switzerland, and United States of America where Pillar Two legislation had been enacted and come to effect from 1 April 2024, 1 January 2025, 1 January 2024 and 1 January 2026, respectively.

Since certain subsidiaries of the Company are within the scope of the OECD Pillar Two model rules, and they apply the IAS 12 exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. Due to the complexities in applying the Pillar Two legislation and calculating globe income, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. Therefore, even for those entities with an accounting effective tax rate above 15%, there may still be Pillar Two tax implications. The entities are currently engaged with tax specialists to assist them with applying the legislation and determining the related impact.

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The income tax (credit)/expense of the Group for the Relevant Periods is analysed as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	26	370	441
Deferred (<i>note 19</i>)	(13,494)	(8,636)	(3,921)
Total tax credit for the year.	<u>(13,468)</u>	<u>(8,266)</u>	<u>(3,480)</u>

A reconciliation of the tax credit applicable to profit/(loss) before tax at the statutory rate for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit before tax	<u>(34,375)</u>	<u>(16,905)</u>	<u>26,315</u>
Tax at the corporate income tax rate of 25%	(8,594)	(4,226)	6,579
Effect of preferential and different tax rates	3,496	1,705	(2,799)
Adjustments in respect of current tax of previous periods	—	72	258
Effect on opening deferred tax of increase in tax rates	—	—	(535)
Tax attributable to associates.	65	178	(68)
Expenses not deductible for tax.	751	1,126	487
Additional deduction on research and development expenses (<i>a</i>)	(9,186)	(7,519)	(8,133)
Tax losses not recognised	—	397	728
Tax losses utilised from previous periods.	—	—	(2)
Recognition of previously unrecognised tax losses and temporary differences	—	—	(2)
Temporary differences not recognised	—	1	7
Tax credit at the Group’s effective tax rate.	<u>(13,468)</u>	<u>(8,266)</u>	<u>(3,480)</u>

(a) Additional deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the Chinese mainland, enterprises engaging in research and development activities are entitled to claim 200% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the Relevant Periods.

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11. DIVIDENDS

The final dividend of RMB1.6 per 10 shares (tax inclusive) for the year ended 31 December 2022, in an aggregate amount of RMB14,380,000, was approved by the shareholders’ annual general meeting of the Company on 18 May 2023.

The final dividend of RMB0.8 per 10 shares (tax inclusive) for the year ended 31 December 2023, in an aggregate amount of RMB7,190,000 was approved by the shareholders’ annual general meeting of the Company on 16 May 2024.

The final dividend of RMB0.8 per 10 shares (tax inclusive) for the year ended 31 December 2024, in an aggregate amount of RMB9,347,000 was approved by the shareholders’ annual general meeting of the Company on 20 May 2025.

12. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods, as adjusted to reflect the capitalisation issue of shares (note 30).

Diluted earning per share is calculated based on the profit/(loss) attributable to ordinary equity holders of the parent for the Relevant Periods. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods, as used in the basic earnings per share calculation.

The number of the outstanding restricted shares contingently issuable was not included in the diluted earnings per share calculation for the year ended 31 December 2023, 2024, as the Company’s financial performance was not met as at the end of the years.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
(Loss)/earnings			
Attributable to owners of the parent.	(20,939)	(8,708)	29,792
Shares			
Weighted average number of ordinary shares outstanding during the period used in the basic (loss)/earnings per share calculation. .	151,888	151,888	151,888
Basic (loss)/earnings per share (expressed in RMB per share)	(0.14)	(0.06)	0.20
Diluted (loss)/earnings per share (expressed in RMB per share)	(0.14)	(0.06)	0.20

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13. PROPERTY, PLANT AND EQUIPMENT

(1) Details of property, plant and equipment

The Group

	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost.	105,895	125,313	2,822	41,630	6,361	6,976	288,997
Accumulated depreciation and impairment	(21,703)	(16,828)	(1,160)	(9,651)	(2,933)	—	(52,275)
Net carrying amount	<u>84,192</u>	<u>108,485</u>	<u>1,662</u>	<u>31,979</u>	<u>3,428</u>	<u>6,976</u>	<u>236,722</u>
At 1 January 2023, net of accumulated depreciation and impairment.	84,192	108,485	1,662	31,979	3,428	6,976	236,722
Additions	6,297	31,298	—	14,064	3,429	40,027	95,115
Transfers	—	23,223	—	4,490	505	(28,218)	—
Acquisition of a subsidiary (note 33)	—	843	25	2	283	—	1,153
Depreciation provided during the year.	(11,711)	(14,000)	(555)	(8,544)	(2,145)	—	(36,955)
Disposals	—	(22)	(4)	(1,613)	(58)	—	(1,697)
At 31 December 2023, net of accumulated depreciation and impairment.	<u>78,778</u>	<u>149,827</u>	<u>1,128</u>	<u>40,378</u>	<u>5,442</u>	<u>18,785</u>	<u>294,338</u>
At 31 December 2023:							
Cost.	112,192	179,722	2,773	58,023	10,489	18,785	381,984
Accumulated depreciation and impairment	(33,414)	(29,895)	(1,645)	(17,645)	(5,047)	—	(87,646)
Net carrying amount	<u>78,778</u>	<u>149,827</u>	<u>1,128</u>	<u>40,378</u>	<u>5,442</u>	<u>18,785</u>	<u>294,338</u>

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	112,192	179,722	2,773	58,023	10,489	18,785	381,984
Accumulated depreciation and impairment	(33,414)	(29,895)	(1,645)	(17,645)	(5,047)	—	(87,646)
Net carrying amount	<u>78,778</u>	<u>149,827</u>	<u>1,128</u>	<u>40,378</u>	<u>5,442</u>	<u>18,785</u>	<u>294,338</u>
At 1 January 2024, net of accumulated depreciation and impairment.	78,778	149,827	1,128	40,378	5,442	18,785	294,338
Additions	1,920	62,380	—	12,427	7,309	13,677	97,713
Transfers	5,183	14,230	—	2,387	231	(22,031)	—
Disposals	—	(49)	—	(354)	(15)	—	(418)
Depreciation provided during the year.	<u>(12,155)</u>	<u>(21,289)</u>	<u>(532)</u>	<u>(11,695)</u>	<u>(2,816)</u>	<u>—</u>	<u>(48,487)</u>
At 31 December 2024, net of accumulated depreciation and impairment.	<u>73,726</u>	<u>205,099</u>	<u>596</u>	<u>43,143</u>	<u>10,151</u>	<u>10,431</u>	<u>343,146</u>
At 31 December 2024:							
Cost.	119,295	255,627	2,773	72,051	17,776	10,431	477,953
Accumulated depreciation and impairment	(45,569)	(50,528)	(2,177)	(28,908)	(7,625)	—	(134,807)
Net carrying amount	<u>73,726</u>	<u>205,099</u>	<u>596</u>	<u>43,143</u>	<u>10,151</u>	<u>10,431</u>	<u>343,146</u>

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025							
At 1 January 2025:							
Cost.	119,295	255,627	2,773	72,051	17,776	10,431	477,953
Accumulated depreciation and impairment	(45,569)	(50,528)	(2,177)	(28,908)	(7,625)	—	(134,807)
Net carrying amount	<u>73,726</u>	<u>205,099</u>	<u>596</u>	<u>43,143</u>	<u>10,151</u>	<u>10,431</u>	<u>343,146</u>
At 1 January 2025, net of accumulated depreciation and impairment.	73,726	205,099	596	43,143	10,151	10,431	343,146
Additions	4,246	28,242	—	27,974	3,022	27,440	90,924
Transfers	7,749	8,091	—	2,134	480	(18,454)	—
Disposals	—	(131)	—	(539)	(168)	—	(838)
Depreciation provided during the year.	<u>(11,992)</u>	<u>(27,383)</u>	<u>(438)</u>	<u>(14,293)</u>	<u>(4,367)</u>	<u>—</u>	<u>(58,473)</u>
At 31 December 2025, net of accumulated depreciation and impairment.	<u>73,729</u>	<u>213,918</u>	<u>158</u>	<u>58,419</u>	<u>9,118</u>	<u>19,417</u>	<u>374,759</u>
At 31 December 2025:							
Cost.	131,290	291,256	2,773	100,227	20,421	19,417	565,384
Accumulated depreciation and impairment	(57,561)	(77,338)	(2,615)	(41,808)	(11,303)	—	(190,625)
Net carrying amount	<u>73,729</u>	<u>213,918</u>	<u>158</u>	<u>58,419</u>	<u>9,118</u>	<u>19,417</u>	<u>374,759</u>

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The Company

	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost.	105,895	125,312	2,823	41,161	6,361	6,976	288,528
Accumulated depreciation and impairment	(21,703)	(16,828)	(1,160)	(9,626)	(2,933)	—	(52,250)
Net carrying amount	<u>84,192</u>	<u>108,484</u>	<u>1,663</u>	<u>31,535</u>	<u>3,428</u>	<u>6,976</u>	<u>236,278</u>
At 1 January 2023, net of							
accumulated depreciation	84,192	108,484	1,663	31,535	3,428	6,976	236,278
Additions	5,776	30,975	—	14,363	3,429	39,250	93,793
Transfer	—	23,223	—	4,490	505	(28,218)	—
Disposals	—	(22)	(3)	(1,614)	(58)	—	(1,697)
Depreciation provided during the year.	<u>(11,517)</u>	<u>(13,830)</u>	<u>(532)</u>	<u>(8,508)</u>	<u>(2,066)</u>	<u>—</u>	<u>(36,453)</u>
At 31 December 2023, net of							
accumulated depreciation	<u>78,451</u>	<u>148,830</u>	<u>1,128</u>	<u>40,266</u>	<u>5,238</u>	<u>18,008</u>	<u>291,921</u>
At 31 December 2023:							
Cost.	111,671	178,720	2,749	57,850	10,205	18,008	379,203
Accumulated depreciation and impairment	(33,220)	(29,890)	(1,621)	(17,584)	(4,967)	—	(87,282)
Net carrying amount	<u>78,451</u>	<u>148,830</u>	<u>1,128</u>	<u>40,266</u>	<u>5,238</u>	<u>18,008</u>	<u>291,921</u>

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024							
At 1 January 2024:							
Cost.	111,671	178,720	2,749	57,850	10,205	18,008	379,203
Accumulated depreciation and impairment	(33,220)	(29,890)	(1,621)	(17,584)	(4,967)	—	(87,282)
Net carrying amount	<u>78,451</u>	<u>148,830</u>	<u>1,128</u>	<u>40,266</u>	<u>5,238</u>	<u>18,008</u>	<u>291,921</u>
At 1 January 2024, net of							
accumulated depreciation	78,451	148,830	1,128	40,266	5,238	18,008	291,921
Additions	323	61,480	—	12,329	6,980	9,722	90,834
Transfer	4,407	14,230	—	2,387	231	(21,255)	—
Disposals	—	(41)	—	(354)	(13)	—	(408)
Depreciation provided during the year.	<u>(11,336)</u>	<u>(20,965)</u>	<u>(532)</u>	<u>(11,634)</u>	<u>(2,756)</u>	<u>—</u>	<u>(47,223)</u>
At 31 December 2024, net of							
accumulated depreciation	<u>71,845</u>	<u>203,534</u>	<u>596</u>	<u>42,994</u>	<u>9,680</u>	<u>6,475</u>	<u>335,124</u>
At 31 December 2024:							
Cost.	116,401	253,876	2,749	71,785	17,310	6,475	468,596
Accumulated depreciation and impairment	(44,556)	(50,342)	(2,153)	(28,791)	(7,630)	—	(133,472)
Net carrying amount	<u>71,845</u>	<u>203,534</u>	<u>596</u>	<u>42,994</u>	<u>9,680</u>	<u>6,475</u>	<u>335,124</u>

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	Buildings	Machinery	Vehicles	Office equipment and tools	Electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025							
At 1 January 2025:							
Cost.	116,401	253,876	2,749	71,785	17,310	6,475	468,596
Accumulated depreciation and impairment	(44,556)	(50,342)	(2,153)	(28,791)	(7,630)	—	(133,472)
Net carrying amount	<u>71,845</u>	<u>203,534</u>	<u>596</u>	<u>42,994</u>	<u>9,680</u>	<u>6,475</u>	<u>335,124</u>
At 1 January 2025, net of							
accumulated depreciation	71,845	203,534	596	42,994	9,680	6,475	335,124
Additions	4,122	32,153	—	27,970	2,864	22,871	89,980
Transfer	7,749	1,796	—	2,134	500	(12,179)	—
Disposals	—	(131)	—	(554)	(168)	—	(853)
Depreciation provided during the year.	(10,856)	(27,007)	(438)	(14,213)	(4,203)	—	(56,717)
At 31 December 2025, net of							
accumulated depreciation	<u>72,860</u>	<u>210,345</u>	<u>158</u>	<u>58,331</u>	<u>8,673</u>	<u>17,167</u>	<u>367,534</u>
At 31 December 2025:							
Cost.	121,800	286,968	2,749	99,904	19,820	17,167	548,408
Accumulated depreciation and impairment	(48,940)	(76,623)	(2,591)	(41,573)	(11,147)	—	(180,874)
Net carrying amount	<u>72,860</u>	<u>210,345</u>	<u>158</u>	<u>58,331</u>	<u>8,673</u>	<u>17,167</u>	<u>367,534</u>

As of 31 December 2023, 2024 and 2025, no property, plant, and equipment were pledged.

(2) Property, plant and equipment leased out through operating leases

The Group and the Company

31 December 2024

	Cost	Accumulated depreciation	Net carrying amount
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Buildings	1,938	(38)	1,900
Machinery	19,770	(2,857)	16,913
Office equipment and tools	1,827	(480)	1,347
Electronic devices.	4,580	(251)	4,329
Total	<u>28,115</u>	<u>(3,626)</u>	<u>24,489</u>

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31 December 2025

	Cost	Accumulated depreciation	Net carrying amount
	RMB'000	RMB'000	RMB'000
Buildings	1,938	(603)	1,335
Machinery	19,849	(4,834)	15,015
Office equipment and tools	4,230	(1,320)	2,910
Electronic devices.	2,746	(981)	1,765
Total	<u>28,763</u>	<u>(7,738)</u>	<u>21,025</u>

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, machinery equipment, plant and properties used in its operations. Leases of leasehold land generally have lease terms of 50 years, while machinery equipment, plant and properties generally have lease terms between 2 and 3 years.

(a) Right-of-use assets

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

The Group

	Leasehold land	Machinery equipment	Plant and properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	15,703	—	1,193	16,896
Additions	6,106	—	5,651	11,757
Depreciation charge	(402)	—	(1,192)	(1,594)
Exchange realignment.	—	—	(49)	(49)
As at 31 December 2023 and 1 January 2024	21,407	—	5,603	27,010
Additions	—	1,841	1,457	3,298
Depreciation charge	(575)	(289)	(2,638)	(3,502)
Exchange realignment.	—	—	(21)	(21)
As at 31 December 2024 and 1 January 2025	20,832	1,552	4,401	26,785
Additions	—	—	265	265
Depreciation charge	(575)	(920)	(2,631)	(4,126)
Exchange realignment.	—	—	(40)	(40)
As at 31 December 2025.	<u>20,257</u>	<u>632</u>	<u>1,995</u>	<u>22,884</u>

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	Leasehold land	Equipment	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
As at 1 January 2023	15,703	—	15,703
Additions	6,106	—	6,106
Depreciation charge	(402)	—	(402)
As at 31 December 2023 and 1 January 2024	21,407	—	21,407
Additions	—	1,841	1,841
Depreciation charge	(575)	(289)	(864)
As at 31 December 2024 and 1 January 2025	20,832	1,552	22,384
Depreciation charge	(575)	(920)	(1,495)
As at 31 December 2025	20,257	632	20,889

(b) Lease liabilities

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

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount at the beginning of the year.	1,143	5,910	6,007
New leases	5,651	3,298	265
Accretion of interest recognised during the year	88	183	187
Payments	(951)	(3,313)	(3,820)
Exchange realignment	(21)	(71)	(40)
Carrying amount at the end of the year	5,910	6,007	2,599
Analysed into:			
Current portion	2,341	3,590	2,537
Non-current portion	3,569	2,417	62

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The Company

	As at 31 December	
	2024	2025
	RMB'000	RMB'000
Carrying amount at the beginning of the year	—	1,333
New leases	1,841	—
Accretion of interest recognised during the year	15	59
Payments	(523)	(944)
Carrying amount at the end of the year	1,333	448
Analysed into:		
Current portion	885	448
Non-current portion	448	—

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets . . .	1,594	3,502	4,126
Interest on lease liabilities	88	183	187
Compensation for early termination of the lease	—	(2,932)	—
Expenses relating to short-term leases and leases of low-value assets	666	891	3,023
Total amount recognised in profit or loss . . .	2,348	1,644	7,336

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets . . .	402	864	1,495
Interest on lease liabilities	—	15	59
Expenses relating to short-term leases and leases of low-value assets	323	574	2,525
Total amount recognised in profit or loss . . .	725	1,453	4,080

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(d) The total cash outflows for leases are disclosed in note 34 to the Historical Financial Information.

The Group and the Company as a lessor

The Group and the Company leases its property, plant and equipment under operating lease arrangements since 2024. Rental income recognised by the Group and the Company during the years ended 31 December 2023, 2024 and 2025 was nil, RMB2,183,000 and RMB7,215,000, respectively, details of which are included in note 5 to the Historical Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with its tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	—	6,510	3,797
After one year but within two years.	—	3,797	—
Total	—	10,307	3,797

15. OTHER INTANGIBLE ASSETS

The Group

	Construction in progress	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation and impairment	—	3,620	3,620
Additions	283	4,886	5,169
Amortisation provided during the year	—	(621)	(621)
At 31 December 2023	283	7,885	8,168
At 31 December 2023 and at 1 January 2024:			
Cost	283	9,467	9,750
Accumulated amortisation and impairment	—	(1,582)	(1,582)
Net carrying amount	283	7,885	8,168

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	Construction in progress	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation and impairment	283	7,885	8,168
Additions	—	2,366	2,366
Transfer	(283)	283	—
Amortisation provided during the year	—	(1,151)	(1,151)
At 31 December 2024	—	9,383	9,383
At 31 December 2024 and at 1 January 2025:			
Cost	—	12,116	12,116
Accumulated amortisation and impairment	—	(2,733)	(2,733)
Net carrying amount	—	9,383	9,383
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation and impairment	—	9,383	9,383
Additions	—	5,674	5,674
Amortisation provided during the year	—	(1,422)	(1,422)
At 31 December 2025	—	13,635	13,635
At 31 December 2025:			
Cost	—	17,790	17,790
Accumulated amortisation and impairment	—	(4,155)	(4,155)
Net carrying amount	—	13,635	13,635

The Company

	Construction in progress	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	—	3,620	3,620
Additions	283	3,000	3,283
Amortisation provided during the year	—	(594)	(594)
At 31 December 2023	283	6,026	6,309
At 31 December 2023 and at 1 January 2024:			
Cost	283	7,582	7,865
Accumulated amortisation	—	(1,556)	(1,556)
Net carrying amount	283	6,026	6,309

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	Construction in progress	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	283	6,026	6,309
Additions	—	2,497	2,497
Transfer	(283)	283	—
Amortisation provided during the year	—	(972)	(972)
At 31 December 2024	—	7,834	7,834
At 31 December 2024 and at 1 January 2025:			
Cost	—	10,362	10,362
Accumulated amortisation	—	(2,528)	(2,528)
Net carrying amount	—	7,834	7,834
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	—	7,834	7,834
Additions	—	3,955	3,955
At 31 December 2025	—	(1,161)	(1,161)
Amortisation provided during the year	—	10,628	10,628
At 31 December 2025:			
Cost	—	14,317	14,317
Accumulated amortisation and impairment	—	(3,689)	(3,689)
Net carrying amount	—	10,628	10,628

16. INVESTMENTS IN SUBSIDIARIES, AMOUNTS DUE FROM RELATED PARTIES AND AMOUNTS DUE TO RELATED PARTIES

The Company

Investments in subsidiaries

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries	25,100	29,560	41,680

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Amounts due from/to subsidiaries and a related company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due from subsidiaries			
Trade related:			
Yoke Microtronics (Suzhou) Co., Ltd.	—	15	44
UIGreen Co., Ltd	19,482	14,384	12,349
Suzhou Helin Micro Nano Technology			
Trading Co., Ltd.	—	—	1,011
UIGreen Switzerland AG.	—	36	—
Non-Trade related:			
Yoke Microtronics (Suzhou) Co., Ltd. (a). . . .	—	3,063	3,154
Total	19,482	17,498	16,558
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to subsidiaries			
Trade related:			
Yoke Microtronics (Suzhou) Co., Ltd.	185	145	663
Due to a related company			
Trade related:			
Jiangsu Provision Electronics Co., Ltd.*	—	817	2,231
Total	185	962	2,894

* A director of the Company is the director and equity holder of Jiangsu Provision Electronics Co., Ltd.

- (a) The Company granted unsecured loans to Yoke Microtronics (Suzhou) Co., Ltd. from April 2024 to April 2026, with an annual interest rate at 3.0%.
- (b) All other balances with subsidiaries were trade related, non-interest-bearing, unsecured and normally settled on terms of 60 to 90 days.

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17. INVESTMENTS IN ASSOCIATES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	6,303	10,122	9,804

The following table illustrates the financial information of the Group’s associates that is not individually material:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of profits and losses of associates	(432)	(1,187)	(191)
Aggregate carrying amount of the Group’s investments in associates	6,303	10,122	9,804

18. GOODWILL

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net carrying amount as at the beginning of the year	—	6,328	726
Acquisition of a subsidiary (<i>note 33</i>)	6,328	—	—
Impairment during the year	—	(5,602)	—
Net carrying amount as at the end of the year	6,328	726	726

Impairment testing of goodwill

Goodwill acquired through business combination is allocated to Yoke Microtronic (Suzhou) Co., Ltd. (“Yoke”) cash-generating unit.

The recoverable amount of the Yoke’s cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by senior management. As at 31 December 2023, 2024 and 2025, the pre-tax discount rate applied to the cash flow projections is 15.2%, 11.9% and 10.7% respectively and the compounded revenue growth rate during the five-year period is 12.3%, 8.5% and 3.8% respectively.

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The carrying amount of the Yoke’s cash-generating unit was impaired by RMB5,602,000 during the year ended 31 December 2024. Consequently, the carrying amount of goodwill was written down by RMB5,602,000. The impairment loss recognised was included in “Other expenses” in the consolidated statement of profit or loss. The recoverable amount of the cash-generating unit was RMB726,000 as at 31 December 2024. The impairment was attributable to the decrease in customers’ demands and selling prices of the technological iteration of precision instrument equipment of Yoke.

Assumptions were used in the value in use calculation of Yoke’s cash-generating units as at 31 December 2023, 2024 and 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compounded revenue growth rate — The compound revenue growth rate was estimated based on the historical sales data and market outlook perceived by management.

Discount rates — The discount rate used was pre-tax and reflected specific risks relating to the relevant units.

The values assigned to the key assumptions on market development of industrial products, discount rates and raw materials price inflation were consistent with external information sources.

Sensitivity analysis

For the Yoke’s cash-generating, the estimated recoverable amounts exceeded its carrying values by RMB1,489,000 and RMB2,242,000 as at 31 December 2023 and 2025, respectively.

If the compounded revenue growth rates decreased from 12.3% to 12.2% or the pre-tax discount rate increased from 15.2% to 16.5%, the Yoke’s cash-generating’s recoverable amount would be equal to its carrying value as at 31 December 2023.

If the compounded revenue growth rates decreased from 3.8% to 3.6% or the pre-tax discount rate increased from 10.7% to 13.6%, the Yoke’s cash-generating’s recoverable amount would be equal to its carrying value as at 31 December 2025.

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19. DEFERRED TAX

The Group

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

Deferred tax assets

	Impairment of financial assets and contract assets	Impairment of inventories	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred income	Accrued expenses	Share -based payments	Intra group unrealised profit	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023.	449	484	171	13,539	1,887	—	—	68	7	16,605
Acquisition of a subsidiary (note 33)	8	—	—	—	—	—	—	—	—	8
Deferred tax credited to profit or loss during the year . . .	455	1,624	168	16,452	113	—	173	4	5	18,994
Exchange realignment	4	—	22	—	—	—	—	—	—	26
Gross deferred tax assets at 31 December 2023.	916	2,108	361	29,991	2,000	—	173	72	12	35,633
Deferred tax credited/(charged) to profit or loss during the year	676	412	141	3,947	(229)	—	12	(25)	6	4,940
Exchange realignment	(33)	(14)	51	—	—	—	—	(16)	3	(9)
Gross deferred tax assets at 31 December 2024.	1,559	2,506	553	33,938	1,771	—	185	31	21	40,564
Deferred tax credited/(charged) to profit or loss during the year	161	639	(367)	(2,486)	236	134	(185)	1,433	(17)	(452)
Exchange realignment	13	39	96	(127)	—	—	—	—	2	23
Gross deferred tax assets at 31 December 2025.	1,733	3,184	282	31,325	2,007	134	—	1,464	6	40,135

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Deferred tax liabilities

	Financial assets at fair value through profit or loss	Right-of-use assets	Accelerated tax depreciation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	257	179	20,657	—	21,093
Deferred tax (credited)/charged to profit or loss during the year	(257)	144	5,608	5	5,500
Exchange realignment	—	28	—	—	28
Gross deferred tax liabilities at 31 December 2023	—	351	26,265	5	26,621
Deferred tax charged/(credited) to profit or loss during the year	143	148	(3,988)	1	(3,696)
Exchange realignment	—	56	—	—	56
Gross deferred tax liabilities at 31 December 2024	143	555	22,277	6	22,981
Deferred tax credited to profit or loss during the year	(89)	(385)	(3,895)	(4)	(4,373)
Exchange realignment	—	102	—	—	102
Gross deferred tax liabilities at 31 December 2025	54	272	18,382	2	18,710

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	9,012	17,583	21,425
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	—	397	1,105
Deductible temporary differences.	—	1	7
Total	—	398	1,112

The Group had accumulated tax losses of nil, RMB397,000 and RMB1,105,000 as at 31 December 2023, 2024 and 2025 that would expire in two to seven years for offsetting against future taxable profits, respectively. Deferred tax assets have not been recognised with respect to tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

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

Deferred tax assets

	Impairment of financial assets and contract assets	Impairment of inventories	Lease liabilities	Losses available for offsetting against future taxable profits	Deferred income	Accrued expenses	Share-based payments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	444	484	—	13,352	1,887	—	—	—	16,167
Deferred tax credited to profit or loss during the year . . .	441	1,624	—	15,686	113	—	173	9	18,046
Gross deferred tax assets at 31 December 2023	885	2,108	—	29,038	2,000	—	173	9	34,213
Deferred tax credited/(charged) to profit or loss during the year . . .	626	347	200	3,811	(229)	—	12	8	4,775
Gross deferred tax assets at 31 December 2024	1,511	2,455	200	32,849	1,771	—	185	17	38,988
Deferred tax credited/(charged) to profit or loss during the year . . .	121	661	(133)	(1,881)	236	134	(185)	(14)	(1,061)
Gross deferred tax assets at 31 December 2025	1,632	3,116	67	30,968	2,007	134	—	3	37,927

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Deferred tax liabilities

	Financial assets at fair value through profit or loss	Right-of-use assets	Accelerated tax depreciation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	257	—	20,657	—	20,914
Deferred tax (credited)/charged to profit or loss during the year	(257)	—	5,608	—	5,351
Gross deferred tax liabilities at 31 December 2023	—	—	26,265	—	26,265
Deferred tax charged/(credited) to profit or loss during the year	143	207	(3,988)	2	(3,636)
Gross deferred tax liabilities at 31 December 2024	143	207	22,277	2	22,629
Deferred tax credited to profit or loss during the year.	(89)	(139)	(3,895)	(2)	(4,125)
Gross deferred tax liabilities at 31 December 2025	54	68	18,382	—	18,504

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	7,948	16,359	19,423
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	—

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20. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	21,684	38,191	34,550
Work in progress	20,855	32,783	36,300
Finished goods	41,744	43,666	55,103
Contract costs	—	1,021	92
	84,283	115,661	126,045
Provision for inventories	(14,055)	(16,841)	(21,124)
Total	70,228	98,820	104,921

The movements in provision

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year	3,226	14,055	16,841
Impairment losses recognised, net (note 6)	11,656	13,214	15,393
Amounts written off	(827)	(10,408)	(11,102)
Exchange realignment	—	(20)	(8)
Carrying amount at the end of the year	14,055	16,841	21,124

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	21,315	37,865	34,142
Work in progress	20,567	32,646	35,992
Finished goods	40,315	42,326	54,194
Contract costs	—	1,021	92
	82,197	113,858	124,420
Provision for inventories	(14,054)	(16,364)	(20,771)
Total	68,143	97,494	103,649

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The movements in provision

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year.	3,226	14,054	16,364
Impairment losses recognised, net	11,655	12,718	15,509
Amounts written off	(827)	(10,408)	(11,102)
Carrying amount at the end of the year	14,054	16,364	20,771

21. TRADE AND BILLS RECEIVABLES AT AMORTISED COST

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	122,470	199,576	217,406
Bank bills receivable	—	890	1,546
Total	122,470	200,466	218,952
Impairment losses	(5,946)	(10,009)	(10,916)
Net carrying amount	116,524	190,457	208,036

The Group’s trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. The credit period is generally 30 to 120 days. Overdue balances are reviewed regularly by senior management.

An ageing analysis of the Group’s trade and bills receivables at amortised cost, based on trade date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	115,291	187,823	206,999
1 to 2 years	1,073	2,398	891
2 to 3 years	160	122	89
3 to 4 years	—	114	11
4 to 5 years	—	—	46
Total	116,524	190,457	208,036

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The movements in the impairment losses on trade receivables at amortised cost are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	2,932	5,946	10,009
Impairment losses, net	3,014	4,086	907
Amounts written off	—	(21)	—
Exchange realignment	—	(2)	—
At end of year	<u>5,946</u>	<u>10,009</u>	<u>10,916</u>

The bills receivables were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was not significant as at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

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

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2023						
On a collective basis:						
Expected credit loss rate	4.76%	9.98%	30.13%	—	—	4.86%
Gross carrying amount (RMB'000).	121,049	1,192	229	—	—	122,470
Expected credit losses (RMB'000).	5,758	119	69	—	—	5,946
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2024						
On a collective basis:						
Expected credit loss rate	4.87%	9.98%	29.48%	50.22%	—	5.02%
Gross carrying amount (RMB'000).	196,510	2,664	173	229	—	199,576
Expected credit losses (RMB'000).	9,577	266	51	115	—	10,009

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	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2025						
On a collective basis:						
Expected credit loss rate	4.90%	12.33%	29.92%	47.62%	79.91%	5.02%
Gross carrying amount (RMB’000).	216,226	803	127	21	229	217,406
Expected credit losses (RMB’000).	10,586	99	38	10	183	10,916

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables	115,023	193,439	208,058
Bank bills receivable	—	890	1,546
Total	115,023	194,329	209,604
Impairment losses.	(5,868)	(9,991)	(10,725)
Net carrying amount.	109,155	184,338	198,879

An ageing analysis of the Company’s trade and bills receivables at amortised cost, based on recognition date and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	107,922	181,800	197,891
1 to 2 years	1,073	2,302	891
2 to 3 years	160	122	40
3 to 4 years	—	114	11
4 to 5 years	—	—	46
Total	109,155	184,338	198,879

The movements in the loss allowance for impairment of trade and bills receivables at amortised cost are as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year.	2,930	5,868	9,991
Impairment losses, net	2,938	4,144	734
Amounts written off as uncollectible	—	(21)	—
At end of year	5,868	9,991	10,725

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

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Total
As at 31 December 2023						
On a collective basis:						
Expected credit loss rate	5.00%	9.98%	30.13%	—	—	5.10%
Gross carrying amount						
(RMB’000).	113,602	1,192	229	—	—	115,023
Expected credit losses						
(RMB’000).	5,680	119	69	—	—	5,868
As at 31 December 2024						
On a collective basis:						
Expected credit loss rate	5.02%	10.04%	29.48%	50.22%	—	5.16%
Gross carrying amount						
(RMB’000).	190,478	2,559	173	229	—	193,439
Expected credit losses						
(RMB’000).	9,568	257	51	115	—	9,991
As at 31 December 2025						
On a collective basis:						
Expected credit loss rate	5.03%	12.33%	29.82%	47.62%	79.91%	5.15%
Gross carrying amount						
(RMB’000).	206,948	803	57	21	229	208,058
Expected credit losses						
(RMB’000).	10,416	99	17	10	183	10,725

22. BILLS RECEIVABLE AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Bills receivable at fair value through other comprehensive income.	5,242	8,036	22,840

The Group and the Company have classified bills receivable that are held both to collect cash flows and to sell as financial assets at fair value through other comprehensive income under IFRS 9. Bills receivable at fair value through other comprehensive income were mainly bank acceptance bills held to be discounted or endorsed for the purpose of daily treasury management and were qualified for derecognition when discounted or endorsed.

All these bills receivable at fair value through other comprehensive income are aged within six months. The identified impairment loss was assessed to be minimal as at the end of each of the Relevant Periods.

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23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Prepayments to suppliers	7,566	4,836	2,475
Value-added tax recoverable	935	387	121
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Financial instruments at amortised cost (i) . . .	90,001	62,801	—
Deposits	652	1,534	1,966
Prepaid expenses	747	930	2,534
Other receivables	29	611	26
	99,930	71,099	23,630
Impairment allowance	(72)	(137)	(249)
Subtotal	99,858	70,962	23,381
Non-current portion:			
Rental deposits	607	1,443	1,475
Acquisition of property, plant and equipment .	12,417	4,208	42,154
	13,024	5,651	43,629
Impairment allowance	(63)	(220)	(374)
Subtotal	12,961	5,431	43,255
Total	112,819	76,393	66,636

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Prepayments to suppliers	7,561	4,784	2,405
Value-added tax recoverable	741	—	—
[REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]
Financial instruments at amortised cost (i) . .	90,001	62,801	—
Deposits	33	753	1,208
Prepaid expenses	625	867	2,289
Other receivables	—	2	—
	98,961	69,207	22,410
Impairment allowance	(30)	(38)	(62)
Subtotal	98,931	69,169	22,348
Non-current portion:			
Rental deposits	—	899	929
Acquisition of property, plant and equipment .	12,416	4,208	42,154
	12,416	5,107	43,083
Impairment allowance	—	(48)	(95)
Subtotal	12,416	5,059	42,988
Total	111,347	74,228	65,336

- (i) Financial instruments at amortised cost represent reserve repurchase of treasury bonds, which were acquired from certain financial institutions, pledged by national treasury bonds for the purpose to earn interest income. Financial instruments at amortised cost matured within 1 year and bore fixed interest rate. The identified impairment loss was assessed to be minimal as at the end of each of the Relevant Periods. Further details on credit risk are disclosed in note 40 to the Historical Financial Information.

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

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24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current			
Unlisted equity investments	10,000	16,000	10,358
Current			
Structured deposits, at fair value	—	518,952	—
Total	10,000	534,952	10,358

The structured deposits were issued by banks in Chinese mainland. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents	706,998	90,808	614,970
Restricted cash	5,374	788	—
Total	712,372	91,596	614,970

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	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents			
Denominated in RMB	651,340	54,807	568,887
Denominated in United States dollar (“USD”)	44,891	25,245	42,771
Denominated in Japanese Yen (“JPY”)	10,743	8,169	1,786
Denominated in Swiss Franc (“CHF”)	—	2,587	1,526
Denominated in Singapore Dollar (“SGD”)	24	—	—
Total	<u>706,998</u>	<u>90,808</u>	<u>614,970</u>
Restricted bank balances denominated in RMB	1,165	—	—
Restricted bank balances denominated in CHF	4,209	—	—
Restricted bank balances denominated in USD	—	788	—
Total	<u>5,374</u>	<u>788</u>	<u>—</u>

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2024, restricted cash of RMB788,000 represented funds for payment in transit between overseas subsidiaries.

As at 31 December 2023, restricted cash of RMB1,165,000 mainly represented funds frozen by court order pursuant to civil rulings.

As at 31 December 2023, restricted cash of RMB4,209,000 consisted of deposits placed in registered capital account of an overseas subsidiary.

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents	685,168	72,763	593,709
Restricted cash	1,091	—	—
Total	<u>686,259</u>	<u>72,763</u>	<u>593,709</u>

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	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents			
Denominated in RMB	642,486	49,408	555,735
Denominated in USD	42,640	23,312	37,898
Denominated in Japanese Yen (“JPY”)	18	43	76
Denominated in Singapore Dollar (“SGD”)	24	—	—
Total	<u>685,168</u>	<u>72,763</u>	<u>593,709</u>
Restricted bank balances denominated in			
RMB	1,091	—	—
Total	<u>1,091</u>	<u>—</u>	<u>—</u>

26. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	62,524	130,411	140,730
Payables for purchase of property, plant and equipment	17,276	9,137	20,027
Payroll and welfare payable	19,087	22,234	30,560
Accrued expenses	1,988	3,097	4,504
Other tax payables	1,034	2,827	2,986
Payable for acquisition of a subsidiary	1,000	—	—
Others	1,670	194	137
Total	<u>104,579</u>	<u>167,900</u>	<u>198,944</u>

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	62,030	130,263	140,578
1 to 2 years	489	74	27
2 to 3 years	—	69	51
Over 3 years	5	5	74
Total	<u>62,524</u>	<u>130,411</u>	<u>140,730</u>

The trade payables are non-interest-bearing and are normally settled in 30 to 120 days upon receipt of the VAT invoice.

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	58,191	126,560	135,313
Payables for purchase of property, plant and equipment	17,276	8,773	20,009
Payroll and welfare payable	14,420	19,215	28,991
Accrued expenses	1,988	3,097	4,303
Other tax payables	748	2,699	2,716
Payable for equity acquisition	1,000	—	—
Others	74	15	2
Total	<u>93,697</u>	<u>160,359</u>	<u>191,334</u>

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	57,813	126,416	135,161
1 to 2 years	373	70	27
2 to 3 years	—	69	51
Over 3 years	5	5	74
Total	<u>58,191</u>	<u>126,560</u>	<u>135,313</u>

27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u>152</u>	<u>459</u>	<u>705</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u>152</u>	<u>314</u>	<u>669</u>

Contract liabilities represented advances received from customers on sales of products.

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28. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

As at 31 December 2023			
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — unsecured.	2.60%	2024	29,784
As at 31 December 2024			
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — unsecured.	2.60%	2025	12,010
As at 31 December 2025			
	<i>Effective interest rate</i>	<i>Maturity</i>	<i>RMB’000</i>
Current			
Bank loans — unsecured.	2.11%	2026	30,019

All interest-bearing bank borrowings are repayable within one year as at 31 December 2023, 2024 and 2025.

29. DEFERRED INCOME

The Group and the Company

As at 31 December			
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Government grants	13,333	11,805	13,378

The movements in deferred income during the Relevant Periods are as follows:

As at 31 December			
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year.	12,580	13,333	11,805
Grants received during the year.	3,525	674	4,120
Amounts released to profit or loss during the year	(2,772)	(2,202)	(2,547)
At end of year	13,333	11,805	13,378

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Government grants received related to acquisition of property, plant and equipment were recognised as deferred income and amortised as other income over the expected useful lives of the relevant assets.

30. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share capital	89,874	116,836	151,888

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	89,874	89,874	116,836
Capitalisation issue of shares (a)	—	26,962	35,052
At the end of the year	89,874	116,836	151,888

(a) On 17 May 2024, a resolution was passed by the Company’s shareholders during the annual general meeting that the Company issued three ordinary shares for every existing ten ordinary shares by way of capitalisation of capital reserve. Accordingly, 26,962,000 ordinary shares were issued at par and an amount of RMB26,962,000 was debited to the capital reserve account.

On 20 May 2025, a resolution was passed by the Company’s shareholders during the annual general meeting that the Company issued three ordinary shares for every existing ten ordinary shares by way of capitalisation of capital reserve. Accordingly, 35,052,000 ordinary shares were issued at par and an amount of RMB35,052,000 was debited to the capital reserve account.

31. SHARE-BASED PAYMENTS

The Company operates a restricted share incentive scheme (“**Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Eligible participants of the Scheme include the Company’s directors, senior management and backbone employees. The scheme became effective on 4 January 2023 and, unless otherwise cancelled or amended, will remain in force for 51 months from that date.

A total of 450,000 restricted shares units (“**RSUs**”) were granted, of which 400,000 RSUs were granted on 4 January 2023, and 50,000 RSUs were reserved for future grants. Pursuant to the Scheme, based on the Company’s financial performance and individual performance, eligible participants of the Group have the right to acquire shares in the Company with a vesting period of 15 to 39 months and the proportion of the Company’s shares to be granted attributable each year from the start date of the vesting period is 30%, 30% and 40%. During the Relevant Periods, 158,000, 106,000 and 136,000 RSUs were forfeited since the Company’s performance conditions were not met. Pursuant to the board resolution dated 30 March 2026, the Scheme had expired and was no longer in effect.

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There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these shares. The Group accounts for the Scheme as an equity-settled plan.

The foregoing RSUs granted do not confer rights on the holders to dividends or to vote at shareholders’ meetings.

Expenses arising from equity-settled share-based payment transactions were as follows:

		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Share-based payment expenses		2,550	(64)	(2,486)
		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of sales	282	62	(344)	
Selling and marketing expenses	642	(4)	(638)	
Administrative expenses	377	(3)	(374)	
Research and development expenses	1,249	(119)	(1,130)	
Total	2,550	(64)	(2,486)	

The fair values of equity-settled share-based payment were estimated as at the dates of grant using a Black-Scholes model. The difference between the fair value of the Company’s shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Without considering the impacts of the profit distribution and capitalisation of capital reserve, movements in the number of shares granted and their exercise prices were as follows:

		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
	<i>exercise price</i>			
At the beginning of the year	—	—	242	136
Granted	34.07	400	—	—
Forfeited	34.07	(158)	(106)	(136)
At the end of the year	34.07	242	136	—

32. RESERVES

The Group

The amounts of the Group’s reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

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(i) Capital reserve

The capital reserve account represent the consideration received for capital injection in excess of the par value of shares issued; and the increased share of net assets of an associate of the Company, due to capital injection from other investors, and the impact of the capitalisation issue of shares.

(ii) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the Historical Financial Information.

(iii) Reserve fund

In accordance with the Company Law of Chinese mainland and the articles of association of the subsidiaries established in the Chinese mainland, the Group is required to allocate 10% of its net profit after tax, as determined under the Chinese mainland accounting standards, to the statutory surplus funds until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of these subsidiaries, the statutory surplus funds may be used either to offset losses, or to be converted to increase the capital of the subsidiaries provided that the balance after such conversion is not less than 25% of the registered capital of them. The reserve cannot be used for purposes and is not distributable as cash dividends.

(iv) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from presentation currency.

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The Company

	Capital reserve	Share-based payment reserve	Reserve Fund	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	999,482	39,952	17,735	112,414	1,169,583
Loss for the year and total comprehensive loss	—	—	—	(16,162)	(16,162)
Share-based payments	—	2,550	—	—	2,550
Dividends paid	—	—	—	(14,380)	(14,380)
As at 31 December 2023 and 1 January 2024.	999,482	42,502	17,735	81,872	1,141,591
Loss for the year and total comprehensive loss	—	—	—	(590)	(590)
Share-based payments	—	(64)	—	—	(64)
Capitalisation issue of shares	(26,962)	—	—	—	(26,962)
Dividends paid	—	—	—	(7,190)	(7,190)
Others	6	—	—	—	6
As at 31 December 2024 and 1 January 2025.	972,526	42,438	17,735	74,092	1,106,791
Profit for the year and total comprehensive income	—	—	—	35,177	35,177
Share-based payments	—	(2,486)	—	—	(2,486)
Capitalisation issue of shares	(35,052)	—	—	—	(35,052)
Dividends paid	—	—	—	(9,347)	(9,347)
Transfer from retained profits	—	—	1,842	(1,842)	—
Others	231	—	—	—	231
As at 31 December 2025	<u>937,705</u>	<u>39,952</u>	<u>19,577</u>	<u>98,080</u>	<u>1,095,314</u>

33. BUSINESS COMBINATION

Acquisition of Yoke

In September 2023, the Group acquired of the entire equity interests in Yoke of which businesses were the manufacture of semiconductor equipment and precision mechanical products at a cash consideration of RMB10,000,000.

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The fair values of the identifiable assets and liabilities of Yoke as at the date of acquisition were as follows:

	<i>Notes</i>	Fair value recognised on acquisition
		<i>RMB’000</i>
Property, plant and equipment	13	1,153
Deferred tax assets	19	8
Cash and cash equivalents		4,142
Trade and bills receivables at amortised cost		6,314
Prepayments, other receivables and other assets		456
Tax recoverable		29
Inventories		1,490
Trade and other payables		(9,478)
Contract liabilities		(442)
Total identifiable net assets at fair value		3,672
Goodwill arising on acquisition		6,328
Satisfied by cash		10,000

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

	<i>RMB’000</i>
Cash consideration paid during the year ended 31 December 2023	(9,000)
Payable for acquisition of a subsidiary (<i>note 26</i>)	1,000
Cash and cash equivalents acquired	4,142
Net outflow of cash and cash equivalents during the year ended	
31 December 2023	(4,858)

From the date of acquisition, Yoke contributed RMB8,174,000 of revenue and RMB839,000 of loss before tax to the Group for the year ended 31 December 2023. If the acquisition had been taken place at the beginning of 2023, revenue would have been RMB301,973,000 and loss before tax for the Group would have been RMB40,733,000.

34. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB5,651,000, RMB3,298,000 and RMB265,000, respectively, in respect of lease arrangements for plant and equipment.

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(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	—	1,143	1,143
Changes from financing cash flows	29,694	(951)	28,743
New leases	—	5,651	5,651
Interest expense	90	88	178
Exchange realignment	—	(21)	(21)
At 31 December 2023 and 1 January 2024	29,784	5,910	35,694
Changes from financing cash flows	(18,838)	(3,313)	(22,151)
New leases	—	3,298	3,298
Interest expense	1,064	183	1,247
Exchange realignment	—	(71)	(71)
At 31 December 2024 and 1 January 2025	12,010	6,007	18,017
Changes from financing cash flows	17,839	(3,820)	14,019
New leases	—	265	265
Interest expense	170	187	357
Exchange realignment	—	(40)	(40)
At 31 December 2025	30,019	2,599	32,618

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities	666	891	3,023
Within financing activities	951	3,313	3,820
Total	1,617	4,204	6,822

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35. COMMITMENTS

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for: Purchases of property, plant and equipment	46,588	2,563	15,442

36. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties:

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase of goods			
Jiangsu Provision Electronics Co., Ltd.*	—	787	4,119
Sale of goods			
Jiangsu Provision Electronics Co., Ltd.*	—	—	80

* A director of the Company is the director and equity holder of Jiangsu Provision Electronics Co., Ltd.

These transactions were carried out in accordance with the terms and conditions mutually agreed between the parties involved.

(b) Outstanding balances with related parties:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to a related company			
Trade related:			
Jiangsu Provision Electronics Co., Ltd.	—	817	2,231

Amounts due to the related company were unsecured, interest-free and normally settled on terms of 90 days.

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(c) Compensation of key management personnel of the Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	4,925	5,302	6,221
Pension scheme contributions and social welfare	626	616	592
Share-based payment expenses	284	(2)	(282)
Total compensation paid to key management personnel	<u>5,835</u>	<u>5,916</u>	<u>6,531</u>

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

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	10,000	—	10,000
Trade and bills receivables at amortised cost	—	—	116,524	116,524
Financial assets included in prepayments, other receivables and other assets	—	—	91,901	91,901
Bills receivable at fair value through other comprehensive income	5,242	—	—	5,242
Restricted cash	—	—	5,374	5,374
Cash and cash equivalents	—	—	706,998	706,998
Total	<u>5,242</u>	<u>10,000</u>	<u>920,797</u>	<u>936,039</u>

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Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	62,524
Financial liabilities included in other payables and accruals	20,468
Interest-bearing bank borrowings	29,784
Total	112,776

As at 31 December 2024

Financial assets

	Financial assets at fair value through comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss	—	534,952	—	534,952
Trade and bills receivables at amortised cost	—	—	190,457	190,457
Financial assets included in prepayments, other receivables and other assets	—	—	66,962	66,962
Bills receivable at fair value through other comprehensive income	8,036	—	—	8,036
Restricted cash	—	—	788	788
Cash and cash equivalents	—	—	90,808	90,808
Total	8,036	534,952	349,015	892,003

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade payables	130,411
Amounts due to a related company	817
Financial liabilities included in other payables and accruals	12,428
Interest-bearing bank borrowings	12,010
Total	155,666

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As at 31 December 2025

Financial assets

	Financial assets at fair value through comprehensive income	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	—	10,358	—	10,358
Trade and bills receivables at amortised cost	—	—	208,036	208,036
Financial assets included in prepayments, other receivables and other assets	—	—	2,844	2,844
Bills receivables at fair value through other comprehensive income	22,840	—	—	22,840
Cash and cash equivalents	—	—	614,970	614,970
Total	<u>22,840</u>	<u>10,358</u>	<u>825,850</u>	<u>859,048</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	140,730
Amounts due to a related company	2,231
Financial liabilities included in other payables and accruals	24,668
Interest-bearing bank borrowings	30,019
Total	<u>197,648</u>

38. TRANSFERS OF FINANCIAL ASSETS

During the years ended 31 December 2023, 2024 and 2025, the amounts of bank bills derecognised by the Group were RMB24,229,000, RMB171,410,000 and RMB220,918,000. As at 31 December 2023, 2024 and 2025, the Group discounted certain bank acceptance bills in Chinese mainland with carrying amounts of RMB11,425,000, RMB11,314,000, nil and endorsed certain bank acceptance bills in Chinese mainland with carrying amounts of RMB8,912,000, RMB44,116,000 and RMB67,451,000, respectively, to certain banks in order to obtain cash from such banks or certain of its suppliers in order to settle the trade payables due to such suppliers. These bills receivable being endorsed and transferred are collectively referred to derecognised bills (the “**Derecognised Bills**”). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “**Continuing Involvement**”). In the opinion of the Company’s directors, the risk of the Group being

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claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, the Group had derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills were not significant. During the years ended 31 December 2023, 2024 and 2025, the Group had recognised losses of RMB41,000, RMB46,000 and nil, respectively, on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement and transfer have been made evenly throughout the years.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the non-current portion of financial assets included in prepayments, other receivables and other assets have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The difference between carrying value and fair value as a result of the Group’s own non-performance risk for financial assets included in non-current prepayments, other receivables and other assets were assessed to be insignificant.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The Group invests in financial assets at fair value through profit or loss, which represent structured deposits issued by banks in Chinese mainland and unlisted equity investments. The Group has estimated the fair values of these structured deposits based on the net values announced by the banks at the end of each of the Relevant Periods.

The fair values of the unlisted equity investments included in financial assets at fair value through profit or loss have been estimated based on recent market transaction price of the unlisted equity investments or using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. Management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

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The fair values of bills receivable at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The changes in fair values as a result of the Group for bills receivable at fair value through other comprehensive income during the years ended 31 December 2023, 2024 and 2025 were assessed to be insignificant.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income.	—	5,242	—
Financial assets at fair value through profit or loss	—	10,000	—
Total	—	15,242	—

As at 31 December 2024

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income.	—	8,036	—
Financial assets at fair value through profit or loss	—	534,952	—
Total	—	542,988	—

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As at 31 December 2025

	Fair value measurement using		
	Quoted prices in active markets	Significant observable inputs	Significant unobservable
	Level 1	Level 2	Level 3
	RMB’000	RMB’000	RMB’000
Financial assets at fair value through other comprehensive income.	—	22,840	—
Financial assets at fair value through profit or loss	—	—	10,358
Total	—	22,840	10,358

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2025:

As at 31 December 2025

Financial assets at fair value through profit or loss	Valuation technique	Significant unobservable inputs	Inputs	Sensitivity of fair value to the input
Investment in an unlisted entity .	Valuation multiples	Price to book multiple (“P/B”)	2.2	10% increase/ decrease would result in increase/decrease in fair value by 10%
		Discounts for lack of marketability (“DLOM”)	25%	10% increase/ decrease would result in decrease/increase in fair value by 3.3%

Reconciliation of movements in Level 3 financial instruments measured at fair value

	Financial assets at fair value through profit or loss
	RMB’000
As at 31 December 2024 and 1 January 2025.	—
Transfers into Level 3.	10,000
Fair value gains on financial assets at fair value through profit or loss	358
As at 31 December 2025.	10,358

During the year ended 31 December 2025, a certain investment in an unlisted entity was transferred from Level 2 into Level 3 due to the absence of recent financing activity and a lack of observable market data. Except for the aforementioned circumstance, during the Relevant Periods, there were no other transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

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40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, comprise interest-bearing bank borrowings, cash and deposits, financial assets included in prepayments, other receivables and other assets. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables at amortised cost and trade payables, which arise directly from its operations.

The main risks arising from the Group’s financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

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

As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 26.9%, 27.6%, 14.8% and 52.3%, 59.4%, 44.4% of the Group’s trade receivables were due from the Group’s largest debtor and five largest debtors, respectively. Except for the aforementioned concentrations of credit risk, the Group’s trade receivables relate to a large number of diversified customers. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification.

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As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables at amortised cost *	—	—	—	122,470	122,470
Bills receivable at fair value through other comprehensive income*.	—	—	—	5,242	5,242
Financial assets included in prepayments, other receivables and other assets					
— Normal**	92,036	—	—	—	92,036
Restricted cash					
— Not yet past due	5,374	—	—	—	5,374
Cash and cash equivalents					
— Not yet past due	706,998	—	—	—	706,998
Total	804,408	—	—	127,712	932,120

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables at amortised cost*	—	—	—	200,466	200,466
Bills receivable at fair value through other comprehensive income*.	—	—	—	8,036	8,036
Financial assets included in prepayments, other receivables and other assets					
— Normal**	67,319	—	—	—	67,319
Restricted cash					
— Not yet past due	788	—	—	—	788
Cash and cash equivalents					
— Not yet past due	90,808	—	—	—	90,808
Total	158,915	—	—	208,502	367,417

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As at 31 December 2025

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables at amortised cost*	—	—	—	218,952	218,952
Bills receivable at fair value through other comprehensive income*	—	—	—	22,840	22,840
Financial assets included in prepayments, other receivables and other assets					
— Normal**	3,467	—	—	—	3,467
Cash and cash equivalents					
— Not yet past due	614,970	—	—	—	614,970
Total	618,437	—	—	241,792	860,229

* For trade and bills receivables at amortised cost and bills receivable at fair value through other comprehensive income to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 and 22 to the Historical Financial Information.

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

Liquidity risk

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

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

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

	Within 1 year or on demand	Over 1 year	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Lease liabilities	2,514	3,662	6,176
Trade payables	62,524	—	62,524
Interest-bearing bank borrowings	30,495	—	30,495
Financial liabilities included in other payables and accruals	20,468	—	20,468
Total	116,001	3,662	119,663

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	Within 1 year or on demand	Over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Lease liabilities	3,772	2,478	6,250
Trade payables	130,411	—	130,411
Amounts due to a related company	817	—	817
Financial liabilities included in other payables and accruals	12,428	—	12,428
Interest-bearing bank borrowings	12,031	—	12,031
Total	<u>159,459</u>	<u>2,478</u>	<u>161,937</u>

	Within 1 year or on demand	Over 1 year	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
Lease liabilities	2,601	62	2,663
Trade payables	140,730	—	140,730
Amounts due to a related company	2,231	—	2,231
Financial liabilities included in other payables and accruals	24,668	—	24,668
Interest-bearing bank and other borrowings	30,504	—	30,504
Total	<u>200,734</u>	<u>62</u>	<u>200,796</u>

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders or issue new capital.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. As at 31 December 2023, 2024 and 2025, the Group’s debt-to-asset ratios were 11%, 14% and 17%, respectively.

41. EVENTS AFTER 31 DECEMBER 2025

Pursuant to the board resolution dated 30 March 2026, the Company proposed and declared to distribute a cash dividend of RMB0.8 (including tax) for 10 shares, amounting to RMB12,151,000. Such proposed dividend distribution is subject to approval in the next annual general meeting of the Company.

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Pursuant to the board resolution dated 5 January 2026, the Company approved investments for a leasehold land and construction of plant and properties. On 16 January 2026, the Company has acquired a leasehold land No. 2025-WG-19 through public bidding, with a transaction price of RMB12,006,000.

42. SUBSEQUENT FINANCIAL STATEMENTS

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