

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-69, received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BOFFOTTO SEMICONDUCTOR CO., LTD. AND CHINA MERCHANTS SECURITIES (HK) CO., LIMITED

Introduction

We report on the historical financial information of Boffotto Semiconductor Co., Ltd. (珠海寶豐堂半導體股份有限公司) (previously known as Boffotto Co., Ltd.* (珠海寶豐堂電子科技有限公司) prior to January 2023) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-69, which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-69 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “**Document**”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, 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

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gives a true and fair view in accordance with the basis of preparation set out in note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the Group’s and the Company’s financial position as at 31 December 2023, 2024 and 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 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 15 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[DATE]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	5	138,531	149,710	176,041
Cost of sales		(64,699)	(74,919)	(77,543)
Gross profit		73,832	74,791	98,498
Other income	7	698	579	3,694
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets and other items	9	(12)	(333)	(2,652)
Other gains and losses	10	(66)	675	(638)
[REDACTED]		—	—	[REDACTED]
Distribution and selling expenses		(8,977)	(8,746)	(10,341)
Administrative expenses		(13,390)	(11,743)	(18,779)
Research and development expenses		(10,070)	(10,453)	(11,983)
Other expenses	8	(10)	(1)	(566)
Finance costs	11	(258)	(245)	(640)
Profit before tax		41,747	44,524	41,949
Income tax expenses	13	(4,967)	(5,281)	(4,621)
Profit for the year	12	36,780	39,243	37,328
Other comprehensive expense				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		—	—	(26)
Total comprehensive income for the year		36,780	39,243	37,302
Earnings per share				
— Basic and diluted (<i>RMB</i>)	16	0.88	0.92	0.81

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property and equipment	17	7,179	6,936	17,311
Right-of-use assets	18	5,725	18,238	29,881
Intangible assets	19	211	185	473
Other receivables	22	1,435	168	168
Deferred tax assets	20	2,684	3,124	4,408
Deposits paid for acquisition of property and equipment.		—	—	5,921
		17,234	28,651	58,162
Current assets				
Inventories	21	59,260	49,161	60,721
Trade and other receivables	22	25,265	61,314	83,936
Contract assets	24	3,842	2,269	2,685
Amounts due from related parties	25A	39,166	51,110	—
Bills receivables at fair value through other comprehensive income (“FVTOCI”)	23	622	3,735	3,756
Cash and cash equivalents	26	19,791	17,011	110,082
		147,946	184,600	261,180
Current liabilities				
Trade and other payables	27	12,333	21,567	29,150
Tax payable		3,499	8,748	5,666
Bank borrowings	28	—	5,626	17,597
Lease liabilities	29	1,458	1,635	1,857
Provisions	31	2,420	2,901	3,887
Contract liabilities	30	20,082	7,889	6,771
		39,792	48,366	64,928
Net current assets		108,154	136,234	196,252
Total assets less current liabilities		125,388	164,885	254,414
Non-current liabilities				
Lease liabilities	29	4,467	3,013	1,750
Deferred income	32	—	—	1,929
		4,467	3,013	3,679
Net assets		120,921	161,872	250,735
Capital and reserves				
Share capital	33	42,796	42,796	49,380
Reserves		78,125	119,076	201,355
Total equity		120,921	161,872	250,735

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets				
Property and equipment	17	7,179	6,936	17,311
Right-of-use assets	18	5,725	18,238	16,350
Intangible assets	19	211	185	473
Other receivables	22	1,435	168	168
Deferred tax assets	20	2,684	3,124	4,392
Investments in subsidiaries	42	—	—	48,743
Deposits paid for acquisition of property and equipment.		—	—	299
		17,234	28,651	87,736
Current assets				
Inventories	21	59,260	49,161	60,666
Trade and other receivables	22	25,265	61,314	79,172
Contract assets	24	3,842	2,269	2,685
Amounts due from related parties	25A	39,166	51,110	—
Amount due from a subsidiary	25B	—	—	13,220
Bills receivables at FVTOCI	23	622	3,735	3,756
Cash and cash equivalents	26	19,791	17,011	69,264
		147,946	184,600	228,763
Current liabilities				
Trade and other payables	27	12,333	21,567	28,658
Tax payable		3,499	8,748	5,499
Bank borrowings	28	—	5,626	17,597
Lease liabilities	29	1,458	1,635	1,685
Provisions	31	2,420	2,901	3,887
Contract liabilities	30	20,082	7,889	6,771
		39,792	48,366	64,097
Net current assets		108,154	136,234	164,666
Total assets less current liabilities		125,388	164,885	252,402
Non-current liabilities				
Lease liabilities	29	4,467	3,013	1,328
Deferred income	32	—	—	1,929
		4,467	3,013	3,257
Net assets		120,921	161,872	249,145
Capital and reserves				
Share capital	33	42,796	42,796	49,380
Reserves	42	78,125	119,076	199,765
Total equity		120,921	161,872	249,145

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Share premium	Translation reserve	Capital reserves	Other reserves	Share-based payments reserve	Statutory reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	(note i) RMB'000	(note ii) RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	16,259	—	—	—	656	1,841	—	9,979	49,372	78,107
Profit and total comprehensive income for the year.	—	—	—	—	—	—	—	—	36,780	36,780
Conversion into a joint stock Company (note 33).	(16,259)	40,000	26,762	—	(656)	—	—	(9,979)	(39,868)	—
Capital contribution (note 33).	—	2,796	1,957	—	—	—	—	—	—	4,753
Recognition of equity-settled share-based payments (note 39)	—	—	—	—	—	—	1,281	—	—	1,281
Transfer to statutory reserve	—	—	—	—	—	—	—	4,342	(4,342)	—
At 31 December 2023	—	42,796	28,719	—	—	1,841	1,281	4,342	41,942	120,921
Profit and total comprehensive income for the year.	—	—	—	—	—	—	—	—	39,243	39,243
Recognition of equity-settled share-based payments (note 39)	—	—	—	—	—	—	1,708	—	—	1,708
Transfer to statutory reserve	—	—	—	—	—	—	—	3,924	(3,924)	—
At 31 December 2024	—	42,796	28,719	—	—	1,841	2,989	8,266	77,261	161,872
Profit for the year	—	—	—	—	—	—	—	—	37,328	37,328
Other comprehensive expense for the year.	—	—	—	(26)	—	—	—	—	—	(26)
(Loss) profit and total comprehensive (expense) income for the year.	—	—	—	(26)	—	—	—	—	37,328	37,302
Capital contributions (note 33)	—	6,584	93,416	—	—	—	—	—	—	100,000
Dividend declared (note 15)	—	—	—	—	—	—	—	—	(50,000)	(50,000)
Recognition of equity-settled share-based payments (note 39)	—	—	—	—	—	—	1,561	—	—	1,561
Transfer to statutory reserve	—	—	—	—	—	—	—	3,571	(3,571)	—
At 31 December 2025	—	49,380	122,135	(26)	—	1,841	4,550	11,837	61,018	250,735

Notes:

- (i) Other reserve represents the deemed capital contribution of RMB1,841,000 from waive of payables of RMB1,841,000 due to Zhuhai Boffotto Machinery and Equipment Co., Ltd.* (珠海寶豐堂機械設備有限公司), which was wholly owned by Ms. Law, So Chen Agnes (羅素珍), the spouse of Mr. CHIU Chi Keung Parker (“**Mr. Chiu**”), the general manager and one of the controlling shareholders of the Company, pursuant to the agreement entered into between Zhuhai Boffotto Machinery and Equipment Co., Ltd.* and the Company on 18 October 2021; and
- (ii) Generally, according to the People’s Republic of China (“**PRC**”) Company Law and the Articles of Association of the Company, it is required to transfer at least 10% of its profit after tax, calculated in accordance with the relevant accounting principles and financial regulations applicable to entities established in the PRC, to the statutory reserve until the reserve balance reaches 50% of the registered capital.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Profit before tax	41,747	44,524	41,949
Adjustments for:			
Finance costs	258	245	640
Interest income	(116)	(135)	(215)
Depreciation of property and equipment . . .	1,227	1,358	1,019
Depreciation of right-of-use assets	1,510	1,625	1,888
Amortisation of intangible assets	26	26	35
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets and other items	12	333	2,652
Write-down of inventories	1,175	1,314	2,320
Loss on write-off of property and equipment	115	2	73
Fair value gain on financial assets at fair value through profit or loss (“FVTPL”) . .	—	—	(175)
Share-based payment expenses	1,281	1,708	1,561
Net foreign exchange (gains) losses	(150)	(284)	362
	<u>47,085</u>	<u>50,716</u>	<u>52,109</u>
Operating cash flows before movements in working capital			
(Decrease) increase in provisions	(325)	481	986
Decrease in contract liabilities	(7,825)	(12,193)	(1,118)
(Decrease) increase in trade and other payables	(101)	9,234	9,976
Increase in deferred income	—	—	1,929
(Increase) decrease in inventories	(1,509)	8,087	(13,891)
(Increase) decrease in contract assets	(3,039)	1,589	(547)
Decrease (increase) in bills receivables at FVTOCI	91	(3,113)	(21)
(Increase) decrease in amounts due from related parties	(20,714)	(16,499)	46,276
Decrease (increase) in trade and other receivables	<u>1,597</u>	<u>(35,089)</u>	<u>(20,506)</u>
Cash generated from operations	15,260	3,213	75,193
Interest received	116	135	215
Income taxes paid	<u>(4,892)</u>	<u>(472)</u>	<u>(8,987)</u>
NET CASH FROM OPERATING ACTIVITIES	<u>10,484</u>	<u>2,876</u>	<u>66,421</u>

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	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
INVESTING ACTIVITIES			
Acquisition of property and equipment.	(380)	(419)	(16,066)
Acquisition of a leasehold land	—	(13,953)	(12,937)
Acquisition of intangible assets	—	—	(323)
Purchase of financial assets at FVTPL	—	—	(100,000)
Proceeds on disposal of financial assets at FVTPL	—	—	100,175
NET CASH USED IN INVESTING ACTIVITIES	(380)	(14,372)	(29,151)
FINANCING ACTIVITIES			
Payments of lease liabilities	(1,594)	(1,655)	(1,776)
Payments of accrued issue costs	—	—	(3,704)
Interest paid	(19)	(52)	(499)
Dividend paid	—	—	(50,000)
New bank borrowings raised	8,410	5,626	27,597
Repayment of bank borrowings	(8,410)	—	(15,626)
Capital contributions	—	4,753	100,000
NET CASH (USED IN) FROM FINANCING ACTIVITIES	(1,613)	8,672	55,992
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	8,491	(2,824)	93,262
Cash and cash equivalents at beginning of the year	11,260	19,791	17,011
Effect of foreign exchange rate changes	40	44	(191)
Cash and cash equivalents at end of the year	19,791	17,011	110,082

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

Boffotto Semiconductor Co., Ltd. (the “**Company**”) was incorporated and registered in the PRC in 2006 as a limited liability company. On 20 January 2023, the Company was converted into a joint stock company with limited liability under the Company Laws of the PRC. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed “Corporate Information” in the Document. Its ultimate controlling shareholder is Mr. Chiu.

The Company is principally engaged in research and development, manufacturing of plasma processing equipment utilized in semiconductor and printed circuit boards manufacturing (collectively referred to as the “**Equipment**”) and is also engaged in sales of components and accessories and rendering of repair and maintenance services to the customers.

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Auditing Standards issued by the IASB.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

The statutory financial statements of the Company for each of years ended 31 December 2023 and 2024 were prepared in accordance with The Accounting Standards for Business Enterprises and were audited by Zhuhai Huaqi Certified Public Accountants Company Limited* (珠海華旗會計師事務所有限公司) for 2023 and Shenzhen Lanxiang Certified Public Accountants (General Partnership)* (深圳蘭祥會計師事務所(普通合夥)) for 2024, that both of them are certified public accountants registered in the PRC, respectively. No audited statutory financial statements of the Company have been prepared for the year ended 31 December 2025 as the statutory audit for the Company has not been arranged by the management of the Company up to the date of the report.

* *The English names are for identification purpose only.*

2. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting period beginning on 1 January 2025 throughout the Track Record Period.

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New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

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

Except for the new IFRS Accounting Standard described below, the directors of the Company anticipate that the application of all other amendments to IFRS Accounting Standards will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is

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reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

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

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less than any identified impairment loss on the statements of financial position of the Company.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to revenue from contracts with customers is provided in notes 5, 24 and 30.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to staff quarters that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses.

Right-of-use assets are depreciated on a straight-line basis over the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on loan prime rate of local bank.

The lease payments include fixed payments.

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After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

Foreign currencies

In preparing the financial consolidated statements of entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case, the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation (that is, a disposal of the Group’s entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

Borrowing costs

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, representing state-managed retirement schemes in the PRC, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Shares/Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will be transferred to share premium.

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

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Shares granted to non-employees

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the equity instruments granted as the fair value of the services received cannot be estimated reliably, measured at the date the counterparty renders the service. The fair values of the services received are recognised as expenses (unless the services qualify for recognition as assets).

Taxation

Income tax expenses represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 *Income Taxes* requirements to the lease liabilities, and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

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Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

Property and equipment

Property and equipment are tangible assets that are held for use in the production of goods and the provision of services, or for administrative purposes (other than construction in progress as described below). Property and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Construction in progress for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

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Impairment on property and equipment, right-of-use assets and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its property and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

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Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position represent cash, which comprises of cash on hand and demand deposits.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of the Equipment are recognised at the date of sales of the relevant products, at the directors’ best estimate of the expenditure required to settle the Group’s obligation.

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

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Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group’s bills receivables are subsequently measured at FVTOCI as bills receivables meet the following conditions:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these bill receivables had been measured at amortised cost. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income

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and accumulated under the heading of FVTOCI reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amounts due from related parties, cash and cash equivalents and bills receivables at FVTOCI) and other items (contract assets) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, obtained from economic expert reports, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations;

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- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor’s ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on bills receivables at FVTOCI has not increased significantly since initial recognition if the bills receivables at FVTOCI is determined to have low credit risk at the reporting date. Bills receivables at FVTOCI is determined to have low credit risk if (i) it has a low risk of default, (ii) the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the counterparty to fulfil its contractual cash flow obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

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(iv) Write-off policy

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

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

The ECL for the Group’s trade receivables and contract assets of non-credit-impaired debtors are considered on a collective basis.

For collective assessment, the Group takes nature and industry of debtors and relevant credit information into consideration when formulating the grouping.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For financial assets measured at amortised cost, exchange differences are recognised in profit or loss in the ‘Other gains and losses’ line item (note 10) as part of the net foreign exchange gains/(losses).

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Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of bills receivables at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is reclassified to profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

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ACCOUNTANTS’ REPORT

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in note 3, management of the Group is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Warranty provisions

For the Group’s sales of the Equipment, the Group provides an assurance warranty to the customers, i.e. repairing of the Equipment except for Equipment damaged due to improper operation free of charge, within a warranty period of 12 to 24 months.

Relevant provisions for the expected cost of the assurance warranty obligations are recognised at the date of sales of the Equipment, and estimated with reference to the historical warranty costs as well as the probability of the warranty claimed by the customers.

In cases where the actual cost incurred on the warranty claims are less or more than expected, or change in facts and circumstances which result in revision of estimated costs related to product warranty, a material reversal or further provisions of warranty provisions may arise, which would be recognised in profit or loss for the period in which such a reversal or further provisions takes place. As at 31 December 2023, 2024 and 2025, the provisions for warranty amounted to RMB2,420,000, RMB2,901,000 and RMB3,887,000 and details are disclosed in note 31.

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5. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods and services			
Sales of products			
Equipment.	115,028	117,517	130,133
Components and accessories.	13,290	20,290	28,794
	128,318	137,807	158,927
Rendering of services.	10,213	11,903	17,114
	138,531	149,710	176,041
Timing of revenue recognition			
At a point of time	138,531	149,710	176,041
Sales channel			
Direct.	104,390	128,958	156,827
Distribution.	34,141	20,752	19,214
	138,531	149,710	176,041

(ii) Performance obligations for contracts with customers and revenue recognition policies

Sales of the Equipment (revenue recognised at a point in time)

The Group sells the Equipment directly to customers. Revenue is recognised at a point of time when control of the goods has been transferred, mainly being when the goods are either picked up at site or free on board or delivered to and accepted by the customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The normal credit term is up to 180 days upon acceptance. Generally, customers are required to pay approximately up to 30% of the total fee as a deposit upon the signing of the agreements, approximately 60% to 90% of the total fee when the Equipment are delivered to, installed and accepted by the customers, the remaining balance is generally due after the expiration of the warranty period.

Apart from direct sales, the Group also transacts with distributors. For the sales of Equipment to the distributors, revenue is recognised when control of the goods has been delivered to the distributors. Generally, the transportation and handling activities are assumed by the distributors. Following the delivery, the distributors have full discretion over the manner of distribution and price to sell the goods, have the primary responsibility when selling the goods and bear the risks of obsolescence and loss in relation to the goods. The normal credit term is up to 180 days upon delivery. The Group typically does not allow the distributors to return products.

Sales-related warranties associated with the sales of the Equipment cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 *Provision, Contingent Liabilities and Contingent Assets*.

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Sales of components and accessories (revenue recognised at a point in time)

For sales of components and accessories directly to the customers in accordance with the orders from and framework contracts entered with the customers, revenue is recognised when control of the goods has been transferred, being when the goods have been delivered to the customers or accepted by the customers. Transportation and handling activities that occur before customers obtain control are considered as fulfilment activities. The normal credit term is up to 180 days upon customer acceptance, except for certain customer, where payment in advance is required.

For sales of components and accessories to the distributors in accordance with the orders from the distributors, revenue is recognised when control of the goods has been delivered to the distributors. Transportation and handling activities are assumed by the distributors. Following the delivery, the distributors have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. The normal credit term is 180 days upon delivery. The Group typically does not allow the distributors to return products except for limited reasons, such as product design defects or quality issues.

Services income

Services income mainly derived from the maintenance services and repair services provided by the Group.

Revenue relating to the maintenance services is recognised at a point of time when the service is accepted by the customers. The normal credit term is 45 to 180 days upon customer acceptance.

Revenue relating to the repair services is recognised at a point of time when the key components owned by the customers are repaired, delivered to or accepted by the customers. The normal credit term is up to 180 days upon customer acceptance.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining performance obligations as at 31 December 2023, 2024 and 2025 and the expected timing of recognising revenue are as follows:

	Sales of the Equipment	Sales of components and accessories	Services income
	RMB'000	RMB'000	RMB'000
As at 31 December 2023			
— Within one year	35,166	2,171	979
— More than one year but not more than two years	1,075	—	543
	<u>36,241</u>	<u>2,171</u>	<u>1,522</u>

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	Sales of the Equipment	Sales of components and accessories	Services income
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2024			
— Within one year	41,321	3,445	5,753
— More than one year but not more than two years	6,525	—	1,446
	<u>47,846</u>	<u>3,445</u>	<u>7,199</u>
As at 31 December 2025			
— Within one year	52,650	2,114	4,009
— More than one year but not more than two years	9,563	—	327
	<u>62,213</u>	<u>2,114</u>	<u>4,336</u>

6. OPERATING SEGMENTS

Segment information

The Group’s operating segments are determined based on information reported to the executive directors of the Group, being the chief operating decision maker (“**CODM**”) of the Group, for the purposes of resource allocation and assessment of performance. The CODM of the Group review the operating results of the Group as a whole to make decisions about resource allocation. Accordingly, the Group has only one single operating segment.

Entity-wide disclosures

Geographical information

The Group’s non-current assets are all located in the PRC. The geographical information of the Group’s revenue, determined based on geographical locations of the customers, during the Track Record Period is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue			
Chinese Mainland	95,804	112,385	103,050
Thailand	—	7,624	23,403
Taiwan	2,250	4,643	18,175
United States	27,803	12,561	11,976
Other countries and regions	12,674	12,497	19,437
	<u>138,531</u>	<u>149,710</u>	<u>176,041</u>

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Information about major customers

Revenue from customer contributing over 10% of the total revenue of the Group during the Track Record Period is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	N/A ¹	28,420	43,327
Customer B	14,461	N/A ¹	26,147
Customer C	N/A ¹	N/A ¹	18,513
Customer D	19,510	N/A ¹	N/A ¹
Customer E	27,803	N/A ¹	N/A ¹
Customer F	N/A ¹	15,406	N/A ¹

¹ The corresponding revenue did not contribute over 10% of the total revenue during the respective year.

7. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest income	116	135	215
Government grants (<i>note</i>)	500	12	1,023
Valued-added-tax refund	—	431	2,313
Others	82	1	143
Total	698	579	3,694

Note: The Group’s income from government grants comprises financial incentives provided by related local government authorities in the PRC. No specific conditions were attached to the grants received from these local government authorities.

8. OTHER EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Tax late payment surcharge (<i>note</i>)	—	—	555
Others	10	1	11
Total	10	1	566

Note: The surcharge was mainly arising from the overdue payment of the Company’s Enterprise Income Tax for the years of 2022 and 2023.

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9. IMPAIRMENT LOSSES (INCLUDING REVERSALS OF IMPAIRMENT LOSSES OR IMPAIRMENT GAINS) ON FINANCIAL ASSETS AND OTHER ITEMS

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net impairment losses (reversal)/recognised under ECL model on			
— trade receivables	(32)	349	2,455
— contract assets	31	(16)	131
— other receivables	13	—	66
Total	12	333	2,652

Details of impairment assessment are set out in note 35(b).

10. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net foreign exchange gains/(losses)	79	736	(726)
Fair value gain on financial assets at FVTPL	—	—	175
Loss on write-off of property and equipment, net	(115)	(2)	(73)
Others	(30)	(59)	(14)
Total	(66)	675	(638)

11. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest expenses on bank borrowings	19	52	499
Interest expenses on lease liabilities	239	193	141
Total	258	245	640

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12. PROFIT FOR THE YEAR

Profit for the year throughout the Track Record Period has been arrived at after charging:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation of property and equipment.	1,227	1,358	1,019
Depreciation of right-of-use assets.	1,510	1,625	1,888
Amortisation of intangible assets.	26	26	35
Total depreciation and amortisation.	2,763	3,009	2,942
Capitalised in inventories.	(1,823)	(1,781)	(1,654)
Total depreciation and amortisation charged to profit or loss.	940	1,228	1,288
Auditor’s remuneration.	24	—	10
Cost of inventories recognised as cost of sales (including write-down of inventories amounting to RMB1,175,000, RMB1,314,000 and RMB2,320,000, respectively).	58,145	67,950	68,406
Directors’ and supervisors’ remuneration (note 14).	4,692	4,753	6,181
Other staff costs.			
Salaries and other benefits.	22,399	24,659	33,936
Retirement benefit scheme contributions.	1,044	1,341	1,792
Discretionary performance related bonus.	1,213	—	1,328
Share-based payment expense (credit).	351	113	(34)
Total staff costs.	29,699	30,866	43,203
Capitalised in inventories.	(8,486)	(8,183)	(10,402)
Staff costs charged to profit or loss.	21,213	22,683	32,801

13. INCOME TAX EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PRC Enterprise Income Tax (“EIT”).	5,466	5,721	5,905
Deferred tax credit (note 20).	(499)	(440)	(1,284)
	4,967	5,281	4,621

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PRC

Under the PRC Enterprise Income Tax Law, the standard EIT rate for PRC operating entities is 25%. During the Track Record Period, the Company was entitled to the High Technology Enterprise certification and enjoyed a preferential tax rate of 15%.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong Dollar (“HK\$”) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits.

During the years ended 31 December 2023 and 2024, as the Group had no assessable profit subject to Hong Kong Profit Tax.

Income tax expenses for the Track Record Period can be reconciled to profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit before tax	41,747	44,524	41,949
Tax at the EIT rate of 15%	6,262	6,679	6,292
Tax effect of expenses not deductible for tax purpose	69	46	147
Tax effect of tax losses not recognised	—	—	29
Tax effect attributable to the additional qualified tax deduction relating to research and development expenditures (note)	(1,364)	(1,444)	(1,704)
Effect of different tax rates of subsidiaries	—	—	(143)
Income tax expenses for the year	4,967	5,281	4,621

Note: According to the relevant laws and regulations in the PRC, the Company enjoys super deduction of 200% on qualifying research and development expenditures throughout the Track Record Period.

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14. DIRECTORS’, SUPERVISORS’ AND EMPLOYEES’ EMOLUMENTS

(A) Directors’ and supervisors’ emoluments

Details of the emoluments paid or payable to the individuals who were appointed as the directors and supervisors of the Group (including i. emoluments for services as employees of the Company prior to becoming the directors or supervisors of the Company and ii. emoluments paid or payable after the dissolution of the supervisory board) during the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, are as follows:

Date of appointment	Salaries and other benefits	Discretionary performance related bonus	Retirement benefit scheme contributions	Share-based payments	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023					
<i>Executive directors</i>					
Mr. Chiu May 2007	419	—	—	—	419
Mr. Tom Chiu (趙公魄) January 2023	549	300	7	532	1,388
Ms. Liao Jiewen (廖潔文) January 2023	482	300	7	133	922
Mr. Ding Xuemiao (丁雪苗) January 2023	482	250	7	133	872
Mr. Xu Yuan Feng (徐元鋒) January 2023	362	200	7	66	635
<i>Non-executive directors</i>					
Ms. Law So Chen Agnes (羅素珍) (note iii) January 2023	—	—	—	—	—
Ms. Chiu Yin Loon Rose (趙媽儂) (note iii) January 2023	—	—	—	—	—
<i>Supervisors</i>					
Mr. Lai Shen-Hsing (賴森興) (“Mr. Lai”) (notes ii and v) September 2019	143	—	7	66	216
Mr. Zhang Qirong (張啟榮) (note v) January 2023	206	12	7	—	225
Ms. Chiu Lai Ming Yoyo (趙麗明) (note v) January 2023	8	—	7	—	15
Total	2,651	1,062	49	930	4,692

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	Date of appointment	Salaries and other benefits	Discretionary performance related bonus	Retirement benefit scheme contributions	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024						
<i>Executive directors</i>						
Mr. Chiu	May 2007	419	—	—	—	419
Mr. Tom Chiu (趙公魄)	January 2023	736	—	8	911	1,655
Ms. Liao Jiewen (廖潔文)	January 2023	602	—	8	228	838
Mr. Ding Xuemiao (丁雪苗)	January 2023	602	—	8	228	838
Mr. Xu Yuan Feng (徐元鋒)	January 2023	472	—	8	114	594
<i>Non-executive directors</i>						
Ms. Law So Chen Agnes (羅素珍)						
(note iii)	January 2023	—	—	—	—	—
Ms. Chiu Yin Loon Rose (趙媽儂)						
(note iii)	January 2023	—	—	—	—	—
<i>Supervisors</i>						
Mr. Lai (notes ii and v)	September 2019	57	—	8	114	179
Mr. Zhang Qirong (張啟榮) (note v) . .	January 2023	206	—	8	—	214
Ms. Chiu Lai Ming Yoyo (趙麗明)						
(note v)	January 2023	8	—	8	—	16
Total		3,102	—	56	1,595	4,753

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Date of appointment	Salaries and other benefits	Discretionary performance related bonus	Retirement benefit scheme contributions	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
<i>Executive directors</i>					
Mr. Chiu May 2007	590	—	—	—	590
Mr. Tom Chiu (趙公魄) January 2023	657	570	22	911	2,160
Ms. Liao Jiewen (廖潔文) January 2023	613	250	22	228	1,113
Mr. Ding Xuemiao (丁雪苗) January 2023	612	250	22	228	1,112
Mr. Xu Yuan Feng (徐元鋒) January 2023	494	200	22	114	830
<i>Non-executive directors</i>					
Ms. Law So Chen Agnes (羅素珍) (note iii) January 2023	—	—	—	—	—
Ms. Chiu Yin Loon Rose (趙媽儂) (note iii) January 2023	—	—	—	—	—
Mr. Jong Soebakti Harsono (note iv) . . June 2025	—	—	—	—	—
Mr. Cheng Man Kit (鄭文傑) (note iv) June 2025	—	—	—	—	—
Ms. Qiu Xiaoyi (邱曉憶) June 2025	—	—	—	—	—
<i>Independent non-executive directors</i>					
Ms. Chan Po Yin Vivian (陳寶妍) . . . June 2025	—	—	—	—	—
Mr. He Dingding (賀丁丁) September 2025	—	—	—	—	—
Mr. Koon Tin Yau (官天佑) September 2025	—	—	—	—	—
<i>Supervisors</i>					
Mr. Lai (notes ii and v) September 2019	3	—	2	114	119
Mr. Zhang Qirong (張啟榮) (note v) . . January 2023	214	24	16	—	254
Ms. Chiu Lai Ming Yoyo (趙麗明) (note v) January 2023	1	—	2	—	3
Mr. Yau Kwai Ching (丘桂清) (note v) June 2025	—	—	—	—	—
Total	3,184	1,294	108	1,595	6,181

Notes:

- (i) The emoluments included the emoluments paid for the services as employees of the Group prior to becoming the directors/supervisors of the Group;
- (ii) Mr. Lai was appointed as a supervisor of the Group during the period from 25 September 2019 to 20 May 2025. Meanwhile, Mr. Lai had been employed by the Group since the date of incorporation till his resignation in March 2023. Afterwards, Mr. Lai has been contracted as a corporate consultant of the Group since May 2023. His emoluments shown above was paid for his service as an employee, a supervisor and a corporate consultant during the Track Record Period;
- (iii) Ms. Law So Chen Agnes and Ms. Chiu Yin Loon Rose were appointed as the non-executive directors since 20 January 2023 and resigned on 20 May 2025;
- (iv) Mr. Jong Soebakti Harsono and Mr. Cheng Man Kit were appointed as the non-executive directors since 17 June 2025 and resigned on 21 September 2025;

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- (v) Mr. Zhang Qirong and Ms. Chiu Lai Ming Yoyo were appointed as supervisors since 20 January 2023 and Mr. Yau Kwai Ching was appointed as a supervisor since 27 June 2025. As of 21 September 2025, the board of supervisors was dissolved and its duties had been delegated to the audit committee;
- (vi) Performance-based bonus is determined based on their services and responsibilities of the relevant individuals within the Group and the Group’s performance; and
- (vii) During the Track Record Period, there was no arrangement under which a director or a supervisor waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Group as an inducement to join or upon joining the Group or as compensation for loss of office.

Five highest paid employees

The five highest paid employees of the Group included four, four and four directors of the Group whose emoluments are set out above for the years ended 31 December 2023, 2024 and 2025, respectively. The emoluments of the remaining one, one and one individual, were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries and other benefits	342	545	555
Performance-based bonus	135	—	95
Retirement benefit scheme contributions	7	8	22
Share-based payments	285	—	—
	<u>769</u>	<u>553</u>	<u>672</u>

The numbers of the five highest paid individuals (including directors of the Company) are within the following bands (presented in HK\$):

	Year ended 31 December		
	2023	2024	2025
Nil to HK\$1,000,000	3	4	2
HK\$1,000,001 to HK\$1,500,000	1	—	2
HK\$1,500,001 to HK\$2,000,000	1	1	—
HK\$2,000,001 to HK\$2,500,000	—	—	1
	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, certain non-director highest paid employees were granted restricted shares/or share options, in respect of their services to the Group under the restricted shares scheme and equity-settled share option scheme of the Company. Details of the restricted shares scheme and share option scheme are set out in note 39.

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15. DIVIDEND

Dividend declared by the Company during the Track Record Period is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
The Company	—	—	50,000

16. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	Year ended 31 December		
	2023	2024	2025
Earnings (<i>RMB'000</i>)			
Profit for the year attributable to owners of the Company for the purpose of basic and diluted earnings per share	36,780	39,243	37,328
Number of shares (<i>'000</i>)			
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	41,647	42,796	46,368
Basic and diluted earnings per share (<i>RMB</i>) . .	0.88	0.92	0.81

The Company was converted from a limited liability company into a joint stock limited liability company on 20 January 2023. With reference to the Company’s net assets value on 31 July 2022, net assets amounting to RMB66,762,000 were converted into 40,000,000 ordinary shares with a par value of RMB1 each.

For the purpose of determining basic and diluted earnings per share, the number of shares in issue before the Company’s conversion into a joint stock limited liability company were deemed to be the weighted average number of ordinary shares as if the above conversion had occurred on 1 January 2023.

For each of the years ended 31 December 2023, 2024 and 2025, there were no potential ordinary shares in issue.

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17. PROPERTY AND EQUIPMENT

The Group and the Company

	Building	Machineries	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At 1 January 2023	3,879	6,048	1,926	1,598	—	13,451
Additions	—	—	132	248	—	380
Write-off	—	(461)	(394)	—	—	(855)
At 31 December 2023	3,879	5,587	1,664	1,846	—	12,976
Additions	—	976	104	37	—	1,117
Write-off	—	—	(24)	—	—	(24)
At 31 December 2024	3,879	6,563	1,744	1,883	—	14,069
Additions	—	465	140	333	10,529	11,467
Write-off	—	—	—	(136)	—	(136)
At 31 December 2025	3,879	7,028	1,884	2,080	10,529	25,400
DEPRECIATION						
At 1 January 2023	(253)	(3,199)	(1,286)	(572)	—	(5,310)
Provided for the year	(138)	(799)	(150)	(140)	—	(1,227)
Eliminated on write-off	—	364	376	—	—	740
At 31 December 2023	(391)	(3,634)	(1,060)	(712)	—	(5,797)
Provided for the year	(138)	(859)	(185)	(176)	—	(1,358)
Eliminated on write-off	—	—	22	—	—	22
At 31 December 2024	(529)	(4,493)	(1,223)	(888)	—	(7,133)
Provided for the year	(138)	(555)	(148)	(178)	—	(1,019)
Eliminated on write-off	—	—	—	63	—	63
At 31 December 2025	(667)	(5,048)	(1,371)	(1,003)	—	(8,089)
CARRYING VALUES						
At 31 December 2023	3,488	1,953	604	1,134	—	7,179
At 31 December 2024	3,350	2,070	521	995	—	6,936
At 31 December 2025	3,212	1,980	513	1,077	10,529	17,311

The Group’s building represents office located in the PRC held for the Group’s own use, amounting to RMB3,488,000, RMB3,350,000 and RMB3,212,000, respectively as at 31 December 2023, 2024 and 2025, as a collateral to a banking facility granted to the Company. Relevant outstanding bank borrowings amounted to nil, RMB5,626,000 and nil as at 31 December 2023, 2024 and 2025, respectively.

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The above items of property and equipment, other than construction in progress, after taking into account the residual values, are depreciated on a straight-line basis over their estimated useful lives:

Building	30 years
Machineries	3~10 years
Office equipment	3~5 years
Motor vehicles	5~10 years

18. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
At 1 January 2023	—	7,223	7,223
Additions	—	373	373
At 31 December 2023	—	7,596	7,596
Additions	13,953	185	14,138
At 31 December 2024	13,953	7,781	21,734
Additions	12,937	594	13,531
At 31 December 2025	26,890	8,375	35,265
ACCUMULATED DEPRECIATION			
At 1 January 2023	—	(361)	(361)
Charge for the year	—	(1,510)	(1,510)
At 31 December 2023	—	(1,871)	(1,871)
Charge for the year	(69)	(1,556)	(1,625)
At 31 December 2024	(69)	(3,427)	(3,496)
Charge for the year	(279)	(1,609)	(1,888)
At 31 December 2025	(348)	(5,036)	(5,384)
CARRYING AMOUNTS			
At 31 December 2023	—	5,725	5,725
At 31 December 2024	13,884	4,354	18,238
At 31 December 2025	26,542	3,339	29,881

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The Company

	Leasehold lands	Leased properties	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
COST			
At 1 January 2023	—	7,223	7,223
Additions	—	373	373
At 31 December 2023	—	7,596	7,596
Additions	13,953	185	14,138
At 31 December 2024 and 2025	13,953	7,781	21,734
ACCUMULATED DEPRECIATION			
At 1 January 2023	—	(361)	(361)
Charge for the year	—	(1,510)	(1,510)
At 31 December 2023	—	(1,871)	(1,871)
Charge for the year	(69)	(1,556)	(1,625)
At 31 December 2024	(69)	(3,427)	(3,496)
Charge for the year	(279)	(1,609)	(1,888)
At 31 December 2025	(348)	(5,036)	(5,384)
CARRYING AMOUNT			
At 31 December 2023	—	5,725	5,725
At 31 December 2024	13,884	4,354	18,238
At 31 December 2025	13,605	2,745	16,350

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Expenses relating to short-term leases	29	34	208
Total cash outflow for leases	1,623	15,642	14,921

The Company

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Expenses relating to short-term leases	29	34	208
Total cash outflow for leases	1,623	15,642	1,984

During the Track Record Period, the Group and the Company lease land, various offices, and warehouses for operations. With the exception of the land, lease contracts are entered into for fixed term of 373 days to 5 years, and the land lease contract term is 50 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group and the Company apply the definition of a contract and determines the period for which the contract is enforceable.

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The Group and the Company have acquired several leasehold lands and made a sum payment to the government as of 31 December 2024 and 2025 and the Group obtained the land-use-right certificates for the leasehold lands on 9 May 2025 and 18 November 2025.

The Group and the Company regularly entered into short-term leases for staff quarters. As at 31 December 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short term lease expense disclosed above.

As at 31 December 2023, 2024 and 2025, lease liabilities of RMB5,925,000, RMB4,648,000 and RMB3,607,000 are recognised by the Group with related right-of-use assets of RMB5,725,000, RMB4,354,000 and RMB3,339,000, respectively. And as at 31 December 2023, 2024 and 2025, lease liabilities of RMB5,925,000, RMB4,648,000 and RMB3,013,000 are recognised by the Company with related right-of-use assets of RMB5,725,000, RMB4,354,000 and RMB2,745,000, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for bank borrowing purposes.

19. INTANGIBLE ASSETS

The Group and the Company

	Software
	<i>RMB'000</i>
COST	
At 1 January 2023 and 31 December 2023 and 2024	274
Additions	323
At 31 December 2025	597
AMORTISATION	
At 1 January 2023	(37)
Provided for the year	(26)
At 31 December 2023	(63)
Provided for the year	(26)
At 31 December 2024	(89)
Provided for the year	(35)
At 31 December 2025	(124)
CARRYING VALUES	
At 31 December 2023	211
At 31 December 2024	185
At 31 December 2025	473

The Group’s software is amortised on a straight-line basis over 3 or 10 years.

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20. DEFERRED TAX ASSETS

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	2,684	3,124	4,408

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred tax assets	2,684	3,124	4,392

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

The Group

	Allowance of ECL	Temporary differences of expense	Right-of-use assets	Lease liabilities	Write-down of inventories	Warranty provisions	Deferred Income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	39	176	(1,029)	1,036	1,551	412	—	2,185
Credit (charge) to profit or loss	2	346	170	(147)	177	(49)	—	499
At 31 December 2023	41	522	(859)	889	1,728	363	—	2,684
Credit (charge) to profit or loss	50	107	206	(192)	197	72	—	440
At 31 December 2024	91	629	(653)	697	1,925	435	—	3,124
Credit (charge) to profit or loss	399	104	93	(97)	348	148	289	1,284
At 31 December 2025	490	733	(560)	600	2,273	583	289	4,408

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The Company

	Allowance of ECL	Temporary differences of expense	Right-of-use assets	Lease liabilities	Write-down of inventories	Warranty provisions	Deferred Income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	39	176	(1,029)	1,036	1,551	412	—	2,185
Credit (charge) to profit or loss	2	346	170	(147)	177	(49)	—	499
At 31 December 2023	41	522	(859)	889	1,728	363	—	2,684
Credit (charge) to profit or loss	50	107	206	(192)	197	72	—	440
At 31 December 2024	91	629	(653)	697	1,925	435	—	3,124
Credit (charge) to profit or loss	383	104	241	(245)	348	148	289	1,268
At 31 December 2025	474	733	(412)	452	2,273	583	289	4,392

As at 31 December 2023, 2024 and 2025, none of deductible temporary difference is unrecognised from the Group.

The Group has unused tax losses of RMB192,000 available for offset against future profits as at 31 December 2025. The tax losses as at 31 December 2025 are not recognised by the Group due to the unpredictability of future profit streams and will expire in year 2030.

21. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	17,155	18,760	20,930
Work-in-progress	19,411	18,213	11,053
Finished goods	34,212	25,020	43,890
	70,778	61,993	75,873
Less : write-down of inventories	(11,518)	(12,832)	(15,152)
	59,260	49,161	60,721

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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>
Raw materials	17,155	18,760	20,875
Work-in-progress	19,411	18,213	11,053
Finished goods	34,212	25,020	43,890
	70,778	61,993	75,818
Less : write-down of inventories	(11,518)	(12,832)	(15,152)
	59,260	49,161	60,666

22. TRADE AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	21,446	56,565	77,825
Less: allowance for trade receivables	(215)	(564)	(3,019)
	21,231	56,001	74,806
Prepayments to suppliers	3,126	2,314	2,411
Deferred issue cost	—	—	4,196
Other prepayments	85	1,094	545
Value-added tax recoverable	604	329	329
Deposits	1,488	1,628	1,635
Other receivables	185	135	267
	5,488	5,500	9,383
Less: allowance for other receivables	(19)	(19)	(85)
	5,469	5,481	9,298
	26,700	61,482	84,104
Analysed as:			
Current	25,265	61,314	83,936
Non-current	1,435	168	168
	26,700	61,482	84,104

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	21,446	56,565	73,020
Less: allowance for trade receivables	(215)	(564)	(2,922)
	21,231	56,001	70,098
Prepayments to suppliers	3,126	2,314	2,355
Deferred issue cost	—	—	4,196
Other prepayments	85	1,094	545
Value-added tax recoverable	604	329	329
Deposits	1,488	1,628	1,635
Other receivables	185	135	267
	5,488	5,500	9,327
Less: allowance for other receivables	(19)	(19)	(85)
	5,469	5,481	9,242
	26,700	61,482	79,340
Analysed as:			
Current	25,265	61,314	79,172
Non-current	1,435	168	168
	26,700	61,482	79,340

Note:

- i. As at 1 January 2023, the Group’s and the Company’s trade receivables from contracts with customers, net of allowances for credit losses, amounted to RMB22,982,000.

The following is an aged analysis of the Group’s and the Company’s trade receivables, net of allowance for credit losses, based on the date of revenue recognition:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0–30 days	4,966	21,029	26,214
31–90 days	6,460	22,865	10,392
91–180 days	3,970	3,496	7,381
181–365 days	3,740	2,482	12,712
Over 365 days	2,095	6,129	18,107
	21,231	56,001	74,806

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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>
0-30 days	4,966	21,029	23,729
31-90 days	6,460	22,865	10,154
91-180 days	3,970	3,496	7,357
181-365 days	3,740	2,482	10,786
Over 365 days	2,095	6,129	18,072
	<u>21,231</u>	<u>56,001</u>	<u>70,098</u>

At 31 December 2023, 2024 and 2025, the Group’s trade receivables of RMB8,952,000, RMB10,558,000 and RMB28,918,000, respectively, which are past due is not considered as in default because the management of the Group, according to those customers historical settlement pattern, had assessed that the probability of settlement from their customers was high.

At 31 December 2023, 2024 and 2025, the Company’s trade receivables of RMB8,952,000, RMB10,558,000 and RMB26,957,000, respectively, which are past due is not considered as in default because the management of the Company, according to those customers historical settlement pattern, had assessed that the probability of settlement from their customers was high.

Details of impairment assessment of trade and other receivables are set out in note 35(b).

23. BILLS RECEIVABLES AT FVTOCI

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bills receivables	<u>622</u>	<u>3,735</u>	<u>3,756</u>

The balance represents bank acceptance bills held by the Group, which is measured at financial assets at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets by endorsements, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group’s receivables at FVTOCI were bills receivables with the following maturity:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	<u>622</u>	<u>3,735</u>	<u>3,756</u>

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The analysis on the fair value measurement of the above financial assets is disclosed in note 35(c).

Transferred financial assets that are derecognised in their entirety

The Group has transferred certain bills receivables to its suppliers to settle its payables through endorsing the bills to its suppliers. These bills are issued by reputable PRC banks with high credit ratings, that the directors consider the risk of the Group being claimed by the holders of these bills is remote in the absence of a default of the accepted banks and the substantial risks in relation to these bills is interest risk as the credit risk arising from these bills is minimal. Upon the endorsement of these bills, the Group has transferred substantially all the risks and rewards of these bills to relevant suppliers, and the Group has derecognised these bills receivables.

The Group’s maximum exposure to loss and cash outflow, which is same as the amount payable by the Group to suppliers in respect of the endorsed bills, should the respective banks fail to settle the bills on maturity date, which amounted to RMB448,000, RMB638,000 and RMB1,661,000, respectively as at 31 December 2023, 2024 and 2025. All the bills receivables endorsed to suppliers of the Group have a maturity date of less than six months from the end of the reporting periods.

24. CONTRACT ASSETS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Sales of the Equipment	3,881	2,292	2,839
Less: allowance for credit losses	(39)	(23)	(154)
	<u>3,842</u>	<u>2,269</u>	<u>2,685</u>

As at 1 January 2023, contract assets, net of allowances for credit losses, amounted to RMB784,000.

The contract assets are in relation to the Group’s rights to consideration for sales of the Equipment which are fully completed and accepted by the customers but not billed yet because the rights are conditioned on the Group’s future performance in providing services during the warranty period as stipulated in the contract. The contract assets are transferred to trade receivables when the rights become unconditional.

Details of the impairment assessment are set out in note 35(b).

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25A. AMOUNTS DUE FROM RELATED PARTIES

The Group and the Company

The amounts due from related parties of non-trade nature are disclosed as follows:

	As at 31 December			Maximum amount outstanding during year ended 31 December		
	2023	2024	2025	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Dechengji (as defined in note 39) (note i)	4,753	—	—	4,753	4,753	—
Ermala Limited (note ii)	34,413	51,110	—	42,009	51,110	60,548
Amounts due from directors	—	—	—	—	156	206
	<u>39,166</u>	<u>51,110</u>	<u>—</u>	<u>46,762</u>	<u>56,019</u>	<u>60,754</u>

Notes:

- i. The balance has been repaid in full as at 31 December 2024; and
- ii. Ermala Limited (previously known as Boffotto (Hong Kong) Limited) (“**HK Intermediary**”) is an entity incorporated in Hong Kong and under control of Mr. Tom Chiu, son of Mr. Chiu. The balance is non-trade in nature, unsecured, interest free and repayable on demand.

Instead of the Company, HK Intermediary is required to enter into sales contracts with certain overseas customers. The directors of the Company assessed itself as a principal for fulfilling in full all the promises and is exposed to inventory risk prior to the equipment delivery while HK Intermediary maintains limited operating functions including a) contract signing arrangement; and b) trade payment collection. When the Company satisfies the performance obligation and delivers the goods to the overseas customers, the Company is charged by HK Intermediary with agency fee amounting to RMB1,616,000, RMB1,124,000 and RMB483,000, respectively during the Track Record Period. Under the arrangement entered between the Company and Boffotto Semiconductor (Hong Kong) Limited (“**Boffotto Semiconductor HK**”), after receiving the full payment from overseas customers, HK Intermediary should pay the Company the net amount after deducting the agency fee.

Acting as an agency supplier, HK Intermediary is required to collect the trade payment from the overseas customers. After deducting the agency fee, included in the balance as at 31 December 2023 and 2024, amounts of RMB27,553,000 and RMB41,272,000 represented the trade payment collected by HK Intermediary from overseas customers but not yet settled with the Company, while the remaining amounts of RMB6,860,000 and RMB9,838,000 represented trade receivables not yet collected from the overseas customers in substance.

Following the deed of assignment effective from 1 July 2025 entered into between HK Intermediary and Mr. Tom Chiu as assignors, and Boffotto Semiconductor HK and the Company as assignees, HK Intermediary has repaid in full all trade receivables that had been settled by overseas customers to the Company. HK Intermediary has also assigned the remaining outstanding balances of RMB4,834,000 to Boffotto Semiconductor HK, enabling it to collect the remaining trade receivables from the relevant overseas customers.

As at 1 January 2023, the balance represented the Group’s amount due from HK Intermediary amounting to RMB1,229,000.

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25B. AMOUNT DUE FROM A SUBSIDIARY

The Company

Upon the termination of agency services provided by HK Intermediary to the Company as disclosed in detail in Note 25A, Boffotto Semiconductor HK acted as the step agent to support the Company in transacting with certain overseas customers.

The balance due from Boffotto Semiconductor HK was non-trade in nature, unsecured and repayable on demand, and represented the payment collected from overseas customer and deducting the agency fee charged to the Company.

26. CASH AND CASH EQUIVALENTS

At 31 December 2023, 2024 and 2025, cash and cash equivalents of the Group and the Company carry market prevailing interest rates ranging from 0.01% to 0.2%, 0.01% to 0.15% and 0.01% to 0.25% per annum, respectively.

27. TRADE AND OTHER PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables (<i>notes i and iii</i>)	5,331	12,676	17,227
Payroll payables	3,927	2,388	2,765
Amounts due to directors/a supervisor (<i>note ii</i>)	479	689	58
Value-added and other tax payable	2,454	5,696	5,276
Accrued [REDACTED] and [REDACTED] cost	—	—	2,104
Other payables	142	118	1,720
	7,002	8,891	11,923
	12,333	21,567	29,150

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables (<i>notes i and iii</i>)	5,331	12,676	16,797
Payroll payables	3,927	2,388	2,765
Amounts due to directors/a supervisor (<i>note ii</i>)	479	689	56
Value-added and other tax payable	2,454	5,696	5,276
Accrued [REDACTED] and [REDACTED] cost	—	—	2,104
Other payables	142	118	1,660
	7,002	8,891	11,861
	12,333	21,567	28,658

Notes:

- i. The credit period on purchase of goods and logistics services is 30 to 90 days, granted by suppliers to the Group on procurement of goods and logistics services;
- ii. Amounts due to directors/a supervisor were non-trade in nature, unsecured, interest free and repayable on demand; and
- iii. The following is an aged analysis of trade payables of the Group and the Company presented based on the transaction dates:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	2,719	6,391	6,972
1 to 3 months	1,636	3,934	6,678
3 to 6 months	561	1,194	2,632
6 to 12 months	55	611	332
Over 1 year	360	546	613
	5,331	12,676	17,227

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 month	2,719	6,391	6,542
1 to 3 months	1,636	3,934	6,678
3 to 6 months	561	1,194	2,632
6 to 12 months	55	611	332
Over 1 year	360	546	613
	5,331	12,676	16,797

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28. BANK BORROWINGS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured and guaranteed (<i>note i</i>).	—	5,626	—
Unsecured and unguaranteed (<i>note ii</i>)	—	—	17,597
	—	5,626	17,597
Bank borrowings repayable within one year . .	—	5,626	17,597

Notes:

- As at 31 December 2024, the Group and the Company’s bank borrowings carried a variable interest rates ranging from Loan Prime Rate (“LPR”) less 20 basis points to standard LPR per annum and guaranteed by Mr. Chiu, Mr. Tom Chiu and Ms. Chiu Lai Ming Yoyo and secured by the Company’s building amounting to RMB3,350,000 and Mr. Tom Chiu’s personal property. It has been settled in full during the year ended 31 December 2025;
- As at 31 December 2025, the Group and the Company’s bank borrowings were unsecured and unguaranteed, carried a variable interest rates of LPR less 30 basis points per annum; and
- The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group and the Company’s bank borrowings are as follows:

	As at 31 December		
	2023	2024	2025
Effective interest rates:			
Variable-rate borrowings.	—	3.15% to 3.35%	2.7% to 2.8%

29. LEASE LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	1,458	1,635	1,857
Within a period of more than one year but not exceeding two years	1,572	1,685	1,546
Within a period of more than two years but not exceeding five years	2,895	1,328	204
	5,925	4,648	3,607
Less: Amount due for settlement within one year shown under current liabilities	(1,458)	(1,635)	(1,857)
Amount shown under non-current liabilities . .	4,467	3,013	1,750

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	1,458	1,635	1,685
Within a period of more than one year but not exceeding two years	1,572	1,685	1,328
Within a period of more than two years but not exceeding five years	2,895	1,328	—
	5,925	4,648	3,013
Less: amount due for settlement within one year shown under current liabilities	(1,458)	(1,635)	(1,685)
Amount shown under non-current liabilities . .	4,467	3,013	1,328

For the years ended 31 December 2023, 2024 and 2025, weighted average incremental borrowing rates applied to lease liabilities of the Group as well as the Company are 3.55%, 3.10% and 3.00% per annum for the relevant periods.

30. CONTRACT LIABILITIES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of the Equipment	20,082	7,889	6,771

As at 1 January 2023, contract liabilities of the Group amounted to RMB27,907,000.

The Group’s contract liabilities mainly arise from the prepayments made by customers while the underlying equipment are yet to be delivered and accepted. The Group’s contract liabilities decreased from RMB20,082,000 as of 31 December 2023 to RMB7,889,000 as of 31 December 2024 and further decreased to RMB6,771,000 as of 31 December 2025, as the Group improved its contract fulfillment capabilities.

Contract liabilities are expected to be settled within the Group’s normal operating cycle and are classified as current liabilities.

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The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue recognised that was included in the contract liability balances at the beginning of the year	25,970	19,925	6,451

31. PROVISIONS

The Group and the Company

	Warranty Provision
	<i>RMB’000</i>
At 1 January 2023	2,745
Recognition	2,039
Utilisation	(2,364)
At 31 December 2023	2,420
Recognition	3,137
Utilisation	(2,656)
At 31 December 2024	2,901
Recognition	4,494
Utilisation	(3,508)
At 31 December 2025	3,887

32. 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>
Deferred income classified as non-current liability.	—	—	1,929

During the year ended 31 December 2025, the Group received a government subsidy of RMB1,929,000 regarding a research and development project in the PRC which was expected to be completed in 2028. The amount received was treated as deferred income as at 31 December 2025.

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33. PAID-IN CAPITAL/SHARE CAPITAL

The Company was converted into a joint stock company with limited liability on 20 January 2023. The balance as at 1 January 2023 represented the paid-in capital of the Company prior to the conversion of the Company. Share capital as at 31 December 2023, 2024 and 2025 represented the issued share capital of the Company.

	Paid-in capital	
	HK\$'000	Equivalent to RMB'000
As at 1 January 2023	18,182	16,259
Conversion into a joint stock company (<i>note i</i>).	(18,182)	(16,259)
As at 31 December 2023, 2024 and 2025	—	—
	Numbers of shares	Normal value of shares
		RMB'000
Share capital		
Ordinary shares of RMB1 each		
Authorised and issued		
As at 1 January 2023	—	—
Issue of ordinary shares upon conversion into a joint stock company (<i>note i</i>).	40,000,000	40,000
Issue to Employee Incentive Scheme (<i>note ii</i>)	2,796,000	2,796
As at 31 December 2023 and 2024	42,796,000	42,796
Issue to new shareholders (<i>note iii</i>)	6,584,000	6,584
As at 31 December 2025	49,380,000	49,380

Notes:

- On 20 January 2023, the Company was converted into a joint stock limited liability company with reference to the Group’s net assets amounting to RMB66,762,000 and was converted into 40,000,000 ordinary shares with a par value of RMB1 each. The conversion was presented in the consolidated statements of changes in equity as credit to share capital of RMB40,000,000 and share premium of RMB26,762,000, and as debit to paid-in capital of RMB16,259,000, capital reserve of RMB656,000, statutory reserve of RMB9,979,000 and retained earnings of RMB39,868,000.
- In July 2023, the Company’s employee stock platform subscribed 2,796,000 ordinary shares of the Company with consideration of RMB4,753,000 paid during the year ended 31 December 2024. Details are set out in note 39; and
- On 11 June 2025, a share transfer agreement was entered into by and between Mr. Chiu and Quzhou Intelligent Manufacturing Anhe Equity Investment Partnership (Limited Partnership)* (衢州智造安合股權投資合夥企業(有限合夥)) (“**Quzhou Intelligent**”), pursuant to which, Mr. Chiu agreed to transfer 3,890,500 shares, representing 9.09% equity interest of the Group, to Quzhou Intelligent at a cash consideration of RMB50,000,000.

On 13 June 2025, the shareholders of the Group resolved to increase the number of shares in the Group from 42,796,000 shares to 49,380,000 shares with registered capital of the Group increased from RMB42,796,000 to RMB49,380,000. The increased capital of 6,584,000 shares was subscribed by Ji’an Jiangjin Fuji Industrial Investment Fund (Limited Partnership)* (吉安市江金富吉產業投資基金(有限合夥)) (“**Jiangjin Fuji**”), Wanfu Industrial Development Guidance Fund (Limited Partnership) of Wan’an County* (萬安縣萬富產業發展引導基金(有限合夥)) (“**Wanfu Industrial**”) and Quzhou Intelligent, as to 2,633,600 shares, 658,400 shares and 3,292,000 shares, at the cash consideration of RMB40,000,000, RMB10,000,000 and RMB50,000,000, respectively.

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As at 31 December 2025, the Group was owned as to 72.32%, 14.55%, 5.66%, 5.33%, 1.33% and 0.81% by Mr. Chiu, Quzhou Intelligent, Dechengji, Jiangjin Fuji, Wanfu Industrial and Mufeng Technology, respectively.

* The English name is for identification purpose only.

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Dividend payable	Lease liabilities	Bank borrowings	Accrued issue costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	—	6,907	—	—	6,907
Net financing cash flows	—	(1,594)	(19)	—	(1,613)
<i>Non-cash changes</i>					
Finance costs	—	239	19	—	258
New lease recognised	—	373	—	—	373
At 31 December 2023	—	5,925	—	—	5,925
Net financing cash flows	—	(1,655)	5,574	—	3,919
<i>Non-cash changes</i>					
Finance costs	—	193	52	—	245
New lease recognised	—	185	—	—	185
At 31 December 2024	—	4,648	5,626	—	10,274
Net financing cash flows	(50,000)	(1,776)	11,472	(3,704)	(44,008)
<i>Non-cash changes</i>					
Finance costs	—	141	499	—	640
Dividend declared	50,000	—	—	—	50,000
Deferred issue cost	—	—	—	4,196	4,196
New lease recognised	—	594	—	—	594
At 31 December 2025	—	3,607	17,597	492	21,696

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35. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	81,842	125,866	186,705
At FVTOCI	622	3,735	3,756
	<u>82,464</u>	<u>129,601</u>	<u>190,461</u>
Financial liabilities			
Amortised cost	<u>5,952</u>	<u>19,109</u>	<u>36,602</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	81,842	125,866	154,399
At FVTOCI	622	3,735	3,756
	<u>82,464</u>	<u>129,601</u>	<u>158,155</u>
Financial liabilities			
Amortised cost	<u>5,952</u>	<u>19,109</u>	<u>36,110</u>

b. Financial risk management objectives and policies

The Group’s major financial instruments include amounts due from related parties, bills receivables at FVTOCI, trade and other receivables, cash and cash equivalents, trade and other payables and bank borrowings. The Company’s major financial instruments include amount due from a subsidiary, amounts due from related parties, bills receivables at FVTOCI, trade and other receivables, cash and cash equivalents, trade and other payables and bank borrowings. Details of these financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The directors of the Company manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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Market risk

(i) Currency risk

The Group and the Company have foreign currency sales, which expose the Group and the Company to foreign currency risk. During the Track Record Period, approximately 30.84%, 24.93% and 28.71% of the Group and the Company’s sales is denominated in currencies other than the functional currency of the Group (i.e. United States dollars (“US\$”), HK\$ etc.) and the Company.

The carrying amounts of the Group’s and the Company’s major foreign currency denominated monetary assets at 31 December 2023, 2024 and 2025, respectively are as follows:

The Group and the Company

	Assets		
	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
US\$	38,291	51,811	16,414
HK\$	886	902	1,148
	39,177	52,713	17,562

The Group currently does not have a foreign currency hedging policy. The directors of the Company monitor foreign exchange exposure by closely monitoring the foreign exchange risk profile and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity Analysis

This sensitivity analysis details the Group and the Company’s sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% represents management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the each year end of the Track Record Period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit where RMB weakens or strengthens 5% against the relevant currency while a negative number indicates a decrease in pre-tax profit.

The Group and the Company

	Impact on profit before tax		
	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
If RMB strengthens against US\$	(1,915)	(2,591)	(821)
If RMB weakens against US\$	1,915	2,591	821
If RMB strengthens against HK\$	(44)	(45)	(57)
If RMB weakens against HK\$	44	45	57

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(ii) Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to lease liabilities (detail is set out in note 29). The Group and the Company are also exposed to cash flow interest rate risk in relation to cash and cash equivalents, variable-rate bank borrowings (details are set in notes 26 and 28, respectively).

The Group’s and the Company’s cash flow interest rate risk is mainly concentrated on the fluctuations of the market rates from cash and cash equivalents and variable-rate bank borrowings. The Group currently does not hedge its exposure to cash flow and fair value interest rate risk. The management of the Group monitors the Group’s exposures on an on-going basis and will consider hedging interest rate risk should the need arise.

In the opinion of the management of the Group, the exposure of cash flow interest rate risk arising from variable-rate cash and cash equivalents and bank borrowings is insignificant and thus no sensitivity analysis is prepared.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group’s customers or counterparties default on their contractual obligations resulting in financial losses to the Group. The Group’s credit risk exposures are primarily attributable to trade and other receivables, contract assets, cash and cash equivalents, amounts due from related parties and bills receivables at FVTOCI. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets arising from contracts with customers

For trade receivables and contract assets, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. In addition, the Group performs impairment assessment under ECL model upon application of IFRS 9 on trade receivables and contract assets on a collective basis for non-credit-impaired balances, estimated based on historical credit loss experience based on the past default experience of the debtor, general economic conditions of the industry in which the debtors operate and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

In order to minimise credit risk, the Group has tasked its operation management committee to develop and maintain the Group’s credit risk gradings to categorise exposures according to their degree of risk of default.

The Group has concentration of credit risk as 42.97%, 40.57% and 47.87% and nil, 14.49% and 22.04% of the total trade receivables and contract assets were due from the Group’s top five largest customers and the largest customer at 31 December 2023, 2024 and 2025, respectively.

The Group reversed an ECL impairment loss of RMB32,000 on trade receivables during the years ended 31 December 2023, while provided an ECL impairment loss of RMB349,000 and RMB2,455,000 on trade receivables for the year ended 31 December 2024 and 2025. In addition, the Group provided an ECL impairment loss of RMB31,000 and RMB131,000 on contract assets during the years ended 31 December 2023 and 2025 while reversed an ECL impairment loss of RMB16,000 on contract assets for the year ended 31 December 2024.

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Details of the quantitative disclosures are set out below in this note.

Amounts due from related parties

The management estimates the estimated loss rate of amounts due from related parties based on financial background and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL and thus no ECL impairment loss is recognised.

Other receivables

For other receivables, the management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The management believes that there is no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. The Group provided an ECL impairment loss of RMB13,000, nil and RMB66,000 on other receivables during the years ended 31 December 2023, 2024 and 2025.

Cash and cash equivalents and bills receivables at FVTOCI

The Group performs impairment assessment under ECL model upon application of IFRS 9 on cash and cash equivalents and bills receivables at FVTOCI based on 12m ECL.

The credit risk on liquid funds and bills receivables at FVTOCI is limited because the counterparties are reputable banks and the ECL are insignificant.

The Group’s internal credit risk grading assessment comprises the following categories:

Categories	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired	Trade receivables Lifetime ECL — not credit-impaired Other receivables 12m ECL Contract assets Lifetime ECL — not credit-impaired
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired	Lifetime ECL — not credit impaired
Default	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL — credit impaired

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Categories	Description	Basis for recognising ECL
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit risk exposures of the Group’s financial assets and contract assets which are subject to ECL assessment:

	Notes	Categories	12m or lifetime ECL	Gross carrying Amount
				<i>RMB’000</i>
The Group and the Company				
31 December 2023				
Cash and cash equivalents	26	Performing	12m ECL	19,791
Trade receivables	22	Performing	Lifetime ECL (not credit-impaired)	21,446
Contract assets	24	Performing	Lifetime ECL (not credit-impaired)	3,881
Other receivables	22	Performing	12m ECL	1,673
Amounts due from related parties . . .	25A	Performing	12m ECL	39,166
Bills receivables at FVTOCI	23	Performing	12m ECL	622
				86,579
The Group and the Company				
31 December 2024				
Cash and cash equivalents	26	Performing	12m ECL	17,011
Trade receivables	22	Performing	Lifetime ECL (not credit-impaired)	56,565
Contract assets	24	Performing	Lifetime ECL (not credit-impaired)	2,292
Other receivables	22	Performing	12m ECL	1,763
Amounts due from related parties . . .	25A	Performing	12m ECL	51,110
Bills receivables at FVTOCI	23	Performing	12m ECL	3,735
				132,476
The Group				
31 December 2025				
Cash and cash equivalents	26	Performing	12m ECL	110,082
Trade receivables	22	Performing	Lifetime ECL (not credit-impaired)	77,526
	22	Default	Lifetime ECL (credit-impaired)	299
Contract assets	24	Performing	Lifetime ECL (not credit-impaired)	2,839
Other receivables	22	Performing	12m ECL	1,902
Bills receivables at FVTOCI	23	Performing	12m ECL	3,756
				196,404

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	Notes	Categories	12m or lifetime ECL	Gross carrying Amount RMB'000
The Company				
31 December 2025				
Cash and cash equivalents	26	Performing	12m ECL	69,264
Trade receivables	22	Performing	Lifetime ECL (not credit-impaired)	72,721
	22	Default	Lifetime ECL (credit-impaired)	299
Contract assets	24	Performing	Lifetime ECL (not credit-impaired)	2,839
Other receivables	22	Performing	12m ECL	1,902
Amount due from a subsidiary	25B	Performing	12m ECL	13,220
Bills receivables at FVTOCI	23	Performing	12m ECL	3,756
				164,001

The following tables show the movement in lifetime ECL that has been recognised for trade receivables and contract assets under the simplified approach using categories.

Movement of ECL related to trade receivables	Lifetime ECL (not credit- impaired) RMB'000	Lifetime ECL (credit-impaired) RMB'000	Total RMB'000
As of 1 January 2023	247	—	247
Impairment losses reversed	(32)	—	(32)
As of 31 December 2023	215	—	215
Impairment losses recognised	349	—	349
As of 31 December 2024	564	—	564
Impairment losses recognised	2,243	212	2,455
Transfer to credit impaired	(7)	7	—
As of 31 December 2025	2,800	219	3,019

During the year ended 31 December 2025, several trade receivables with aggregate gross amount of RMB299,000 defaulted and fell to credit-impaired as these customers face with financial difficulties.

Movement of ECL related to contract assets	Lifetime ECL (not credit- impaired) RMB'000
As of 1 January 2023	8
Impairment losses recognised	31
As of 31 December 2023	39
Impairment losses reversed	(16)
As of 31 December 2024	23
Impairment losses recognised	131
As of 31 December 2025	154

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The following table shows the movement in 12m ECL that has been recognised for other receivables.

Movement of ECL related to other receivables	12m ECL
	<i>RMB’000</i>
As of 1 January 2023	6
Impairment losses recognised	13
As of 31 December 2023 and 2024	19
Impairment losses recognised	66
As of 31 December 2025	85

Liquidity risk

Management of the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group’s and the Company’s operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group’s and the Company’s remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows.

The Group

	Weighted average interest rate	On demand or less than 1 year	1–2 years	2–5 years	Total un- discounted cash flows	Total carrying amounts
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 31 December 2023						
Trade and other payables	—	5,952	—	—	5,952	5,952
Lease liabilities	3.55%	1,650	1,708	2,993	6,351	5,925
		7,602	1,708	2,993	12,303	11,877
At 31 December 2024						
Trade and other payables	—	13,483	—	—	13,483	13,483
Lease liabilities	3.10%	1,776	1,765	1,348	4,889	4,648
Bank borrowings	3.22%	5,639	—	—	5,639	5,626
		20,898	1,765	1,348	24,011	23,757
At 31 December 2025						
Trade and other payables	—	19,005	—	—	19,005	19,005
Lease liabilities	3.00%	1,954	1,575	208	3,737	3,607
Bank borrowings	2.76%	17,770	—	—	17,770	17,597
		38,729	1,575	208	40,512	40,209

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The Company

	Weighted average interest rate	On demand or less than 1 year	1–2 years	2–5 years	Total un- discounted cash flows	Total carrying amounts
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As 31 December 2023						
Trade and other payables	—	5,952	—	—	5,952	5,952
Lease liabilities	3.55%	1,650	1,708	2,993	6,351	5,925
		<u>7,602</u>	<u>1,708</u>	<u>2,993</u>	<u>12,303</u>	<u>11,877</u>
As 31 December 2024						
Trade and other payables	—	13,483	—	—	13,483	13,483
Lease liabilities	3.10%	1,776	1,765	1,348	4,889	4,648
Bank Borrowing	3.22%	5,639	—	—	5,639	5,626
		<u>20,898</u>	<u>1,765</u>	<u>1,348</u>	<u>24,011</u>	<u>23,757</u>
As 31 December 2025						
Trade and other payables	—	18,513	—	—	18,513	18,513
Lease liabilities	3.00%	1,765	1,348	—	3,113	3,013
Bank Borrowing	2.76%	17,770	—	—	17,770	17,597
		<u>38,048</u>	<u>1,348</u>	<u>—</u>	<u>39,396</u>	<u>39,123</u>

c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair value of certain financial assets.

Some of the Group’s financial instruments are measured at fair value for financial reporting purposes. The directors of the Company have delegated finance team to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, 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.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

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Fair value of the Group’s financial assets that are measured at fair value on a recurring basis

Bills receivables at FVTOCI of the Group are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Fair value			Fair value hierarchy	Valuation technique and key inputs	
as at 31 December					
2023	2024	2025			
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>			
Bills receivables at FVTOCI.	622	3,735	3,756	Level 2	Income approach — in this approach, the discounted cash flow method was used to capture the present value of the cash flows to be derived from the receivables using the discount rate that reflected the credit risk of the corresponding banks which are observable

There were no transfers between Level 1 and 2 during the Track Record Period.

36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged during the Track Record Period.

The capital structure of the Group consists of net debt, which includes bank borrowings and lease liabilities as disclosed in notes 28 and 29, respectively, net of cash and cash equivalents and equity of the Group, comprising paid-in capital/share capital and reserves.

Management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and raise of new bank borrowings or the redemption of existing debt.

37. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in the Historical Financial Information, the Group and the Company has following transaction with related parties.

(a) Name and relationship of related party

Name	Relationship
HK Intermediary	Controlled by Mr. Tom Chiu

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(b) Procure a service from a related party included in the cost of sales

Name of related party	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
HK Intermediary.	1,616	1,124	483

(c) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salary and other benefits.	2,651	3,102	3,206
Performance-based bonus	1,062	—	1,294
Retirement benefit scheme contributions	49	56	112
Share-based payments.	930	1,595	1,595
Total compensation paid to key management personnel	4,692	4,753	6,207

The Group’s key management personnel of directors and supervisors that emoluments details are included in note 14 to the Historical Financial Information.

38. RETIREMENT BENEFIT SCHEME CONTRIBUTIONS

The employees of the Group in the PRC are members of the state-sponsored retirement benefit scheme organised by the relevant local government authority in the PRC. The Group is required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. Contributions to the scheme vest immediately.

For the years ended 31 December 2023, 2024 and 2025, the total amount provided by the Group to the retirement benefit scheme are RMB1,093,000, RMB1,397,000 and RMB1,900,000.

39. SHARE-BASED PAYMENTS

A. Restricted shares scheme

To provide incentives to eligible employees, one corporate consultant and directors of the Company (the “**Eligible Participants**”), a restricted share incentive scheme was adopted in May 2023 through an employee stock platform, namely Zhuhai Dechengji Investment Partnership (Limited Partnership)* (珠海德承記投資合夥企業(有限合夥)) (referred to as the “**Dechengji**”), which was established in May 2023 and in the form of limited partnership with registered capital of RMB4,753,000 and controlled by Mr. Chiu, the sole general partner of Dechengji (the “**2023 RS Scheme**”).

* The English name is for identification purpose only.

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Prior to the incorporation of Dechengji, the Company was owned by Mr. Chiu and Mufeng Technology, which was also controlled by Mr. Chiu. In May 2023, Eligible Participants has subscribed for partnership interest of Dechengji at a consideration price of RMB1 for RMB1 partnership interest and indirectly hold 2,796,000 incentive shares of the Company with total cash consideration of RMB4,753,000, representing 6.53% equity interest in the Company.

Details of the restricted capital issued under the 2023 RS Scheme are as follows:

Grant date	Granted registered capital of Dechengji	Grantee	Vesting schedule defined in contract term	Repurchase right
31 May 2023	RMB4,753,000	Employees, directors, one supervisor as well as corporate consultant	Fulfilment of 5-year service conditions since the grant date	<i>Note i</i>

Note i:

If the grantees voluntarily terminate the labor relationship with the Company, the general partner of the Dechengji or his designated party shall repurchase the granted restricted capital from the grantees at the lower price of the original consideration and the audited net asset value per share of the Company in the preceding fiscal year.

The following table summarised the movement of the Dechengji’s unvested registered capital under the 2023 RS Scheme,

	Unvested registered capital of Dechengji	Weighted average grant date fair value per registered capital of Dechengji	The Eligible Participants’ payments to Dechengji per registered capital of Dechengji
		<i>RMB</i>	<i>RMB</i>
At 1 January 2023	—	—	—
Granted in May 2023	4,753,000	2.86	1
Cancellation (<i>note ii</i>)	(153,000)	2.86	1
As at 31 December 2023 and 2024.	4,600,000	2.86	1
Forfeiture (<i>note iii</i>)	(153,000)	2.86	1
As at 31 December 2025	4,447,000	2.86	1

Notes :

- ii. One of the Eligible Participants with 153,000 registered capital of Dechengji was cancelled in October 2023, and 153,000 registered capital of Dechengji was transferred to Mr. Chiu, the general partner of the Dechengji thereafter; and
- iii. One of the Eligible Participants with 153,000 registered capital of Dechengji resigned from the Company on 31 March 2025, and 153,000 registered capital of Dechengji was forfeited and was transferred to Mr. Chiu, the general partner of the Dechengji.

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The Company used discounted cash flow method to determine the underlying equity fair value of the restricted shares. The foresaid fair value of each restricted share under the 2023 RS Scheme at the date of the grant was RMB4.86 and valued by the Company with reference to valuation report carried out by Greater China Appraisal Limited with below key inputs:

	Grant on 31 May 2023
Weighted average cost of capital	17.0%
Liquidity discount.	23.1%

The Group recognised share-based payment expense of RMB1,281,000, RMB1,708,000 and RMB1,561,000 during the Track Record Period.

B. Equity-settled share option scheme

The Group’s 2025 share incentive plan has been adopted pursuant to resolutions on 4 June 2025. The primary purpose of the incentive plan is to promote the success of the Group and the interests of its shareholders by providing a mean through which the Group may grant equity-based incentives to attract, motivate, retain and reward one senior management with certain vesting conditions as stipulated in the scheme. The share options under 2025 share incentive plan can be exercised after 12 months from the date of [REDACTED]. During the year ended 31 December 2025, no expense was recognised for the share options granted as the probability of fulfillment of the vesting conditions have not yet become probable.

40. CAPITAL COMMITMENTS

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Capital expenditure in respect of construction contracted for but not provided	—	—	57,900

41. PARTICULARS OF SUBSIDIARIES

Detail of the subsidiaries directly and indirectly held by the Company during the Track Record Period and as at the date of this report is set out below.

Name of subsidiaries	Place and date of incorporation/ registration and place of operations	Issued and fully paid share/ registered capital	Percentage of equity attributable to the Company				Principal activities	Notes
			As at December 31			As at the date of this report		
			2023	2024	2025			
Boffotto Semiconductor HK	Hong Kong 20 February 2025	HK\$10,000/ HK\$10,000	N/A	N/A	100%	[100%]	Agency service provided to the Company	i and ii
Jiangxi Dechengji Semiconductor Co., Ltd.* (江西德承記半導體有限公司)	The PRC 25 July 2025	US\$4,410,000/ US\$5,400,000	N/A	N/A	100%	[100%]	Early business development	i, ii and iii

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Name of subsidiaries	Place and date of incorporation/ registration and place of operations	Issued and fully paid share/ registered capital	Percentage of equity attributable to the Company				Principal activities	Notes
			As at December 31			As at the date of this report		
			2023	2024	2025			
Zhejiang Quzhou Dechengji Semiconductor Co., Ltd.* (浙江衢州德承記半導體有限公司)	The PRC 30 July 2025	RMB19,671,000/ RMB100,000,000	N/A	N/A	100%	[100%]	Early business development	i and ii

* The English name is for identification purpose only.

Notes:

- The respective entity has been established during the year ended 31 December 2025. No audited financial statements of the subsidiary for the year ended 31 December 2025 have been prepared as the statutory audit report for the entity has not been arranged by the management of the respective entity up to the date of this report;
- The subsidiary is a limited liability company and has adopted December 31 as its financial year end date; and
- The Company directly holds 81.48% of equity interest in the subsidiary and indirectly holds the rest 18.52% of equity interest in the subsidiary through Boffotto Semiconductor HK.

42. FINANCIAL INFORMATION OF THE COMPANY

Investments in subsidiaries

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted.	—	—	48,743

Movements of the Company’s reserves

	Share premium	Capital reserves	Other reserves	Share-based payments reserve	Statutory reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023.	—	656	1,841	—	9,979	49,372	61,848
Profit and total comprehensive income for the year	—	—	—	—	—	36,780	36,780
Conversion into a joint stock Company (note 33)	26,762	(656)	—	—	(9,979)	(39,868)	(23,741)
Capital contribution (note 33). . . .	1,957	—	—	—	—	—	1,957
Recognition of equity-settled share-based payments (note 39)	—	—	—	1,281	—	—	1,281
Transfer to statutory reserve.	—	—	—	—	4,342	(4,342)	—
At 31 December 2023	28,719	—	1,841	1,281	4,342	41,942	78,125

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	Share premium	Capital reserves	Other reserves	Share-based payments reserve	Statutory reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit and total comprehensive income for the year	—	—	—	—	—	39,243	39,243
Recognition of equity-settled share-based payments (note 39)	—	—	—	1,708	—	—	1,708
Transfer to statutory reserve.	—	—	—	—	3,924	(3,924)	—
At 31 December 2024	28,719	—	1,841	2,989	8,266	77,261	119,076
Profit and total comprehensive income for the year	—	—	—	—	—	35,712	35,712
Capital contributions (note 33) . . .	93,416	—	—	—	—	—	93,416
Dividend declared (note 15).	—	—	—	—	—	(50,000)	(50,000)
Recognition of equity-settled share-based payments (note 39)	—	—	—	1,561	—	—	1,561
Transfer to statutory reserve.	—	—	—	—	3,571	(3,571)	—
At 31 December 2025	122,135	—	1,841	4,550	11,837	59,402	199,765

43. EVENTS AFTER THE REPORTING PERIOD

[The Group has no significant subsequent events occurred subsequent to 31 December 2025 and up to the date of this report.]

44. SUBSEQUENT FINANCIAL STATEMENTS

[No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 December 2025 and up to the date of this report.]