The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountants, BDO Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AMLOGIC (SHANGHAI) CO., LTD., CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Amlogic (Shanghai) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-[●], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, and the statements of financial position of the Company as of December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024, 2025 (the "Track Record Period") and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-[●] 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 listing 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting Accountants' Responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 16 to the Historical Financial Information which contains information about the dividends declared and paid by the Company in respect of the Track Record Period.

[BDO Limited]
Certified Public Accountants
[●]
Practising Certificate no. P [●]

Hong Kong
[Date]

I. 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, were audited by BDO Limited 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year Ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*6*	5,370,942	5,926,315	6,790,582
Cost of sales		(3,586,897)	(3,728,253)	(4,224,222)
Gross profit		1,784,045	2,198,062	2,566,360
Other income	*7*	43,273	21,024	22,406
Other gains and losses, net	*8*	91,187	100,956	19,438
Selling and marketing expenses		(88,825)	(71,712)	(86,244)
General and administrative expenses		(169,244)	(163,972)	(155,906)
Research and development expenses		(1,282,691)	(1,352,730)	(1,551,795)
Impairment losses, net of reversal on financial assets	*9*	(60)	43	(336)
Finance income, net	*10*	86,390	111,949	89,711
Share of results of associates	*18*	38,953	8,195	5,001
Profit before tax	*11*	503,028	851,815	908,635
Income tax expenses	*12*	(4,335)	(32,604)	(38,168)
Profit for the year		498,693	819,211	870,467
Other comprehensive income				
Items that may be reclassified to profit or loss				
Exchange differences on translation of foreign operations		9,571	11,136	(21,409)
Other comprehensive income for the year, net of tax		9,571	11,136	(21,409)
Total comprehensive income for the year		508,264	830,347	849,058
Profit attributable to:				
Owners of the Company		498,036	821,921	872,985
Non-controlling interests		657	(2,710)	(2,518)
		498,693	819,211	870,467
Total comprehensive income attributable to:				
Owners of the Company		507,607	833,057	851,576
Non-controlling interests		657	(2,710)	(2,518)
		508,264	830,347	849,058
Earnings per share for profit attributable to owners of the Company				
Basic earnings per share *(RMB)*	*15*	1.20	1.97	2.08
Diluted earnings per share *(RMB)*	*15*	1.19	1.96	2.07

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As of December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*19*	480,642	623,155	608,707
Assets under construction	*20*	89,887	163,878	78,078
Right-of-use assets	*21*	36,566	29,772	19,048
Investment properties	*22*	–	–	91,913
Intangible assets	*23*	118,455	67,202	151,499
Investments in associates	*18*	81,703	89,898	94,899
Financial assets at fair value through profit or loss	*28*	303,757	490,322	548,348
Financial assets at amortized cost	*29*	–	–	148,786
Prepayments	*27*	9,385	3,056	160,211
Deferred tax assets	*36*	76,007	56,125	53,373
Other non-current assets	*24*	12,139	10,524	6,246
Total non-current assets		1,208,541	1,533,932	1,961,108
Current assets				
Inventories	*25*	1,244,553	1,409,592	2,527,697
Trade and other receivables	*26*	244,707	199,010	370,924
Prepayments	*27*	8,159	8,349	392,847
Financial assets at fair value through profit or loss	*28*	974,837	937,103	400,552
Financial assets at amortized cost	*29*	142,913	286,822	358,856
Cash and bank balances	*30*	2,506,951	2,915,442	2,521,583
Restricted bank deposits	*30*	–	43,130	71,086
Other current assets	*24*	25,400	32,650	39,463
Total current assets		5,147,520	5,832,098	6,683,008
Current liabilities				
Trade and other payables	*31*	614,942	688,124	950,930
Contract liabilities	*32*	55,253	117,874	121,274
Financial liabilities at fair value through profit or loss	*33*	–	201	63
Tax payables		7,282	402	24,459
Lease liabilities	*34*	14,108	14,766	10,219
Other current liabilities	*35*	107,928	62,252	94,547
Total current liabilities		799,513	883,619	1,201,492
Net current assets		4,348,007	4,948,479	5,481,516
Total assets less current liabilities		5,556,548	6,482,411	7,442,624

		As of December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current liabilities				
Lease liabilities	*34*	26,446	17,492	9,127
Deferred tax liabilities	*36*	24	16	14
Other non-current liabilities	*35*	41,022	38,335	57,530
Total non-current liabilities		67,492	55,843	66,671
NET ASSETS		5,489,056	6,426,568	7,375,953
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	*37*	416,394	418,735	421,166
Reserves	*40*	5,034,029	5,975,488	6,924,887
		5,450,423	6,394,223	7,346,053
Non-controlling interests		38,633	32,345	29,900
Total equity		5,489,056	6,426,568	7,375,953

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Attributable to owners of the Company							
	Note	**Share capital**	**Capital reserve**	**Other reserve**	**Surplus reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RMB'000	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023		413,500	2,467,504	(14,748)	176,030	1,851,331	4,893,617	37,976	4,931,593
Profit for the year		–	–	–	–	498,036	498,036	657	498,693
Exchange differences arising from translation of foreign operations		–	–	9,571	–	–	9,571	–	9,571
Other comprehensive income for the year		–	–	9,571	–	–	9,571	–	9,571
Total comprehensive income for the year		–	–	9,571	–	498,036	507,607	657	508,264
Issuance of new shares	*37*	2,894	95,660	–	–	–	98,554	–	98,554
Share-based payment	*39*	–	157,390	–	–	–	157,390	–	157,390
Dividend paid		–	–	–	–	(208,160)	(208,160)	–	(208,160)
Tax impact for share-based payment		–	1,415	–	–	–	1,415	–	1,415
Appropriation to reserves		–	–	–	32,167	(32,167)	–	–	–
Balance at December 31, 2023		416,394	2,721,969	(5,177)	208,197	2,109,040	5,450,423	38,633	5,489,056

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Share capital	Capital reserve	Other reserve	Surplus reserve	Retained earnings	Total		
		RMB'000	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2024		416,394	2,721,969	(5,177)	208,197	2,109,040	5,450,423	38,633	5,489,056
Profit for the year		–	–	–	–	821,921	821,921	(2,710)	819,211
Exchange differences arising from translation of foreign operations		–	–	11,136	–	–	11,136	–	11,136
Other comprehensive income for the year		–	–	11,136	–	–	11,136	–	11,136
Total comprehensive income for the year		–	–	11,136	–	821,921	833,057	(2,710)	830,347
Issuance of new shares	37	2,341	36,512	–	–	–	38,853	–	38,853
Transaction with non-controlling interests		–	–	–	–	–	–	(3,330)	(3,330)
Share-based payment	39	–	71,890	–	–	–	71,890	–	71,890
Appropriation to reserves		–	–	–	1,170	(1,170)	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	(248)	(248)
Balance at December 31, 2024		418,735	2,830,371	5,959	209,367	2,929,791	6,394,223	32,345	6,426,568

		Attributable to owners of the Company								
	Note	Share capital	Capital reserve	Treasury shares	Other reserve	Surplus reserve	Retained earnings	Total	Non-controlling interests	Total equity
		RMB'000	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000* *(note 40)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025		418,735	2,830,371	–	5,959	209,367	2,929,791	6,394,223	32,345	6,426,568
Profit for the year		–	–	–	–	–	872,985	872,985	(2,518)	870,467
Exchange differences arising from translation of foreign operations		–	–	–	(21,409)	–	–	(21,409)	–	(21,409)
Other comprehensive income for the year		–	–	–	(21,409)	–	–	(21,409)	–	(21,409)
Total comprehensive income for the year		–	–	–	(21,409)	–	872,985	851,576	(2,518)	849,058
Issuance of new shares	*37*	2,431	131,069	–	–	–	–	133,500	–	133,500
Transaction with non-controlling interests		–	–	–	–	–	–	–	79	79
Share-based payment	*39*	–	46,770	–	–	–	–	46,770	–	46,770
Repurchase of shares	*38*	–	–	(80,016)	–	–	–	(80,016)	–	(80,016)
Appropriation to reserves		–	–	–	–	1,215	(1,215)	–	–	–
Dividend paid to non-controlling interests		–	–	–	–	–	–	–	(6)	(6)
Balance at December 31, 2025		421,166	3,008,210	(80,016)	(15,450)	210,582	3,801,561	7,346,053	29,900	7,375,953

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		503,028	851,815	908,635
Adjustments for:				
Share-based payments		157,390	71,890	46,770
Interest expenses from lease liabilities	*10*	1,748	1,384	978
Interest income from bank deposits	*10*	(88,138)	(113,333)	(113,002)
Depreciation and amortization	*11*	247,997	216,737	264,646
Change in fair value of financial assets at FVTPL	*8*	(25,776)	(11,785)	(41,747)
Change in fair value of financial liabilities at FVTPL	*8*	5,174	(1,902)	(970)
Net gain on disposal of financial assets at FVTPL	*8*	–	(3,931)	(11,548)
Net gain on disposal of financial liabilities at FVTPL	*8*	(1,501)	(1,464)	(2,716)
Net (gain)/loss on disposal of subsidiaries		338	–	(156)
Net gain on disposal of investment accounted by equity method		(2,136)	–	–
Net (gain)/loss on sales of property, plant and equipment		(23)	58	70
Net gain on sales of right-of-use assets		–	–	(367)
Share of result of associates	*18*	(38,953)	(8,195)	(5,001)
Written down/(reversal of written down) of inventories	*11*	171,545	(32,062)	11,195
Impairment losses, net of reversal on financial assets	*9*	60	(43)	336
Operating loss before working capital changes		930,753	969,169	1,057,123
(Increase)/decrease in prepayments		25,768	6,139	(365,004)
Increase in other current assets		(3,556)	(5,562)	(2,531)
(Increase)/decrease in inventories		101,451	(132,977)	(1,127,526)
(Increase)/decrease in trade and other receivables		(91,575)	45,733	(8,745)
Increase/(decrease) in trade and other payables		(23,937)	73,182	198,026
Increase/(decrease) in contract liabilities		(24,949)	62,621	3,400
Increase/(decrease) in other current liabilities		(5,433)	(48,175)	31,354
Cash from/(used in) operations		908,522	970,130	(213,903)
Income tax paid		(21,561)	(19,477)	(11,532)
Net cash from/(used in) operating activities		886,961	950,653	(225,435)

	Note	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		88,138	113,333	93,999
Receipt of government grants related to assets		22,161	15,090	20,136
Purchase of property, plant and equipment		(165,608)	(173,474)	(177,393)
Purchase of assets under construction		(88,447)	(169,435)	(12,019)
Purchase of intangible assets		(87,965)	(41,681)	(154,832)
Prepayment for acquisition of equity interests in an entity		–	–	(158,055)
Net proceeds from financial assets at amortized cost		(2,502)	(143,909)	(210,221)
Net proceeds from financial assets/liabilities at FVTPL		(220,186)	(115,779)	436,256
Proceeds from disposal of property, plant and equipment		46	301	1,538
Net Proceeds from disposal of subsidiaries		(437)	–	751
Proceeds from disposal of investment in an associate		11,214	–	–
(Placement)/redemption of restricted cash		67,096	(43,130)	21,511
Placement and withdrawal of time deposits		(735,758)	(379,537)	719,772
Net cash from/(used in) investing activities		(1,112,248)	(938,221)	581,443
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issues of shares, net of issuance cost		98,554	38,853	133,500
Dividends paid to owners of the Company		(208,160)	–	–
Repurchase of shares		–	–	(80,016)
Transaction with non-controlling interests		–	(3,578)	73
Repayment of principal of lease liabilities		(17,009)	(16,419)	(15,491)
Repayment of interest of lease liabilities		(1,748)	(1,384)	(978)
Prepayment for listing expenses		–	–	(18,119)
Net cash from/(used in) financing activities		(128,363)	17,472	18,969
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(353,650)	29,904	374,977
Effect of exchange rate changes		4,939	(950)	(14,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		1,129,525	780,814	809,768
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	30	780,814	809,768	1,170,464

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As of December 31,		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*19*	450,713	506,437	497,989
Assets under construction	*20*	–	521	995
Intangible assets	*23*	104,677	60,246	150,090
Investments in subsidiaries	*17*	836,615	831,485	807,433
Deferred tax assets	*36*	40,499	26,206	20,770
Prepayments	*27*	1,441	1,418	159,892
Other non-current assets	*24*	4,263	2,195	703
Total non-current assets		1,438,208	1,428,508	1,637,872
Current assets				
Inventories	*25*	1,032,856	1,071,783	2,167,407
Trade and other receivables	*26*	812,981	1,025,722	1,161,972
Prepayments	*27*	4,571	3,177	389,736
Financial assets at fair value through profit or loss	*28*	812,460	771,866	150,137
Cash and bank balances	*30*	1,882,911	2,439,270	2,173,719
Restricted bank deposits	*30*	–	43,130	71,086
Other current assets	*24*	11,053	15,449	27,621
Total current assets		4,556,832	5,370,397	6,141,678
Current liabilities				
Trade and other payables	*31*	750,515	898,907	965,653
Contract liabilities	*32*	–	–	3,587
Financial liabilities at fair value through profit or loss	*33*	–	201	63
Other current liabilities	*35*	100,997	58,569	85,545
Total current liabilities		851,512	957,677	1,054,848
Net current assets		3,705,320	4,412,720	5,086,830
Total assets less current liabilities		5,143,528	5,841,228	6,724,702
Non-current liabilities				
Other non-current liabilities	*35*	41,022	38,335	57,530
Total non-current liabilities		41,022	38,335	57,530
NET ASSETS		5,102,506	5,802,893	6,667,172
Capital and reserves				
Equity attributable to owners of the Company				
Share capital	*37*	416,394	418,735	421,166
Reserves	*40*	4,686,112	5,384,158	6,246,006
Total equity		5,102,506	5,802,893	6,667,172

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Amlogic (Shanghai) Co., Ltd. (the "Company") was incorporated in Shanghai, People's Republic of China (the "PRC") in March 2017 as a joint stock company under the laws of the PRC with limited liability. The Company has its primary listing on The Shanghai Stock Exchange with the stock code of 688099. The address of its registered office is Room 406, South Building, No. 350 Chunxiao Road, Pilot Free Trade Zone, Pudong New Area, Shanghai, the PRC.

The Company and its subsidiaries (collectively, the "Group"), are principally engaged in design, development, sales and distribution of semi-conductor integrated circuits ("IC") and provision of related technical support services.

In the opinion of the directors, the Company's ultimate holding company is Amlogic Holdings Ltd., a company incorporated in the Cayman Islands and controlled by John Zhong and Yeeping Chen Zhong.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the material accounting policies set out in Note 4 which conform with all applicable IFRS Accounting Standards which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board ("IASB"). In addition, the Historical Financial Information also complies with includes the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Track Record Period, consistently throughout the Track Record Period.

3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

At the date of this report, a number of new and amendments to IFRS Accounting Standards have been issued but are not effective and have not been early adopted by the Group:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards-Volumne 11[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Amendments to IFRS 10 and IAS 28	Sale or contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 19	Amendments to Subsidiaries without Public Accountability: Disclosures[2]

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

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

3 The amendments shall be applied prospectively to sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application, IFRS 18 introduces new requirements for presentation within the statements of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statements of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals, It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. The new requirements are expected to impact the Group's presentation of the statements of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that the impact of these new and amended standards will not be material on the Group's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

(a) 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.

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

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.

NCI in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree.

Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 "Income Taxes" and IAS 19 "Employee Benefits", respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 "Share-based Payment" at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognized in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting year in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement year (see above), and additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(c) Investments in subsidiaries

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

(d) Investments in associates

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

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognized in the consolidated statements of financial position at cost and adjusted thereafter to recognized the Group's share of the profit or loss and other comprehensive income of the associate.

The Group discontinues the use of the equity method from the date when its investment becomes a subsidiary, and the Group's interest in the associate is remeasured to fair value at the date when the Group obtains control, and the resulting gain or loss, if any, is recognized in profit or loss.

(e) Revenue recognition and other income

(i) Sales of goods

The Group designs, develops, sells and distributes a range of ICs, including multi-media intelligent terminal ICs and other ICs.

Revenue from the sales and distribution of products is recognized when control of the products has been transferred, being when the products are delivered to the customer. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Some of the contracts between the Group and its customers include arrangements for sales rebates, and some contracts provide customers with a right to return within a specified period, resulting in variable consideration. Accumulated experience is used to estimate and provide for variable consideration, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur.

The credit period granted to customers by the Group is determined based on their credit risk characteristics.

As receivable is recognized when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Provision of services

The Group provides IC design or development service to external parties. For those contracts that the Group has an enforceable right to payment for performance completed to date, the contract is recognized over time when the services are provided and accepted by the customers.

(iii) Financing components

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(iv) Interest income

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

(v) Dividend income

Dividend income is recognized when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow the Group and the amount of the dividend can be measured reliably.

(f) Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimate 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.

(g) Investment properties

Investment properties are properties held to earn rental income and/or for capital appreciation. Investment properties include land use rights leased out, land use rights held for transfer upon capital appreciation, and buildings leased out.

An investment property is measured initially at cost. If the economic benefits relating to an investment property will probably flow in and the cost can be reliably measured, subsequent costs incurred for the property are included in the cost of the investment property. Otherwise, subsequent costs are recognized in profit or loss as incurred.

The Group uses the cost model for the subsequent measurement of investment properties, and adopts a depreciation or amortization policy for the investment properties which is consistent with that for buildings and land use rights.

It is reclassified at its carrying amount at the date of the transfer when an owner-occupied property or inventory is transferred to an investment property, or an investment property is transferred to owner-occupied properties.

When an investment property is transferred to owner-occupied properties, it is reclassified as a fixed asset or an intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as an investment property at the date of the transfer. If it is transferred to an investment property measured by the cost model, its book value at the date of the transfer shall be used as the value of the investment property; if it is transferred to an investment property measured by the fair value model, its fair value at the date of the transfer shall be used as the value of the investment property.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from the sale, transfer, retirement or damage of an investment property net of its carrying amount and related taxes is recognized in profit or loss for the current period.

(h) Leasing

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 change.

The Group as lessee

The Group capitalized in the consolidated statements of financial position as right-of-use assets and lease liabilities for all leases except for (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Right-of-use assets

The right-of-use asset is recognized at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability. Depreciation is provided using the straight-line method from the commencement date over the shorter of the lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The Group presents right-of-use asset separately in the consolidated statements of financial position.

Lease liabilities

The lease liability is recognized at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate. The Group presents lease liability separately in the consolidated statements of financial position.

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

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

(i) Foreign currencies

(i) Functional and presentation currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange 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.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary asses such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

On disposal of a foreign operation, the cumulative exchange differences recognized in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of comprehensive income as part of the profit or loss on disposal.

(j) Government grants

Government grants are not recognized 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 recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expense 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 property, plant and equipment are recognized 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.

Government grants 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 recognized in profit or loss in the period in which they become receivable.

(k) Retirement benefit costs

The Group contributes toward retirement income protection for its employees through the provision of defined contribution plans, and/or contributions to various public retirement schemes in certain jurisdictions.

The Company's subsidiaries in the PRC participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its staff's wages as contributions to the plans. Payments to such retirement benefit schemes are recognized as an expense when employees have rendered service entitling them to the contributions. The Company also makes payments to other defined contribution plans for the benefit of employees employed by subsidiaries outside of the PRC.

(l) Short-term employee benefits

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

A liability is recognized for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(m) Taxation

Income tax expense represents the sum of the current tax and deferred tax. Current and deferred tax is recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax

Deferred tax is recognized 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 profits. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period and the tax rate and tax base that are consistent with manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

(n) Property, plant and equipment

Property, plant and equipment other than construction in progress are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

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

Property and Buildings	10-30 years
Electronic equipment	2.5-5 years
Motor vehicle	5 years
Office equipment	3-5 years
Leasehold improvement	Terms of lease contract

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

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

An item of property, plant and equipment is derecognized 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognized.

(o) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a business combination is its fair value at the date of acquisition. Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Computer software	2-5 years
Patent	1-3.75 years

The estimated useful lives and amortization 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.

(p) Research and development costs

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in profit or loss as incurred.

(q) Impairment losses on non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets (other than inventories, contract assets and deferred tax assets) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) 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 recognized for the asset (or the cash-generating unit) in prior periods. A reversal of an impairment loss is recognized immediately in profit or loss.

(r) Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument.

(i) Financial assets

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

A financial asset is measured at amortized cost if it is not designated as at FVTPL, it is held within a business model whose objective is to hold assets to collect contractual cash flows; and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. These assets are subsequently measured at amortized cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss.

A debt instrument is measured at fair value through other comprehensive income ("FVOCI") if it is not designated as at FVTPL, it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding. These assets are subsequently measured at fair value. Interest income calculated under the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Impairment loss on financial assets

The Group recognizes a loss allowance for expected credit loss ("ECL") on financial assets measured at amortized cost and debt instruments measured at FVOCI. The amount of ECL is updated at the end of each reporting period 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. Assessment 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 both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognized lifetime ECL for trade receivables using simplified approach. For other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument 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, financial analysts and governmental bodies, 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;

- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;

- 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;

- 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 aforegoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower 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 borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

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.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred 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 analysis, 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.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default 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;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the purchase or origination of a financial asset at a deep discount that reflects the incurred losses.

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, e.g. 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 made are recognized in profit or loss.

Measurement and recognition of ECL

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. In estimating ECL on trade receivables, the Group use a provision matrix, taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort. In respect of other financial assets, 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.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, bills receivables, other receivables and deposits paid are each assessed as a separate group.);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

The Group recognizes an impairment gain or loss in profit or loss for financial assets measured at amortized cost by adjusting their carrying amount through a loss allowance account. For debt instrument measured at FVOCI, the loss allowance is recognized in other comprehensive income and accumulated in FVOCI reserve.

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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group shall continue to recognize the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay. When the Group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of the entity's continuing involvement is the lower of carrying amount of the asset and the maximum amount of the consideration received that the Group could be required to repay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the FVOCI reserve is reclassified to profit or loss.

(ii) Financial liabilities and equity instruments

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 an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as measured at amortized cost. Financial liabilities are subsequently measured at amortized cost under the effective interest method. Interest expense (unless they are eligible for capitalization) and foreign exchange gains and losses are recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

(s) Provisions and contingent liabilities

Provisions are recognized for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

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

(t) Share-based payments

The Company operates several restricted share schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a black-scholes model, further details of which are given in note 39.

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

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

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

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

(i) Useful lives of property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(ii) Useful lives of intangible assets

The Group's management determines the useful lives and related amortization charges for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher amortization charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortization charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(iii) Fair value measurement

A number of assets and liabilities included in the Group's consolidated financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilized are (the "fair value hierarchy"):

Level 1: Quoted prices in active markets for identical items (unadjusted);

Level 2: Observable direct or indirect inputs other than Level 1 inputs;

Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Group measures certain financial instruments at fair value. The detailed information in relation to the fair value measurement of the financial instruments is disclosed in note 27.

(iv) Provision of ECL for financial assets at amortized cost

The Group calculates ECL for trade and other receivables, restricted bank deposits and cash and bank balances under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in note 41. Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

(v) Recognition of deferred tax assets

Deferred income tax assets relating to certain deductible temporary differences and tax losses are recognized as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expenses or other comprehensive income in the periods in which such estimate is changed.

(vi) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including property, plant and equipment, assets under construction, intangible assets and right-of-use assets) at the end of each reporting period. When impairment indicators exist, management is required to estimate the recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

(vii) Valuation of share-based payments

The fair value of awarded restricted share at the grant date are determined by using valuation techniques. Significant estimates on assumptions, such as risk-free interest rate and volatility are made based on management's best estimates. Further details are set out in Note 39 to the Historical Financial Information.

6. SEGMENT INFORMATION AND REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers by type of good and service			
Sales of multi-media intelligent terminal ICs	5,292,255	5,806,314	6,589,750
Sales of other ICs	77,629	120,001	199,882
Provision of technical services	1,058	–	950
Total revenue	5,370,942	5,926,315	6,790,582
Timing of revenue recognition:			
At a point in time	5,369,884	5,926,315	6,790,582
Over time	1,058	–	–
Total revenue from contracts with customers	5,370,942	5,926,315	6,790,582

(ii) Transaction Price Allocated to Future Performance Obligations

IFRS 15 requires that the Group to disclose the aggregate amount of transaction price that is allocated to each performance obligation that has not yet been satisfied as at each year end during the Track Record Period. The guidance provides certain practical expedients that limit this requirement and, therefore, for the vast majority of contracts, the Group does not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less.

(iii) Segment information

For the purposes of assessing performance and allocating resources, the Group's operation is regarded as one reportable operating segment which is the ICs segment. The operation engages in research and development, manufacturing and sales of ICs. The executive directors of the Company being the chief operating decision maker, review the financial performance and position of the Group as a whole. Accordingly, no segment information is presented.

Geographical information

An analysis of the Group's revenue from external customers, based on country in which customers reside, is presented below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers			
Mainland China	524,880	511,958	615,402
Outside Mainland China – other regions and overseas countries	4,846,062	5,414,357	6,175,180
Total revenue	5,370,942	5,926,315	6,790,582

Information about the Group's non-current assets excluding financial assets and deferred tax assets by geographical location of the assets are presented below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current assets excluding financial assets and deferred tax assets			
Mainland China	803,768	811,474	940,898
Outside Mainland China – other regions and overseas countries	25,009	176,011	174,805
Total	828,777	987,485	1,115,703

Information about major customers

The major customers which contributed more than 10% of total revenue of the Group for each reporting period during the Track Record Period are follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	1,317,273	978,090	1,544,142
Customer B	840,864	1,109,760	1,064,434

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer C	N/A	N/A	N/A
Customer D	N/A	N/A	N/A
Customer E	N/A	595,253	N/A

Note: The corresponding revenue did not contribute over 10% of the total external sales of the Group.

7. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	43,273	21,024	20,662
Others	–	–	1,744
Total	43,273	21,024	22,406

* The amounts represent government grants received from various PRC government authorities as incentives for the Group's industry. There were no unfulfilled conditions or contingencies in relation to these grants recognized for each of the Track Record Period.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividend income from financial assets at FVTPL	12,142	15,060	15,086
Change in fair value of financial assets and financial liabilities at FVTPL	20,602	13,687	27,632
Net gains on disposal of financial assets and financial liabilities at FVTPL	1,501	5,395	14,264
Interest income from financial assets at amortized cost	6,392	11,612	22,313
Net foreign exchange gains/(losses)	47,072	55,601	(59,990)
Others	3,478	(399)	133
Total	91,187	100,956	19,438

9. IMPAIRMENT LOSSES, NET OF REVERSAL ON FINANCIAL ASSETS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses under ECL model, net of reversal			
Trade and other receivables	(59)	41	(340)
Other non-current assets	(1)	2	4
	(60)	43	(336)

Detail of impairment assessment are set out in note 41.

10. FINANCE INCOME, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest income	88,138	113,333	90,689
Interest expense on lease liabilities	(1,748)	(1,384)	(978)
	86,390	111,949	89,711

11. PROFIT BEFORE TAX

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of inventories	3,415,352	3,760,315	4,213,027
Written down/(reversal of written down) of inventories	171,545	(32,062)	11,195
Cost of inventories recognized as expenses	3,586,897	3,728,253	4,224,222
Depreciation of property, plant and equipment	132,547	127,526	189,595
Depreciation of right-of-use assets	16,654	14,928	12,693
Depreciation of investment properties	–	–	908
Amortization of intangible assets	98,796	74,283	61,450
Auditor's remuneration	1,976	1,980	1,919
Staff costs (including directors' emoluments):			
– Salaries and other benefits	988,636	817,221	1,165,890
– Retirement benefits scheme contributions	77,186	86,751	94,789
– Share-based payment expenses	157,390	71,890	46,771
	1,223,212	975,862	1,307,450

12. INCOME TAX EXPENSES/(CREDIT)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax – PRC			
Charge for the year	1,457	58	66
Under provision in respect of prior year	197	7	–
Current tax – Hong Kong and others			
Charge for the year	23,048	13,163	35,279
(Over)/under provision in respect of prior year	(361)	(632)	244
Current tax	24,341	12,596	35,589
Deferred tax *(Note 36)*	(20,006)	20,008	2,579
Total income tax expenses/(credit)	4,335	32,604	38,168

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as "High and New Technology Enterprise" by the relevant government authorities, they are subject to a preferential rate of 15%. For the PRC subsidiaries approved as "Micro and Small Enterprise" by the relevant government authorities, which the annual taxable income is not more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 25%, with the applicable enterprise income tax rate of 20% for years ended December 31, 2023 to 2027.

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended December 31, 2023, 2024 and 2025. On March 21, 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on March 28, 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	503,028	851,815	908,635
Tax at the applicable tax rate of 15% *(note (a))*	75,454	127,772	136,295
Effect of different tax rates of subsidiaries operating in other jurisdictions	28,380	(1,546)	3,408
(Over)/under provision of current tax in prior year	(164)	(625)	244
Tax effect of income not taxable for tax purpose	(4,387)	(7,832)	(7,818)
Tax effect of expenses not deductible for tax purpose	2,572	1,203	8,525
Utilization of tax losses previously not recognized	755	(60)	(4,062)
Effect of deductible temporary differences and tax losses not recognized as deferred tax asset	60,906	85,197	67,475
Effect of super deduction *(note (b))*	(159,181)	(171,505)	(165,899)
Total income tax expenses/(credit)	4,335	32,604	38,168

Notes:

(a) The applicable tax rate is with reference to the preferential PRC tax rate of 15% as the income deriving entities which are the PRC entities approved as "High and New Technology Enterprise" by the relevant government authorities under the EIT Law and Implementation Regulation of the EIT Law for the Track Record Period.

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

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

The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the years ended December 31, 2023, and 2024 and 2025.

13. DIRECTORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors of the Company for the services provided to the Group during the Track Record Period are as follows:

Year ended December 31, 2023

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:						
John Zhong	–	3,860	–	–	–	3,860
Executive directors:						
余莉	–	1,024	–	–	169	1,193
羅濱 *(Note (e))*	–	–	–	–	–	–
王成 *(Note (b))*	–	–	–	–	–	–
顧炯 *(Note (c))*	60	–	–	–	–	60
章開和 *(Note (d))*	60	–	–	–	–	60
Independent non-executive directors:						
李翰傑 *(Note (f))*	60	–	–	–	–	60
吳輝 *(Note (g))*	60	–	–	–	–	60
	240	4,884	–	–	169	5,293

Year ended December 31, 2024

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:						
John Zhong	–	4,174	–	–	–	4,174
Executive directors:						
余莉	–	1,099	–	–	191	1,290
羅濱	–	–	–	–	–	–
Independent executive directors:						
李翰傑	120	–	–	–	–	120
吳輝 *(Note (g))*	80	–	–	–	–	80
馮義晶 *(Note (h))*	40	–	–	–	–	40
	240	5,273	–	–	191	5,704

Year ended December 31, 2025

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Share-based payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Chairman:						
John Zhong	–	2,913	–	–	–	2,913
Executive directors:						
余莉	–	871	–	–	149	1,020
羅濱	–	–	–	–	–	–
Independent non-executive directors:						
李翰傑	120	–	–	–	–	120
馮義晶	120	–	–	–	–	120
Employee director:						
趙丹 *(Note (i))*	–	161	–	–	–	161
	240	3,945	–	–	149	4,334

Notes:

(a) The executive director's emoluments shown above were for his services in connection with the management of the affairs of the Company and the Group during the Track Record Period. The performance-based bonus are determined based on the duties and performances of the relevant individuals and the operating result of the Group. None of the directors of the Company waived or agreed to waive any emoluments during the Track Record Period.

(b) 王成 was appointed as an executive director of the Company on May 19, 2020 and resigned on July 3, 2023.

(c) 顧炯 was appointed as an executive director of the Company on March 16, 2017 and resigned on July 3, 2023.

(d) 章開和 was appointed as an executive director of the Company on March 16, 2017 and resigned on July 3, 2023.

(e) 羅濱 was appointed as an executive director of the Company on July 3, 2023.

(f) 李翰傑 was appointed as an independent executive director of the Company on July 3, 2023.

(g) 吳輝 was appointed as an independent executive director of the Company on July 4, 2023 and resigned on September 3, 2024.

(h) 馮義晶 was appointed as an independent director of the Company on September 2, 2024.

(i) 趙丹 was appointed as an employee director of the Company on September 23, 2025.

14. FIVE HIGHEST PAID INDIVIDUALS

During the years ended December 31, 2023, 2024 and 2025, the five individuals with the highest emoluments in the Group include 1, 1 and 1 directors of the Company, details of whose remuneration are set out in Note 13 above. The emoluments of the remaining 4, 4 and 4 individuals during the Track Record Period were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	6,449	8,473	4,853
Performance-based bonus	1,540	5,384	3,014
Retirement benefits scheme contributions	326	969	404
Share-based payment	5,866	1,058	2,063
	14,181	15,884	10,334

The emoluments of the remaining individuals were within the following bands:

	Number of individuals		
	Year ended December 31,		
	2023	2024	2025
Nil to HK$1,000,000	–	–	–
HK$1,000,000 to HK$1,500,000	–	–	–
HK$1,500,001 to HK$2,000,000	–	–	–
HK$2,000,001 to HK$2,500,000	–	–	–
HK$2,500,001 to HK$3,000,000	–	–	4
HK$3,000,001 to HK$3,500,000	2	2	–
HK$3,500,001 to HK$4,000,000	–	1	–
HK$4,000,001 to HK$4,500,000	1	–	–
HK$4,500,001 to HK$5,000,000	1	–	–
HK$5,000,001 to HK$5,500,000	–	–	–
HK$5,500,001 to HK$6,000,000	–	–	–
HK$6,000,001 to HK$6,500,000	–	–	–
HK$6,500,001 to HK$7,000,000	–	1	–
HK$7,000,001 to HK$7,500,000	–	–	–
HK$7,500,001 to HK$8,000,000	–	–	–
HK$8,000,001 to HK$8,500,000	–	–	–
	4	4	4

During the Track Record Period, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the Track Record Period.

15. EARNINGS PER SHARE

(a) Basic earnings per share

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Earnings attributable to owners of the Company for the purpose of calculating basic earnings per share	498,036	821,921	872,984

Number of shares:

	Year ended December 31,		
	2023	2024	2025
Weighted average number of ordinary shares in issue, excluding treasury share for the purpose of calculating basic earnings per share	415,669,983	418,100,315	419,861,941

(b) Diluted earnings per share

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Earnings attributable to owners of the Company for the purpose of calculating diluted earnings per share	498,036	821,921	872,984

Number of shares:

	Year ended December 31,		
	2023	2024	2025
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	415,669,983	418,100,315	419,861,941
Effect of restricted shares	3,748,959	1,867,575	2,808,399
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	419,418,942	419,967,890	422,670,340

16. DIVIDENDS

Dividend paid by the Company during the Track Record Period was as follow:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Dividend	208,160	–	–

The final dividends of RMB208,160,000 in respect of the year ended December 31, 2023 were approved in annual general meeting of the Group and settled in 2023.

17. INVESTMENTS IN SUBSIDIARIES

(a) Investment cost

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Company			
Investments in subsidiaries			
– Unlisted shares, at cost less impairment loss	836,615	831,485	807,433

(b) Particular of the Company's principal subsidiaries at the date of this report are as follows:

Name of subsidiaries	Date and place of incorporation establishment	Registered capital	Equity interests attributable to the Company as at December 31, 2023 Direct	December 31, 2023 Indirect	December 31, 2024 Direct	December 31, 2024 Indirect	December 31, 2025 Direct	December 31, 2025 Indirect	Principal activities
			%	%	%	%	%	%	
晶其半導體(上海)有限公司 Jingqi Semiconductor (Shanghai) Co., Ltd. *(notes (a), (d))*	January 18, 2022 PRC	RMB 120,000,000	100	–	100	–	100	–	Research and development
晶晨半導體(深圳)有限公司 Amlogic (Shenzhen) Co., Ltd. *(note (d))*	June 25, 2014 PRC	RMB 61,132,000	100	–	100	–	100	–	Research and development and sales
晶玟半導體(上海)有限公司 Jingwen Semiconductor (Shanghai) Co., Ltd. *(note (a))*	May 26, 2023 PRC	RMB 20,000,000	100	–	100	–	100	–	Research and development
晶晨半導體(南京)有限公司 Amlogic (Nanjing) Co., Ltd. *(note (d))*	January 25, 2021 PRC	RMB 10,000,000	100	–	100	–	100	–	Research and development
晶晨半導體(西安)有限公司 Amlogic (Xian) Co., Ltd. *(note (d))*	December 23, 2020 PRC	RMB 10,000,000	100	–	100	–	100	–	Research and development
合肥晶晨芯半導體有限公司 Amlogic (Hefei) Co. Ltd. *(note (d))*	December 22, 2021	RMB 10,000,000	100	–	100	–	100	–	Research and development
晶晨芯半導體(成都)有限公司 Amlogic (Chengdu) Co. Ltd. *(note (d))*	December 18, 2020 PRC	RMB 10,000,000	100	–	100	–	100	–	Research and development
晶晨半導體科技(北京)有限公司 Amlogic (Beijing) Co., Ltd. *(note (d))*	December 27, 2017 PRC	RMB 3,000,000	100	–	100	–	100	–	Research and development

Name of subsidiaries	Date and place of incorporation establishment	Registered capital	Equity interests attributable to the Company as at December 31, 2023		December 31, 2024		December 31, 2025		Principal activities
			Direct	Indirect	Direct	Indirect	Direct	Indirect	
			%	%	%	%	%	%	
Amlogic Co., Limited *(note (d))*	September 23, 2015 Hong Kong	USD 9,000,000	100	–	100	–	100	–	Sales and distribution of ICs
Amlogic (CA) Co., Inc. *(note (e))*	November 20, 2015 United States	USD 2,010,000	100	–	100	–	100	–	Research and development
上海晶旻企業管理中心(有 限合夥) Shanghai Jingmin Enterprise Management Center (Limited Partnership) *(notes (a), (e))*	November 21, 2019 PRC	RMB 235,000,000	95	–	95	–	95	–	Investment
上海晶毅商務諮詢合夥企業(有限合夥) Shanghai Jingyi Business Consulting Partnership (Limited Partnership) *(notes (a), (e))*	May 24, 2018 PRC	RMB 135,000,000	66	–	66	–	66	–	Investment

Notes:

(a) The English names of all subsidiaries established in the PRC are translated for identification purpose only.

(b) All companies comprising the Group have adopted December 31, as their financial year end date.

(c) Entities established in the PRC are in the form of domestic limited liability company.

(d) The statutory financial statements of these subsidiaries for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with relevant accounting principles and financial regulations applicable in the relevant jurisdiction.

(e) No statutory audited financial statements were prepared for these entities since their date of incorporation as they are incorporated in a jurisdiction where there are no local statutory audit requirements or exempted from statutory audit requirements.

Non-controlling interests

There is no subsidiaries that has material non-controlling interests during Track Record Period.

18. INVESTMENTS IN ASSOCIATES

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Group			
Share of net assets	81,703	89,898	94,899
At the beginning of the year	51,828	81,703	89,898
Share of post-acquisition profit/(losses)	38,953	8,195	5,001
Disposal	(9,078)	–	–
	81,703	89,898	94,899

The Group had interests in the following principal associate during the Track Record Period:

Name of associates	*Note*	Place of incorporation/ establishment and operation	Authorized share capital/ registered capital	% of ownership interests As at December 31, 2023	2024	2025	Principal activities
深圳盟海五號智能產業投 資合夥企業(有限合夥)	*a*	PRC	85,110,000	23.50%	23.50%	23.50%	Investment fund
深圳盟海智數投資合夥企業(有限合夥)	*b*	PRC	53,000,000	–	–	–	Investment fund
深圳盟海智能科技投資合夥企業(有限合夥)	*c*	PRC	26,500,000	56.60%	56.60%	56.60%	Investment fund

Notes:

(a) 深圳盟海五號智能產業投資合夥企業(有限合夥) is a limited partnership investment fund established in the PRC. The fund's financial and operating activities are managed by the general partner. The Group is one of the members of the investment committee of the fund and has 20% of the voting rights in the investment committee. As such, the Group is considered to have significant influence over the fund and therefore is accounted for as an associate.

(b) 深圳盟海智數投資合夥企業(有限合夥) is a limited partnership investment fund established in the PRC. The fund's financial and operating activities are managed by the general partner. Although the Group only holds 18.87% equity interest in the fund, but it is one of the members of the investment committee of the fund and has 20% of the voting rights in the investment committee. As such, the Group is considered to have significant influence over the fund and therefore is accounted for as an associate.

(c) 深圳盟海智能科技投資合夥企業(有限合夥) is a limited partnership investment fund established in the PRC. Although the Group holds 56.6% equity interest in the fund, the Group does not have control over the fund's financial and operating activities, which are managed by the general partner. The Group is one of the members of the investment committee of the fund and has 33% of the voting rights in the investment committee. As such, the Group is considered to have significant influence over the fund and therefore is accounted for as an associate.

Aggregate information of associates of the Group that are not individually material:

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of the Group's associates in the Historical Financial Information	81,703	89,898	94,899

	Year ended December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of results of associates	38,953	8,195	5,001

19. Property, plant and equipment

Group

	Property and Buildings	Electronic equipment	Motor vehicle	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As of January 1, 2023	186,969	612,952	5,152	5,638	11,072	821,783
Additions	–	160,073	–	2,199	3,336	165,608
Disposals	–	(1,322)	–	(43)	(794)	(2,159)
Exchange realignment	–	264	8	15	–	287
As of December 31, 2023 and January 1, 2024	186,969	771,967	5,160	7,809	13,614	985,519
Additions	–	172,458	329	687	–	173,474
Transfer from assets under construction	96,917	–	–	–	42	96,959
Disposals	–	(4,878)	(738)	(27)	–	(5,643)
Exchange realignment	–	237	3	18	–	258
As of December 31, 2024 and January 1, 2025	283,886	939,784	4,754	8,487	13,656	1,250,567
Additions	734	174,422	1,635	602	–	177,393
Transfer from assets under construction	1,220	–	–	–	–	1,220
Disposals	–	(14,764)	(1,009)	(258)	(1,581)	(17,612)
Exchange realignment	–	(165)	1	(24)	(39)	(227)
As of December 31, 2025	285,840	1,099,277	5,381	8,807	12,036	1,411,341
Depreciation						
As of January 1, 2023	36,538	330,272	3,980	987	2,438	374,215
Depreciation charged	8,867	119,066	435	1,428	2,751	132,547
Disposals	–	(1,254)	–	(20)	(123)	(1,397)
Exchange realignment	–	183	6	7	(684)	(488)
As of December 31, 2023 and January 1, 2024	45,405	448,267	4,421	2,402	4,382	504,877
Depreciation charged	9,402	113,030	276	1,727	3,091	127,526
Disposals	–	(4,483)	(720)	(11)	–	(5,214)
Exchange realignment	–	195	2	10	16	223
As of December 31, 2024 and January 1, 2025	54,807	557,009	3,979	4,128	7,489	627,412
Depreciation charged	12,162	173,027	214	1,533	2,659	189,595
Disposals	–	(11,384)	(958)	(247)	(1,581)	(14,170)
Exchange realignment	–	(146)	–	(18)	(39)	(203)
As of December 31, 2025	66,969	718,506	3,235	5,396	8,528	802,634
Net carrying value						
As of December 31, 2023	141,564	323,700	739	5,407	9,232	480,642
As of December 31, 2024	229,079	382,775	775	4,359	6,167	623,155
As of December 31, 2025	218,871	380,771	2,146	3,411	3,508	608,707

Company

	Property and Buildings	Electronic equipment	Motor vehicle	Office equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost						
As of January 1, 2023	186,969	571,492	2,147	934	794	762,336
Additions	–	155,286	–	127	–	155,413
Disposals	–	(1,244)	–	–	(794)	(2,038)
As of December 31, 2023 and January 1, 2024	186,969	725,534	2,147	1,061	–	915,711
Additions	–	170,332	–	264	–	170,596
Disposals	–	(1,745)	–	(5)	–	(1,750)
As of December 31, 2024 and January 1, 2025	186,969	894,121	2,147	1,320	–	1,084,557
Additions	–	168,944	1,635	348	–	170,927
Transfer from assets under construction	1,220	–	–	–	–	1,220
Disposals	–	(4,760)	(875)	(24)	–	(5,659)
As of December 31, 2025	188,189	1,058,305	2,907	1,644	–	1,251,045
Depreciation						
As of January 1, 2023	36,536	306,554	1,808	241	123	345,262
Depreciation charged	8,867	111,466	179	218	–	120,730
Disposals	–	(871)	–	–	(123)	(994)
As of December 31, 2023 and January 1, 2024	45,403	417,149	1,987	459	–	464,998
Depreciation	8,867	105,528	53	257	–	114,705
Disposals	–	(1,578)	–	(5)	–	(1,583)
As of December 31, 2024 and January 1, 2025	54,270	521,099	2,040	711	–	578,120
Depreciation charged	8,944	168,628	–	241	–	177,813
Disposals	–	(2,022)	(832)	(23)	–	(2,877)
As of December 31, 2025	63,214	687,705	1,208	929	–	753,056
Net carrying value						
As of December 31, 2023	141,566	308,385	160	602	–	450,713
As of December 31, 2024	132,699	373,022	107	609	–	506,437
As of December 31, 2025	124,975	370,600	1,699	715	–	497,989

20. ASSETS UNDER CONSTRUCTION

Group

	Facilities	Information system	Renovation of leased office Premises	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As of January 1, 2023	–	–	1,440	1,440
Additions	–	–	88,447	88,447
As of December 31, 2023 and January 1, 2024	–	–	89,887	89,887
Additions	–	–	169,435	169,435

	Facilities	Information system	Renovation of leased office Premises	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Transfer to property, plant and equipment	–	–	(96,959)	(96,959)
Exchange realignment	–	–	1,515	1,515
As of December 31, 2024	–	–	163,878	163,878
Additions	–	–	12,019	12,019
Transfer to property, plant and equipment	–	–	(1,220)	(1,220)
Transfer to investment property	–	–	(94,313)	(94,313)
Exchange realignment	–	–	(2,286)	(2,286)
As of December 31, 2025	–	–	78,078	78,078

Company

	Facilities	Information system	Renovation of office premises	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost				
As of January 1, 2023, December 31, 2023 and January 1, 2024	–	–	–	–
Additions	–	–	521	521
As of December 31, 2024	–	–	521	521
Additions	–	–	1,694	1,694
Transfer to property, plant and equipment	–	–	(1,220)	(1,220)
As of December 31, 2025	–	–	995	995

21. RIGHT-OF-USE ASSETS

Group

	Buildings
	RMB'000
Cost	
As of January 1, 2023	78,417
Additions	1,420
Disposals	(11,060)
Exchange realignment	214
As of December 31, 2023 and January 1, 2024	68,991
Additions	8,275
Disposals	(7,798)
Exchange realignment	114
As of December 31, 2024 and January 1, 2025	69,582
Additions	12,829
Disposals	(34,072)
Exchange realignment	(75)
As of December 31, 2025	48,264

	Buildings
	RMB'000
Depreciation	
As of January 1, 2023	26,700
Depreciation charged	16,654
Disposals	(11,060)
Exchange realignment	131
As of December 31, 2023 and January 1, 2024	32,425
Depreciation charged	14,928
Disposals	(7,627)
Exchange realignment	84
As of December 31, 2024 and January 1, 2025	39,810
Depreciation charged	12,693
Disposals	(23,257)
Exchange realignment	(30)
As of December 31, 2025	29,216
Net carrying value	
As of December 31, 2023	36,566
As of December 31, 2024	29,772
As of December 31, 2025	19,048

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term or low value leases	4,090	5,188	4,380
Total cash outflow for leases	21,607	26,056	23,614

Lease contracts of factories are entered into for fixed term of 1 year to 5 years. Lease terms are negotiated on an individual basis. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The lease contracts of factories comprise only fixed payments over the lease terms and do not include any extension nor termination options.

As at December 31, 2023, 2024 and 2025, the Group's lease liabilities of approximately RMB40,554,000, RMB32,258,000 and RMB19,346,000 are recognized with related right-of-use assets of approximately RMB36,566,000, RMB29,772,000 and RMB19,048,000, respectively.

22. INVESTMENT PROPERTIES

Group

	Buildings	Freehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As of January 1, 2023, December 31, 2023, January 1, 2024, December 31, 2024 and January 1, 2025	–	–	–
Transfer from assets under construction	30,027	64,286	94,313
Depreciation charged	(908)	–	(908)
Exchange realignment	(465)	(1,027)	(1,492)
As of December 31, 2025	28,654	63,259	91,913

Notes:

(a) The Group's investment properties are located in the United States.

(b) The Group's interests in freehold land and buildings held for operating leases to earn rentals or for capital appreciation purposes are measured using the cost model and are classified and accounted for as investment properties.

Amounts recognized in profit or loss for investment properties:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Rental income from operating leases	–	–	2,381
Direct operating expenses for properties	–	–	(904)
	–	–	1,477

23. INTANGIBLE ASSETS

Group

	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As of January 1, 2023	464,742	19,033	483,775
Additions	62,980	4,666	67,646
Disposals	(4,298)	(551)	(4,849)
Exchange realignment	557	78	635
As of December 31, 2023 and January 1, 2024	523,981	23,226	547,207
Additions	23,180	3,221	26,401
Disposals	(55,214)	(4,482)	(59,696)
Exchange realignment	498	88	586
As of December 31, 2024 and January 1, 2025	492,445	22,053	514,498
Additions	101,567	44,246	145,813
Disposals	(103,824)	(11,140)	(114,964)
Exchange realignment	(573)	(78)	(651)
As of December 31, 2025	489,615	55,081	544,696
Amortization			
As of January 1, 2023	322,012	12,451	334,463
Amortization charged	93,203	5,593	98,796
Disposals	(4,298)	(551)	(4,849)
Exchange realignment	274	68	342
As of December 31, 2023 and January 1, 2024	411,191	17,561	428,752
Amortization charged	67,444	6,839	74,283
Disposals	(51,704)	(4,482)	(56,186)
Exchange realignment	372	75	447
As of December 31, 2024 and January 1, 2025	427,303	19,993	447,296
Amortization charged	51,135	10,315	61,450
Disposals	(103,824)	(11,140)	(114,964)
Exchange realignment	(511)	(74)	(585)
As of December 31, 2025	374,103	19,094	393,197
Net carrying value			
As of December 31, 2023	112,790	5,665	118,455
As of December 31, 2024	65,142	2,060	67,202
As of December 31, 2025	115,512	35,987	151,499

Company

	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost			
As of January 1, 2023	431,268	14,415	445,683
Additions	60,679	2,454	63,133
Disposals	–	(336)	(336)
Exchange realignment	–	–	–
As of December 31, 2023 and January 1, 2024	491,947	16,533	508,480
Additions	21,049	883	21,932
Disposals	(55,214)	(2,246)	(57,460)
Exchange realignment	–	–	–
As of December 31, 2024 and January 1, 2025	457,782	15,170	472,952
Additions	101,567	44,246	145,813
Disposals	(91,615)	(7,524)	(99,139)
Exchange realignment	–	–	–
As of December 31, 2025	467,734	51,892	519,626
Amortization			
As of January 1, 2023	307,472	8,139	315,611
Amortization charged	83,683	4,789	88,472
Disposals	–	(280)	(280)
Exchange realignment	–	–	–
As of December 31, 2023 and January 1, 2024	391,155	12,648	403,803
Amortization charged	59,799	3,055	62,854
Disposals	(51,704)	(2,247)	(53,951)
Exchange realignment	–	–	–
As of December 31, 2024 and January 1, 2025	399,250	13,456	412,706
Amortization charged	45,993	9,976	55,969
Disposals	(91,615)	(7,524)	(99,139)
Exchange realignment	–	–	–
As of December 31, 2025	353,628	15,908	369,536
Net carrying value			
As of December 31, 2023	100,792	3,885	104,677
As of December 31, 2024	58,532	1,714	60,246
As of December 31, 2025	114,106	35,984	150,090

24. OTHER NON-CURRENT ASSETS AND OTHER CURRENT ASSETS

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Rental deposits	5,342	5,227	4,342
Loan receivables from employees	6,797	5,226	1,812
Others	–	71	92
	12,139	10,524	6,246

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Other tax receivables	8,522	11,289	26,477
Loan receivables from employees	5,865	5,565	4,176
Others *(note)*	11,013	15,796	8,810
	25,400	32,650	39,463
Total	37,539	43,174	45,709

Note: The amounts mainly included software maintenance and permit fees and insurance fees.

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Rental deposits	516	491	491
Loan receivables from employees	3,747	1,633	120
Others	–	71	92
	4,263	2,195	703
Current portion			
Other tax receivables	4,158	6,078	21,494
Loan receivables from employees	3,650	3,712	1,517
Others	3,245	5,659	4,610
	11,053	15,449	27,621
Total	15,316	17,644	28,324

25. INVENTORIES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	299,157	211,483	817,491
Work in progress	846,805	936,529	1,187,015
Finished goods	405,729	485,316	663,027
Goods in transit	–	–	86,209
Less: write-downs of inventories	(307,138)	(223,736)	(226,045)
Total	1,244,553	1,409,592	2,527,697

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	299,157	211,483	817,491
Work in progress	846,783	936,506	1,186,992
Finished goods	156,354	109,374	248,218
Goods in transit	–	–	86,209
Less: write-downs of inventories	(269,438)	(185,580)	(171,503)
Total	1,032,856	1,071,783	2,167,407

26. TRADE AND OTHER RECEIVABLES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Related parties	–	–	293
Independent third parties	218,583	177,196	335,401
Less: loss allowance for trade receivables	(554)	(518)	(845)
	218,029	176,678	334,849
Other receivables *(note (b))*			
Related parties	–	–	64
Independent third parties	26,679	22,333	36,012
Less: loss allowance for other receivables	(1)	(1)	(1)
	26,678	22,332	36,075
Total trade and other receivables	244,707	199,010	370,924

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
Third parties	106,393	71,164	75,822
Subsidiaries *(note (a))*	602,141	854,421	987,576
Less: loss allowance for trade receivables	(255)	(171)	(182)
	708,279	925,414	1,063,216
Other receivables *(note (b))*			
Third parties	25,927	21,827	35,497
Subsidiaries *(note (a))*	78,775	78,481	63,259
Less: loss allowance for trade receivables	–	–	–
	104,702	100,308	98,756
Total trade and other receivables	812,981	1,025,722	1,161,972

Notes:

(a) During the Track Record Period, the amounts due from subsidiaries were unsecured, interest free and repayable on demand.

(b) Other receivables mainly included export tax refund and deposits for buildings and utilities.

The Group allows a credit period of 30 days to 45 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each reporting period:

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0-30 days	163,611	116,439	274,148
31-180 days	54,418	60,239	60,701
	218,029	176,678	334,849

Movements in lifetime ECL that have been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended December 31, 2023, 2024 and 2025:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	489	554	518
Impairment losses, net	553	515	858
Amount written off as uncollectible	(494)	(556)	(518)
Exchange realignment	6	5	(13)
At the end of year	554	518	845

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0-30 days	468,952	602,825	761,876
31-180 days	239,327	322,589	301,340
	708,279	925,414	1,063,216

Movements in lifetime ECL that have been recognized for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended December 31, 2023, 2024 and 2025:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	103	255	171
Impairment losses, net	152	(84)	11
At the end of year	255	171	182

27. PREPAYMENTS

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Prepayment for acquisition of property, plant and equipment and intangible assets	9,385	3,056	2,156
Prepayment for acquisition of 100% interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. *(note)*	–	–	158,055
	9,385	3,056	160,211
Current portion			
Prepaid EIT	2,134	4,051	2,163
Prepayment for inventories	6,025	4,298	390,684
	8,159	8,349	392,847
Total prepayments	17,544	11,405	553,058

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Prepayment for acquisition of property, plant and equipment and intangible assets	1,441	1,418	1,837
Prepayment for acquisition of 100% interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. *(note)*	–	–	158,055
	1,441	1,418	159,892
Current portion			
Prepaid EIT	–	–	–
Prepayment for inventories	4,571	3,177	389,736
	4,571	3,177	389,736
Total prepayments	6,012	4,595	549,628

Note:

Details of acquisition of 100% interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. are disclosed in note 47 to this Historical Financial Information.

28. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Group

	Note	As of December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current portion				
Investment in unlisted companies		195,025	208,065	264,513
Private equity funds		108,732	282,257	283,835
		303,757	490,322	548,348
Current portion				
Structured deposits	*a*	826,491	781,880	165,169
Wealth management products	*b*	148,346	155,223	235,383
		974,837	937,103	400,552
Total		1,278,594	1,427,425	948,900

Notes:

(a) As of December 31, 2023, 2024 and 2025, the Group maintained a portfolio of structured deposit products, issued by licensed banks. During the Track Record Period, interest income from the structure deposit products has recognized as fair value gains on financial assets at fair value through profit or loss, which are set out in note 8.

These structured deposit products are low-risk with terms ranging from one to twelve months, and linked to interest rates and foreign exchange indices.

(b) As of December 31, 2023, 2024 and 2025, the Group maintained a portfolio of wealth management products, issued by licensed banks and financial institutions, with expected rates of return ranging from 1.1% to 5.3% per annum, 0.5% to 4.8% per annum and 1.9% to 6.7% per annum for the years ended December 31, 2023, 2024 and 2025. The return on all these wealth management products is not guaranteed, and their contractual cash flows do not qualify for solely payments of principal and interest. Therefore, these wealth management products are measured at fair value through profit or loss.

Company

	As of December 31, 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion			
Structured deposits	812,460	771,866	150,137
Total	812,460	771,866	150,137

29. FINANCIAL ASSETS AT AMORTIZED COST

Group

	As of December 31, 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current portion			
– Debt securities	–	–	148,786
Current portion			
– Debt securities	142,913	286,822	358,856
Total	142,913	286,822	507,642

Note: No provision for impairment loss was made on the financial assets held at December 2023, 2024 and 2025 as there is no history of default and the expected credit loss was minimal.

30. CASH AND BANK BALANCES AND RESTRICTED CASH

Group

	Note	As at December 31,		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances		2,506,951	2,915,442	2,521,583
Restricted bank deposit	*(b)*	–	43,130	71,086
		2,506,951	2,958,572	2,592,669
Less: Time deposits		(1,726,137)	(2,105,674)	(1,351,119)
Restricted bank deposits	*(b)*	–	(43,130)	(71,086)
Cash and cash equivalents		780,814	809,768	1,170,464

Company

	Note	As at December 31,		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances		1,882,911	2,439,270	2,173,719
Restricted bank deposit	*(b)*	–	43,130	71,086
		1,882,911	2,482,400	2,244,805
Less: Time deposits		(1,440,542)	(2,033,315)	(1,315,562)
Restricted bank deposits	*(b)*	–	(43,130)	(71,086)
Cash and cash equivalents		442,369	405,955	858,157

Notes:

(a) At the end of each reporting period, cash and bank balances of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates which are 0.01%-1.25%, 0.01%-1.00% and 0.01%-1.35% per annum as of December 31, 2023, 2024 and 2025, respectively.

(b) As of December 31, 2024, bank deposits are denominated in United States Dollar ("USD") and the balances of approximately RMB43,130,000 (equivalents to USD6,000,000) were restricted. The conversion of the USD denominated balances into RMB is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Group is permitted to exchange other currencies for RMB through banks authorized to conduct foreign exchange business.

As of December 31, 2025, bank deposits are denominated in United States Dollar ("USD") and RMB and the balances of approximately RMB21,086,000 (equivalents to USD3,000,000) and RMB50,000,000 were restricted. The conversion of the USD denominated balances into RMB is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government. The Group is permitted to exchange other currencies for RMB through banks authorized to conduct foreign exchange business.

31. TRADE AND OTHER PAYABLES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Related parties	–	–	17,911
– Independent third parties	357,539	386,711	551,693
	357,539	386,711	569,604
Other payables			
– Related parties	–	41,353	114,989
– Independent third parties	72,030	71,601	67,536
– Salary and bonus payables	185,373	188,459	198,801
	257,403	301,413	381,326
Total trade and other payables	614,942	688,124	950,930

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	352,818	380,567	549,911
– Subsidiaries *(note (a))*	186,687	226,707	115,391
	539,505	607,274	665,302
Other payables			
– Third parties	40,915	79,778	146,991
– Subsidiaries *(note (a))*	99,488	135,636	58,926
– Salary and bonus payables	70,607	76,219	94,434
	211,010	291,633	300,351
Total trade and other payables	750,515	898,907	965,653

Note:

(a) During the Track Record Period, the amounts due to subsidiaries were unsecured, interest free and repayable on demand.

Payment terms with suppliers are mainly on credit ranging from 30 days to 60 days from invoice date. The following is an aging analysis of trade payables presented based on invoice date at the end of each reporting period:

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0-180 days	356,864	364,309	549,345
181-365 days	219	21,948	–
1-2 years	1	–	20,252
Over 2 years	455	454	7
Total	357,539	386,711	569,604

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
0-180 days	539,048	569,893	645,954
181-365 days	1	3,350	–
1-2 years	1	33,576	6,324
Over 2 years	455	455	13,024
Total	539,505	607,274	665,302

32. CONTRACT LIABILITIES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Third parties	55,253	117,874	121,274
Total	55,253	117,874	121,274

Contract liabilities primarily relate to the advance payments made by customers for sale of semi-conductor IC and other ICs. This amount will be recognized as contract liabilities until the control of the goods has been transferred to the customer, being at the point the goods are delivered to the customers.

Changes in contract liabilities primarily relate to the Group's and the Company's performance of services under the contracts. Revenue of RMB60,729,000, RMB53,459,000 and RMB114,997,000 of the Group were recognized for the years ended December 31, 2023, 2024, and 2025 that were included in the contract liabilities at the beginning of the relevant years, respectively.

The Group expects that the contract liabilities as of December 31, 2023, 2024 and 2025 will be recognized as revenue within a year.

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities			
– Third parties	–	–	3,587
Total	–	–	3,587

33. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Group and Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Foreign currency forward contracts	–	201	63
	–	201	63

As of December 31, 2023 and 2024 and 2025, the Group has entered into Nil, USD6,000,000, USD3,000,000 contracts in which the Group is able to sell US$/buy RMB at fixed exchange rates at a fixed future time.

34. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting period:

Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	14,108	14,766	10,219
Within a period of more than one year but within two years	11,492	11,878	6,029
Within a period of more than two years but within five years	14,954	5,614	3,098
	40,554	32,258	19,346
Less: Amounts due for settlement within 12 months shown under current liabilities	(14,108)	(14,766)	(10,219)
Amount due for settlement after 12 months shown under non-current liabilities	26,446	17,492	9,127

35. OTHER NON-CURRENT LIABILITIES AND OTHER CURRENT LIABILITIES

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Patent license fee	8,600	6,102	10,384
Government grants *(note)*	32,422	32,233	47,146
	41,022	38,335	57,530
Current portion			
Patent license fee	46,098	13,200	26,223
Accrued royalty fees	55,411	45,673	59,359
Others	6,419	3,379	8,965
	107,928	62,252	94,547
Total	148,950	100,587	152,077

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current portion			
Patent license fee	8,600	6,102	10,384
Government grants *(note)*	32,422	32,233	47,146
	41,022	38,335	57,530
Current portion			
Patent license fee	46,098	13,200	26,223
Accrued royalty fees	54,739	45,259	58,844
Others	160	110	478
	100,997	58,569	85,545
Total	142,019	96,904	143,075

Note: The amounts represent government grants received from various PRC government authorities as incentives for the Group's industry. There were no unfulfilled conditions or contingencies in relation to these grants recognized for each of the Track Record Period. The amounts received are treated as other liabilities and will be released to profit or loss over the estimated useful lives of the underlying property, plant and equipment or over the period.

36. DEFERRED TAXATION

Group

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	76,007	56,125	53,373
Deferred tax liabilities	(24)	(16)	(14)
	75,983	56,109	53,359

Group

The movements in deferred tax assets/(liabilities) during the Track Record Period, without taking into consideration of offsetting of balances within the same jurisdiction, are as follows:

	Provision for asset impairments	Elimination of intragroup unrealized profit	Tax losses	Deferred income	Accrued expense	Share-based payment	Change in fair value of financial assets and financial liabilities	Lease liabilities	Depreciation and amortization	Temporary differences on equity investments	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2023	23,580	20,149	1,933	6,171	163	20,953	323	5,997	(13,573)	(3,867)	(5,997)	55,832
(Charged)/credited to profit or loss	22,999	8,939	(283)	(761)	(35)	(393)	(521)	(1,752)	(2,666)	(7,273)	1,752	20,006
Exchange realignment	139	–	–	–	3	–	9	–	(6)	–	–	145
As of December 31, 2023 and January 1, 2024	46,718	29,088	1,650	5,410	131	20,560	(189)	4,245	(16,245)	(11,140)	(4,245)	75,983
(Charged)/credited to profit or loss	(12,672)	(3,304)	(544)	1,053	155	(3,275)	(758)	(674)	1,005	(1,670)	676	(20,008)
Exchange realignment	152	–	–	–	3	–	(5)	–	(1)	(15)	–	134
As of December 31, 2024 and January 1, 2025	34,198	25,784	1,106	6,463	289	17,285	(952)	3,571	(15,241)	(12,825)	(3,569)	56,109
(Charged)/credited to profit or loss	930	4,889	359	2,466	(102)	(4,217)	(786)	(1,523)	(1,924)	(4,058)	1,387	(2,579)
Exchange realignment	(294)	–	–	–	(5)	–	32	–	–	96	–	(171)
As of December 31, 2025	34,834	30,673	1,465	8,929	182	13,068	(1,706)	2,048	(17,165)	(16,787)	(2,182)	53,359

Note: As of December 31, 2023, 2024 and 2025, the Group had deductible temporary differences and unused tax losses of RMB733,575,000, RMB1,316,926,000 and RMB1,908,365,000, respectively, available to offset against future profits for which no deferred tax assets had been recognized as of December 31, 2023, 2024 and 2025, respectively, as it is not probable that taxable profit will be available against which the unused tax losses can be utilized. The material unused tax losses have expiry dates as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expiry year			
2029	12,007	11,825	11,664
2030	41,178	41,178	41,178
2031	43,792	43,792	43,792
2032	84,992	84,992	84,992
2033 and afterwards	551,606	1,135,139	1,726,739
	733,575	1,316,926	1,908,365

Company

The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	40,499	26,206	20,770
Deferred tax liabilities	–	–	–
	40,499	26,206	20,770

The movements in deferred tax assets during the Track Record Period, without taking into consideration of offsetting of balances within the same jurisdiction, are as follows:

	Provision for asset impairments	Deferred income	Share-based payment	Change in fair value of financial assets and financial liabilities	Depreciation and amortization	Temporary differences on equity investments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of January 1, 2023	19,092	6,171	20,953	(359)	(11,067)	(3,867)	30,923
(Charged)/credited to profit or loss	21,365	(761)	(393)	(10)	(3,352)	(7,273)	9,576
As of December 31, 2023 and January 1, 2024	40,457	5,410	20,560	(369)	(14,419)	(11,140)	40,499
(Charged)/credited to profit or loss	(12,593)	1,053	(3,275)	89	516	(83)	(14,293)
As of December 31, 2024 and January 1, 2025	27,864	6,463	17,285	(280)	(13,903)	(11,223)	26,206
(Charged)/credited to profit or loss	(2,110)	2,465	(4,217)	256	(1,618)	(212)	(5,436)
As of December 31, 2025	25,754	8,928	13,068	(24)	(15,521)	(11,435)	20,770

37. SHARE CAPITAL

	Number of ordinary shares	Authorized capital	Issued and paid shares
		RMB'000	*RMB'000*
Group and Company			
Ordinary shares of RMB1.00 each			
As of January 1, 2023	413,499,880	413,500	413,500
Issue of new shares *(note (b))*	2,894,088	2,894	2,894
As of December 31, 2023 and January 1, 2024	416,393,968	416,394	416,394
Issue of new shares *(note (c))*	2,340,840	2,341	2,341
As of December 31, 2024 and January 1, 2025	418,734,808	418,735	418,735
Issue of new shares *(note (d))*	2,430,805	2,431	2,431
As of December 31, 2025	421,165,613	421,166	421,166

Notes:

(a) The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(b) During the year ended December 31, 2023, pursuant to the directors' resolution passed on February 15, 2023, May 18, 2023, August 14, 2023 and November 3, 2023, the Company issued new shares of 1,763,723, 913,285, 142,980 and 74,100, respectively.

(c) During the year ended December 31, 2024, pursuant to the directors' resolution passed on February 23, 2024, August 14, 2024 and October 28, 2024, the Company issued new shares of 1,932,400, 167,640 and 240,800, respectively.

(d) During the year ended December 31, 2025, pursuant to the directors' resolution passed on October 28, 2024, February 20, 2025, May 9, 2025 and October 29, 2025, the Company issued new shares of 748,342, 452,490, 1,165,623 and 64,350, respectively.

38. TREASURY SHARES

Group and Company

	As of December 31,					
	2023		2024		2025	
	Number of shares	*RMB'000*	*Number of shares*	*RMB'000*	*Number of shares*	*RMB'000*
Opening balance	–	–	–	–	–	–
Repurchase of shares *(note)*	–	–	–	–	1,073,489	80,016
Closing balance	–	–	–	–	1,073,489	80,016

Note: During the year ended December 31, 2025, pursuant to the directors' resolution passed on April 10, 2025, the Company has repurchased 1,073,489 shares of A-shares. The implementation of the repurchase meets the requirements of the Company's share repurchase plan and relevant laws and regulations.

39. SHARE-BASED PAYMENT

During the Track Record Period, the Company launched and adopted several restricted share schemes. The restricted share scheme is designed to provide an incentive to attract and retain employees of the Group and to align the long-term interests of employees and shareholders. Eligible participants of these restricted share schemes include directors, senior management, core technical personnel, and key staff in management, technology, and business fields of the Group. Under the scheme, eligible participants may granted restricted shares subject to vesting conditions are based on performance.

The Group uses the Black-Scholes valuation model to determine the estimated fair value for each of the restricted share granted. Dividend yield is based on the estimate of annual dividends expected to be paid at the time of grant. Expected volatility is based on the historical volatility of Amlogic (Shanghai) Co., Ltd. trading on Shanghai Stock Exchange. The risk-free interest rate used for each period presented is based on the China Bond Government Bond Yield Curve at the time of grant for the period equal to the expected life.

	2019 Restricted Share Scheme	2021 Restricted Share Scheme	2023 Restricted Share Scheme – Phase 1	2023 Restricted Share Scheme – Phase 2	2025 Restricted Share Scheme
Share price at date of grant of restricted share	RMB53.99-RMB81.9	RMB93.22-RMB126.1	RMB78.6	RMB61.71	RMB70.2
Exercise price	RMB11/RMB19.25	RMB65.08/RMB78.09	RMB37.4	RMB31.65	RMB36.58
Expected volatility	49.16%-56.37%	50.47%-69.73%	51.78%-62.95%	43.45%-49.54%	37.65%-45.74%
Expected life	2-4 years	1-4 years	1-4 years	1-2 years	1-4 years
Risk-free rate	2.29%-3.05%	2.29%-2.88%	2.14%-2.52%	2.30%-2.36%	1.42%-1.48%
Expected dividend yield	0.11%	0.11%	–	–	–
Weighted average fair value of restricted share at the date of grant	RMB48.33	RMB46.25	RMB48.38	RMB32.54	RMB36.9

Pursuant to the profit distribution completed in Track Record Period, the board of directors of the Company has resolved to adjust the exercise price, without adjust the number of restricted shares granted, under each of the restricted share scheme each year and the details are described below.

2019 Restricted Share Scheme

In December 2019, the Company adopted 2019 restricted share scheme (the "2019 Restricted Share Scheme"), which will be valid and effective for a period of 6 years. Under the 2019 Restricted Share Scheme, the directors of the Company may grant up to 8,000,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting. Before the end of the 2020, totally 8,000,000 restricted shares were granted to eligible employees with two categories of initial exercise price based on their length of service and the importance of their positions:

Category 1: Eligible employees who have served the Group continuously for more than two years or hold critical positions. Under 2019 Restricted Share Scheme and category 1, 5,271,700 restricted shares at the initial exercise price of RMB11.00 per share were granted to 301 employees and the restricted share would be vested in three tranches. In August 2022, the exercise price was changed to RMB10.88 per share. In December 2023, the exercise price further changed to RMB10.38 per share.

Category 2: Eligible employees who have served the Company for less than two years. Under 2019 Restricted Share Scheme and category 2, 1,184,500 restricted shares at the initial exercise price of RMB19.25 per share were granted to 92 employees in February 2020 and the restricted share would be vested in three tranches. In June 2020, 582,800 restricted shares at the initial exercise price of RMB19.25 per share were granted to 269 employees and the restricted share would be vested in three tranches. In September 2020, 283,500 restricted shares at the initial exercise price of RMB19.25 per share were granted to 33 employees and the restricted share would be vested in three tranches. In October 2020, 169,500 restricted shares at the initial exercise price of RMB19.25 per share were granted to 15 employees and the restricted share would be vested in three tranches. In December 2020, 508,000 restricted shares at the initial exercise price of RMB19.25 per share were granted to 71 employees and the restricted share would be vested in three tranches. In August 2022, the exercise price was changed to RMB19.13 per share. In December 2023, the exercise price further changed to RMB18.63 per share.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2021 Restricted Share Scheme

In April 2021, the Company adopted 2021 restricted share scheme (the "2021 Restricted Share Scheme"), which will be valid and effective for a period of 6 years. Under the 2021 Restricted Share Scheme, the directors of the Company may grant up to 8,000,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting. Before the end of the 2021, totally 8,000,000 restricted shares were granted to eligible employees with two categories of initial exercise price based on their length of service and the importance of their positions:

Category 1: Eligible employees whose work location is in Mainland China. Under 2021 Restricted Share Scheme and category 1, 3,793,300 restricted shares at the initial exercise price of RMB65.08 per share were granted to 352 employees in April 2021 and the restricted share would be vested in four tranches. In August 2021, 406,500 restricted shares at the initial exercise price of RMB65.08 per share were granted to 28 employees and the restricted share would be vested in four tranches. In December 2021, 1,078,500 restricted shares at the initial exercise price of RMB65.08 per share were granted to 114 employees and the restricted share would be vested in four tranches. In December 2023, the exercise price further changed to RMB64.58 per share.

Category 2: Eligible employees whose work location is outside Mainland China. Under 2021 Restricted Share Scheme and category 2, 2,606,700 restricted shares at the initial exercise price of RMB78.09 per share were granted to 87 employees in April 2021 and the restricted share would be vested in four tranches. In August 2021, 115,000 restricted shares at the initial exercise price of RMB78.09 per share were granted to 4 employees and the restricted share would be vested in four tranches. In December 2023, the exercise price further changed to RMB77.59 per share.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2023 Restricted Share Scheme Phase 1

In March 2023, the Company adopted 2023 restricted share scheme (the "2023 Restricted Share Scheme"). Under the 2023 Restricted Share Scheme Phase 1, the directors of the Company may grant up to 4,900,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting, which will be valid and effective for a period of 5 years. On May 4, 2023, 4,900,000 restricted shares were granted to eligible employees at initial exercise price of RMB37.04 per share were granted to 570 employees and the restricted share would be vested in four tranches. In December 2023, the exercise price further changed to RMB36.54 per share.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2023 Restricted Share Scheme Phase 2

Under the 2023 Restricted Share Scheme Phase 2, the directors of the Company may grant up to 1,407,625 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting, which will be valid and effective for a period of 3 years. On December 19, 2023, 1,391,375 restricted shares were granted to eligible employees at initial exercise price of RMB31.65 per share were granted to 586 employees and the restricted share would be vested in two tranches.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

2025 Restricted Share Scheme

In April 2025, the Company adopted 2025 restricted share scheme (the "2025 Restricted Share Scheme"), which will be valid and effective for a period of 5 years. Under the 2025 Restricted Share Scheme, the directors of the Company may grant up to 8,000,000 restricted shares to eligible employees to obtain ordinary shares of the Company upon vesting. On May 9, 2025, 5,961,100 restricted shares were granted to eligible employees at initial exercise price of RMB36.58 per share were granted to 649 employees and the restricted share would be vested in four tranches.

Upon satisfying the vesting conditions, the participants are entitled to purchase newly issued A shares of the Company at the corresponding prices.

Set out below are details of the movements of the outstanding restricted shares granted under the restricted share schemes during the Track Record Period:

	As of December 31,					
	2023		2024		2025	
	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price	Number
	RMB		*RMB*		*RMB*	
2019 Restricted Share Scheme						
Outstanding at the beginning of the year	13.69	4,165,019	13.32	2,418,840	18.63	161,840
Forfeited *(note)*	19.13	(1)	15.74	(83,160)	–	–
Exercised	13.51	(1,746,178)	12.84	(2,173,840)	18.63	(161,840)
Outstanding at the end of the year	13.32	2,418,840	18.63	161,840	–	–
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2021 Restricted Share Scheme						
Outstanding at the beginning of the year	70.13	6,469,040	70.74	5,303,880	69.54	3,709,886
Forfeited *(note)*	65.08	(17,250)	74.59	(1,426,994)	65.14	(1,750,516)
Exercised	65.08	(1,147,910)	64.58	(167,000)	74.51	(1,753,758)
Outstanding at the end of the year	70.74	5,303,880	69.54	3,709,886	64.58	205,612
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2023 Restricted Share Scheme – Phase 1						
Outstanding at the beginning of the year	–	–	36.54	4,900,000	36.54	3,370,200
Granted	37.04	4,900,000	–	–	–	–
Forfeited *(note)*	–	–	36.54	(1,529,800)	36.54	(1,528,100)
Outstanding at the end of the year	36.54	4,900,000	36.54	3,370,200	36.54	1,842,100
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2023 Restricted Share Scheme – Phase 2						
Outstanding at the beginning of the year	–	–	31.65	1,391,375	31.65	1,272,775
Granted	31.65	1,391,375	–	–	–	–
Forfeited *(note)*	–	–	31.65	(118,600)	31.65	(341,709)
Exercised	–	–	–	–	31.65	(399,849)
Outstanding at the end of the year	31.65	1,391,375	31.65	1,272,775	31.65	531,217
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–
2025 Restricted Share Scheme						
Outstanding at the beginning of the year	–	–	–	–	–	–
Granted	–	–	–	–	36.58	5,961,100
Exercised	–	–	–	–	36.58	(62,850)
Outstanding at the end of the year	–	–	–	–	36.58	5,898,250
Exercisable at the end of the year	N/A	–	N/A	–	N/A	–

Note: As at December 31, 2023, 2024 and 2025, in aggregate of 17,251, 3,158,554 and 3,620,325 restricted shares had been forfeited due to employee resignations or failure to meet performance assessment requirements of the Group.

The weighted average remaining contractual lives of the restricted shares outstanding at December 31, 2023, 2024 and 2025 were 1.18 years, 0.87 years and 1.11 years respectively. There are no restricted shares exercisable at December 31, 2023, 2024 and 2025.

40. RESERVES

Reserve movement of the Company

	Capital reserve	Treasury shares	Surplus reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	2,463,179	–	176,030	1,518,038	4,157,247
Profit for the year	–	–	–	274,400	274,400
Issuance of new shares	95,660	–	–	–	95,660
Share-based payment	157,390	–	–	–	157,390
Tax impact for share-based payments	1,415	–	–	–	1,415
Appropriation to reserves	–	–	32,167	(32,167)	–
Balance at December 31, 2023 and January 1, 2024	2,717,644	–	208,197	1,760,271	4,686,112
Profit for the year	–	–	–	589,644	589,644
Issuance of new shares	36,512	–	–	–	36,512
Share-based payment	71,890	–	–	–	71,890
Appropriation to reserves	–	–	1,170	(1,170)	–
Balance at December 31, 2024 and January 1, 2025	2,826,046	–	209,367	2,348,745	5,384,158
Profit for the year	–	–	–	764,025	764,025
Issuance of new shares	131,069	–	–	–	131,069
Share-based payment	46,770	–	–	–	46,770
Repurchase of shares	–	(80,016)	–	–	(80,016)
Appropriation to reserves	–	–	1,215	(1,215)	–
Balance at December 31, 2025	3,003,885	(80,016)	210,582	3,111,555	6,246,006

Description of the Group's and the Company's reserves as below:

(a) Capital reserve

The amount mainly represents capital contribution in excess of nominal value of share capital and share-based payment reserve.

(b) Treasury reserve

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

(c) Other reserve

The amount represents exchange differences on translating the net assets of foreign operations into presentation currency of the Group.

(d) Surplus reserve

In accordance with the articles of association of subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(e) Retained earnings

Cumulative net gains and losses recognized in profit or loss.

41. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated statements of the financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

In order to minimize credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk grading to categorize exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate exposure is spread amongst approved counterparties.

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables that are credit-impaired, the Group determines the ECL on these items collectively based on loss patterns as reflected in the debtors' historical payment pattern. The Group determines the ECL on these items by using a provision matrix as of December 31, 2023, and 2024 and 2025 within lifetime ECL (not credit impaired) estimated based on the financial quality of debtors and historical credit loss experience over the past 3-5 years under roll rate method, adjusted as appropriate to reflect current conditions and estimates of future economic conditions with reference to general macroeconomic conditions (such as gross domestic products, unemployment rate and inflation rate) that may affect the ability of debtors to settle receivables. To measure the ECL, the trade receivables has been grouped into the categories based on share credit risk characteristics and the days past due.

Other receivables

For other receivables, management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12m ECL, unless when there are indicators that the financial asset is credit-impaired, the Group recognizes lifetime ECL. The Group recognizes lifetime ECL when there is evidence indicating (i) there has been significant increase in credit risk since initial recognition; (ii) the asset is credit-impaired but the Group has realistic prospect of recovery; or (iii) the debtor is in severe financial difficulty.

In determining the ECL for other receivables, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the financial assets that are subject to impairment occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

Cash and bank balances and restricted bank deposits

For the purposes of impairment assessment, cash and bank balances and restricted bank deposits that are subject to impairment are considered to have low credit risk as the counterparties are reputable banks with high credit rating assigned by international credit agencies. Accordingly, for the purpose of impairment assessment for these items assets, the loss allowance is measured at an amount equal to 12m ECL, by reference to information relating to probability of default and loss given default of respect credit rating grades published by external credit agency. The directors of the Company considered that the ECL allowance is insignificant as of December 31, 2023, 2024 and 2025.

Financial assets at amortized cost

At December 31, 2023, 2024 and 2025, the investment in debt securities held by the Group were consist of certain corporate bonds. There is no history of default, the expected credit loss was minimal, and therefore no provision for impairment loss was made on the financial assets held.

The following table details the credit risk exposures of the Group's trade receivables which are subject to ECL assessment:

Group

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2023			
Current (not past due)	0.24%	216,884	521
0-180 days past due	1.99%	1,699	33
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		218,583	554
As of December 31, 2024			
Current (not past due)	0.24%	171,869	412
0-180 days past due	1.99%	5,327	106
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		177,196	518
As of December 31, 2025			
Current (not past due)	0.24%	333,416	800
0-180 days past due	1.99%	2,278	45
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		335,694	845

The Group considers that there is no significant change in credit risk rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

The following table details the credit risk exposures of the Company's trade receivables which are subject to ECL assessment:

Company

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2023			
Current (not past due)	0.24%	106,393	255
0-180 days past due	1.99%	–	–
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		106,393	255
Subsidiaries	–	602,141	–
		708,534	255
As of December 31, 2024			
Current (not past due)	0.24%	71,164	171
0-180 days past due	1.99%	–	–
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		71,164	171
Subsidiaries		854,421	–
		925,585	171

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2025			
Current (not past due)	0.24%	75,822	182
0-180 days past due	1.99%	–	–
181-365 days past due	25.32%	–	–
Over 1 year	100%	–	–
		75,822	182
Subsidiaries		987,576	–
		1,063,398	182

The Company considers that there is no significant change in credit risk rating of the debtors, historical payment pattern and forward-looking information during the Track Record Period.

The table below details the credit risk exposures of the Group's other receivables which are subject to ECL assessment:

Group

	Average expected credit loss rate	Gross amounts	Loss allowance
		RMB'000	*RMB'000*
As of December 31, 2023			
Not credit-impaired	0.0039%	26,679	1
As of December 31, 2024			
Not credit-impaired	0.0030%	22,333	1
As of December 31, 2025			
Not credit-impaired	0.0021%	36,076	1

42. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities comprising the Group will be able to continue as going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The Group monitors it capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debts (which included lease liabilities) less cash and bank balances, capital comprises all components of equity and non-controlling interests.

Management of the Group regularly reviews the capital structure on a continuous basis taking into account 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 as well as the issue of new debts.

43. FINANCIAL INSTRUMENTS

Categories of financial instruments

Group

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at amortized cost			
– Trade and other receivables *(note 26)*	244,707	199,010	370,924
– Financial assets at amortized cost *(note 29)*	142,913	286,822	507,642
– Cash and bank balances *(notes 30)*	2,506,951	2,915,442	2,521,583
– Restricted bank deposits *(note 30)*	–	43,130	71,086
– Non-current and current other assets *(note 24)*	37,539	43,174	45,709
	2,932,110	3,487,578	3,516,944
Financial assets at FVTPL			
– Financial assets at fair value through profit or loss *(note 28)*	1,278,594	1,427,425	948,900
Financial liabilities			
Financial liabilities at amortized cost			
– Trade and other payables, excluding salary and bonus payables and other tax payables	392,092	469,634	716,605
– Other current liabilities *(note 35)*	46,098	13,200	26,223
– Other non-current liabilities *(note 35)*	8,600	6,102	10,384
– Lease liabilities *(note 34)*	40,554	32,258	19,346
	487,344	521,194	772,558
Financial liabilities at fair value through profit or loss *(note 33)*	–	201	63

Company

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at amortized cost			
– Trade and other receivables *(note 26)*	812,981	1,025,722	1,161,972
– Cash and bank balance *(note 30)*	1,882,911	2,439,270	2,173,719
– Restricted bank deposit *(note 30)*	–	43,130	71,086
– Non-current and current other assets *(note 24)*	15,316	17,644	28,324
	2,711,208	3,525,766	3,435,101
Financial assets at FVTPL *(note 28)*	812,460	771,866	150,137
Financial liabilities			
Financial liabilities at amortized cost			
– Trade and other payables, excluding salary and bonus payables and other tax payables	653,628	805,511	850,422
– Other current liabilities *(note 35)*	46,098	13,200	26,223
– Other non-current liabilities *(note 35)*	8,600	6,102	10,384
	708,326	824,813	887,029
Financial liabilities at fair value through profit or loss *(note 33)*	–	201	63

Financial risk management objectives and policies

The Group's and Company's major financial assets and liabilities include trade and other receivables, restricted bank deposits, cash and bank balances, financial assets at amortized cost, non-current and current other assets, financial assets at FVTPL, financial liabilities at FVTPL, trade and other payables, other current/non-current liabilities and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's and Company's activities expose it primarily to currency risk, interest rate risk and price risk. There has been no change in the Group's and Company's exposure to these risks or the manner in which it managed and measured the risks during each of the reporting period.

Currency risk

Several subsidiaries of the Company have foreign currency sales, capital expenditure and cash and bank balances, which expose the Group to foreign currency risk.

The subsidiaries are mainly exposed to foreign currency of US$.

Sensitivity analysis

The following table demonstrates the Group's and Company's sensitivity to a reasonably possible change in RMB against US$, the foreign currency with which the Group may have a material exposure, of the Group's profit before tax and the Group's equity. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate.

Group and Company

	Increase/ (decrease) by	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
		RMB'000	*RMB'000*
As of December 31, 2023			
US$	5%	95,002	69,447
US$	(5%)	(95,002)	(69,447)
As of December 31, 2024			
US$	5%	117,651	87,481
US$	(5%)	(117,651)	(87,481)
As of December 31, 2025			
US$	5%	93,776	58,911
US$	(5%)	(93,776)	(58,911)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure for during the Track Record Period and 2025.

Credit risk

As of December 31, 2023, 2024 and 2025, the Group has concentration of credit risk as 1%, Nil and Nil, respectively, of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 49%, 40% and 37% of the total trade receivables as of December 31, 2023, 2024 and 2025, respectively.

The Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

Liquidity risk

In the management of the liquidity risk, the Group monitor and maintain a level of cash and bank balances to finance the Group'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 non-derivative 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. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Group

	Effective interest rate	On demand or less than one year	One to two years	Two years or above	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023						
Trade and other payables, excluding salary and bonus payables and other tax payables	N/A	392,092	–	–	392,092	392,092
Other current liabilities *(notes 24)*	N/A	46,098	–	–	46,098	46,098
Other non-current liabilities *(notes 24)*	N/A	–	8,600	–	8,600	8,600
Lease liabilities *(note 34)*	3.25%-4.85%	14,609	12,309	15,391	42,309	40,554
Total		452,799	20,909	15,391	489,099	487,344
As of December 31, 2024						
Trade and other payables, excluding salary and bonus payables and other tax payables	N/A	469,634	–	–	469,634	469,634
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	201	–	–	201	201
Other current liabilities *(notes 35)*	N/A	13,200	–	–	13,200	13,200
Other non-current liabilities *(notes 35)*	N/A	–	6,102	–	6,102	6,102
Lease liabilities *(note 34)*	3.25%-4.85%	15,702	12,420	5,614	33,736	32,258
Total		498,737	18,522	5,614	522,873	521,395
As of December 31, 2025						
Trade and other payables, excluding salary and bonus payables and other tax payables	N/A	716,605	–	–	716,605	716,605
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	63	–	–	63	63
Other current liabilities *(notes 35)*	N/A	26,223	–	–	26,223	26,223
Other non-current liabilities *(notes 35)*	N/A	–	10,384	–	10,384	10,384
Lease liabilities *(note 34)*	3.25%-8.27%	10,796	6,804	2,606	20,207	19,346
Total		753,687	17,188	2,606	773,482	772,621

Company

	Effective interest rate	On demand or less than one year	One to two years	Two to five years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As of December 31, 2023						
Trade and other payables excluding salary and bonus payables and other tax payables	N/A	653,628	–	–	653,628	653,628
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	–	–	–	–	–
Other current liabilities	N/A	46,098	–	–	46,098	46,098
Other non-current liabilities	N/A	–	8,600	–	8,600	8,600
Total		699,726	8,600	–	708,326	708,326
As of December 31, 2024						
Trade and other payables excluding salary and bonus payables and other tax payables	N/A	805,511	–	–	805,511	805,511
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	201	–	–	201	201
Other current liabilities *(note 35)*	N/A	13,200	–	–	13,200	13,200
Other non-current liabilities *(note 35)*	N/A	–	6,102	–	6,102	6,102
Total		818,912	6,102	–	825,014	825,014
As of December 31, 2025						
Trade and other payables excluding salary and bonus payables and other tax payables	N/A	850,422	–	–	850,422	850,422
Financial liabilities at fair value through profit or loss *(note 33)*	N/A	63	–	–	63	63
Other current liabilities *(note 35)*	N/A	26,223	–	–	26,223	26,223
Other non-current liabilities *(note 35)*	N/A	–	10,384	–	10,384	10,384
Total		876,708	10,384	–	887,092	887,092

Fair value measurement

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instrument with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. Management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation's findings to the directors every half-yearly to explain the causes of fluctuation in fair value.

(i) Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis

The fair values of listed equity investments are based on quoted market prices. The fair values of unlisted equity investments designated at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortization ("EV/EBITDA") multiple and price to earnings ("P/E") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the Track Record Period.

This note provides information about how the Group determines fair value of the following financial assets that are measured at fair value on a recurring basis.

Financial assets

	December 31, 2023	December 31, 2024	December 31, 2025	Fair value hierarchy	Valuation technique(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity relationship to unobservable input to fair value
	RMB'000	*RMB'000*	*RMB'000*					
Financial assets at FVTPL								
– Investment in unlisted companies	195,025	208,065	264,513	Level 3	Market approach	N/A	N/A	N/A
– Private equity funds	108,732	282,257	283,835	Level 3	Net assets	N/A	N/A	N/A
– Structured deposits	826,491	781,880	165,169	Level 2	Discounted cash flows	N/A	N/A	N/A
– Wealth management products	148,346	155,223	235,383	Level 2	Discounted cash flows	N/A	N/A	N/A
Financial liabilities at FVTPL								
– Foreign currency forward contracts	–	201	63	Level 2	Forward exchange rates	N/A	N/A	N/A

There were no transfers between levels during the Track Record Period.

Fair value measurement

(ii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of financial assets at FVTPL measured at Level 3 fair value measurement are set out as below:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	257,237	303,757	490,322
Change in fair value	11,520	(512)	20,323
Additions	35,000	194,087	52,857
Settlements	–	(7,100)	(6,759)
Others	–	90	(8,395)
At the closing of the year	303,757	490,322	548,348

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

44. 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.

	Lease liabilities
	RMB'000
At January 1, 2023	54,780
Financing cash flow	
– Repayment of principal of lease liabilities	(17,009)
– Repayment of interest of lease liabilities	(1,748)
Non-cash changes	
– Interest expense recognized	1,748
– New leases	1,420
Exchange realignment	1,363
At December 31, 2023 and January 1, 2024	40,554
Financing cash flow	
– Repayment of principal of lease liabilities	(16,419)
– Repayment of interest of lease liabilities	(1,384)
Non-cash changes	
– Interest expense recognized	1,384
– New leases	8,275
– Termination of leases	(171)
Exchange realignment	19
At of December 31, 2024 and January 1, 2025	32,258
Financing cash flow	
– Repayment of principal of lease liabilities	(15,491)
– Repayment of interest of lease liabilities	(978)
Non-cash changes	

	Lease liabilities
	RMB'000
– Interest expense recognized	978
– New leases	12,829
– Termination of leases	(11,182)
Exchange realignment	932
At of December 31, 2025	19,346

45. CAPITAL COMMITMENTS

The Group has capital commitments under non-cancellable contracts as follows:

	As of December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Acquisition of patents	54,699	19,302	36,607
Capital contribution commitments *(note)*	10,000	10,000	–
	64,699	29,302	36,607

Note: On August 26, 2021, the Company's subsidiary, Shanghai Jingmin, entered into a partnership agreement to subscribe capital contribution in Shanghai Guoce Green Technology Manufacturing Private Equity Investment Fund Partnership (Limited Partnership)* (上海國策綠色科技製造私募投資基金合夥企業(有限合夥)) of RMB100,000,000. As of December 31, 2023, 2024 and 2025, Shanghai Jingmin had paid RMB90,000,000, RMB90,000,000 and RMB100,000,000, respectively.

On September 15, 2025, the Group entered into an equity transfer agreement in respect of the acquisition of 100% of the equity interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. (芯邁微半導體(嘉興)有限公司) ("Xinmai Micro") for a consideration of RMB316,110,000. As of December 31, 2025, the Group had paid RMB158,055,000.

* *The English name of the partnership registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.*

46. RELATED PARTY TRANSACTION AND BALANCES

The related parties of the Group during the Track Record Period are as follows:

Names of related parties	Relationship
TCL King Electrical Appliances (Huizhou) Co., Ltd.* (TCL 王牌電器(惠州)有限公司)	Mr. Wang Cheng, a director of the Group, is also a chairman and a director of the entity until August 2022
TCL Electronics (HK) Ltd. ("TCL HK")	The entity is a subsidiary of TCL Industries Holdings Co., Ltd., where Mr. Wang Cheng, a director of the Group until July 2023, also serves as a key management personnel of that holding company
TCL Moka International Limited ("TCL MOKA")	The entity is a subsidiary of a holding company, where Mr. Wang Cheng, a director of the Group until July 2023, also serves as a key management personnel of that holding company
TCL Industries Holdings Co., Ltd. (TCL 實業控股股份有限公司)	Mr. Luo Bin, a director of the Group, is a key management personnel of the entity
Amlogic Holdings Ltd.	A shareholder
Amlogic Holdings Ltd. and its subsidiaries as a group	Controlled by same shareholder of the Company
Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. (芯邁微半導體(嘉興)有限公司)	Mr.Wang Lin, a key management personnel of the Group, is a director of the entity

* *The English name of the related party registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.*

In addition to the transactions and balances disclosed in respective notes, the Group had the following significant transactions and balances with related parties during the Track Record Period:

(a) Related party transactions:

(i) Sales revenue from related parties

The nature of the related party transactions between the Group and TCL is that the Group sells chips to distributors, and the distributors sell the Company's chips to TCL. From a prudence perspective, the Company made such related parties transactions disclosure. The transaction amounts with TCL HK and TCL MOKA represent the amounts of transactions between the Group and its distributors.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
TCL HK	352,580	489,946	436,806
TCL MOKA	1,345	11,161*	–
	353,925	501,107	436,806

* Mr. Wang Cheng was resigned as an executive director of the Company on July 3, 2023, he is no longer a related party of the Group since then, yet he still remains as a connected person until July 3, 2024 according to the Listing Rules. From a prudence perspective, the Group made such related parties transactions disclosure. The amount for the year ended December 31, 2024 and 2024 represented the transaction between the Group and its distributors from January 1, 2024 to July 3, 2024.

(ii) Fee paid to related parties for services

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amlogic Holdings Ltd. and its subsidiaries as a group	–	66,181	332,375
Xinmai Micro Semiconductor (Jiaxing) Co., Ltd.	–	–	740
	–	66,181	333,115

(iii) Rental income from related parties

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Amlogic Holdings Ltd. and its subsidiaries as a group		–	–	2,381

(b) Related party balances:

As at the end of each reporting period, the Group had balances with related parties as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and other payables			
Amlogic Holdings Ltd. and its subsidiaries as a group	–	41,353	130,006
Xinmai Micro Semiconductor (Jiaxing) Co., Ltd.	–	–	2,894
Trade and other receivables			
Amlogic Holdings Ltd. and its subsidiaries as a groups	–	–	357

The balances with related parties are trade in nature.

(c) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during the Track Record Period were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Directors' fee, salaries and other benefits	10,987	11,280	7,637
Performance-based bonus	380	890	862
Retirement benefit scheme contributions	643	556	699
Share-based payment	1,405	2,525	793
	13,415	15,251	9,991

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

47. SUBSEQUENT EVENTS

(i) On September 15, 2025, the Group entered into an equity transfer agreement in respect of the acquisition of 100% of the equity interests in Xinmai Micro Semiconductor (Jiaxing) Co., Ltd. (芯邁微半導體(嘉興)有限公司) for a consideration of RMB316.11 million. The consideration will be settled in cash in two tranches: (i) 50% of the consideration shall be paid within 20 working days from the effective date of the equity transfer agreement; and (ii) 50% of the consideration shall be paid within 20 working days from the completion of the relevant PRC registration for the change in shareholders and satisfaction of such other conditions pursuant to the equity transfer agreement, or from the date such conditions are waived.

The first tranche of the consideration was settled in October 2025. The acquisition will be completed upon relevant PRC registration for the change in shareholders being made. Upon completion of the acquisition, Xinmai Micro will become a wholly owned subsidiary of our Company and the financial results, assets and liabilities of Xinmai Micro will be consolidated into the financial statements of the Group.

The acquisition of Xinmai Micro is expected to be completed by 2026.

(ii) The 2025 profit distribution plan of a cash dividend of RMB2.0 per 10 shares (including tax) was approved by the directors at the meeting held on March 30, 2026 and the aggregate amount of dividend amounting to RMB84.0 million. The profit distribution plan still needs to be reviewed by the shareholder's meeting.

48. 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 December 31, 2025.