

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages [I-1 to I-[•]], received from the Company’s reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants’ Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



天健國際會計師事務所有限公司
Confucius International CPA Limited

Certified Public Accountants

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ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BIWIN STORAGE TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of BIWIN Storage Technology Co., Ltd.(the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[•] to I-[•], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of 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 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[•] to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [document date] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

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.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of 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 Company’s and the Group’s financial position as at December 31, 2023, 2024 and 2025 and of the Group’s financial performance and cash flows for the Track Record Period in accordance with the basis of preparation 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-[•] have been made.

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited

Certified Public Accountants

Hong Kong

[Date]

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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 Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA (“Underlying Financial Statements”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	6	3,590,752	6,695,185	11,302,480
Cost of sales	9	<u>(3,667,470)</u>	<u>(5,537,920)</u>	<u>(8,888,922)</u>
Gross (loss)/profit		(76,718)	1,157,265	2,413,558
General and administrative expenses	9	(152,760)	(292,938)	(426,249)
Selling and marketing expenses	9	(162,477)	(253,826)	(328,471)
Research and development expenses	9	(249,980)	(447,432)	(632,381)
Net impairment losses on financial assets	21,22	(1,839)	(4,959)	(13,094)
Other income	7	13,985	36,082	56,996
Other (losses)/gains, net	8	<u>(3,350)</u>	<u>110,491</u>	<u>32,244</u>
Operating (loss)/profit		<u>(633,139)</u>	<u>304,683</u>	<u>1,102,603</u>
Finance income	11	4,341	7,307	5,303
Finance costs	11	<u>(113,230)</u>	<u>(147,211)</u>	<u>(175,332)</u>
(Loss)/profit before income tax		(742,028)	164,779	932,574
Income tax credit/(expense)	12	<u>111,161</u>	<u>(29,535)</u>	<u>(92,926)</u>
(Loss)/profit for the year		<u>(630,867)</u>	<u>135,244</u>	<u>839,648</u>
Attributable to:				
— Owners of the Company		(624,359)	161,233	853,428
— Non-controlling interests		<u>(6,508)</u>	<u>(25,989)</u>	<u>(13,780)</u>
		<u>(630,867)</u>	<u>135,244</u>	<u>839,648</u>
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company (expressed in RMB per share)	14			
— Basic		(1.45)	0.37	1.87
— Diluted		<u>(1.45)</u>	<u>0.37</u>	<u>1.81</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
(Loss)/profit for the year	<u>(630,867)</u>	<u>135,244</u>	<u>839,648</u>
Other comprehensive loss			
<i>Item that may be reclassified to profit or loss in subsequent periods, net of tax:</i>			
— Exchange differences on translation of foreign operations	<u>(438)</u>	<u>(1,476)</u>	<u>(5,976)</u>
Other comprehensive loss for the year, net of tax	<u>(438)</u>	<u>(1,476)</u>	<u>(5,976)</u>
Total comprehensive (loss)/income for the year	<u><u>(631,305)</u></u>	<u><u>133,768</u></u>	<u><u>833,672</u></u>
Attributable to:			
— Owners of the Company	(624,797)	159,757	847,452
— Non-controlling interests	<u>(6,508)</u>	<u>(25,989)</u>	<u>(13,780)</u>
	<u><u>(631,305)</u></u>	<u><u>133,768</u></u>	<u><u>833,672</u></u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	<i>Notes</i>	As at December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
ASSETS				
Non-current assets				
Property, plant and equipment	16	1,132,014	1,544,577	2,959,293
Right-of-use assets	17	26,974	108,936	159,251
Intangible assets	18	48,796	79,693	63,306
Deferred tax assets	20	164,272	150,189	115,176
Financial assets at fair value through profit and loss	3.5	50,130	55,800	168,013
Other non-current assets	23	<u>29,765</u>	<u>334,247</u>	<u>115,653</u>
Total non-current assets		<u>1,451,951</u>	<u>2,273,442</u>	<u>3,580,692</u>
Current assets				
Inventories	24	3,552,219	3,537,351	7,868,417
Trade and notes receivables	21	613,677	815,211	1,584,696
Prepayments and other receivables	22	231,553	187,345	243,597
Notes receivables at fair value through other comprehensive income	3.5	1,000	—	—
Financial assets at fair value through profit or loss	3.5	6,535	138,995	186,324
Term deposits and restricted cash	25	207,130	382,880	641,755
Cash and cash equivalents	25	132,142	411,142	1,102,606
Other current assets	23	<u>136,192</u>	<u>214,590</u>	<u>312,452</u>
Total current assets		<u>4,880,448</u>	<u>5,687,514</u>	<u>11,939,847</u>
Total assets		<u>6,332,399</u>	<u>7,960,956</u>	<u>15,520,539</u>
LIABILITIES				
Non-current liabilities				
Borrowings	26	503,000	928,283	2,666,699
Lease liabilities	17	7,572	10,107	61,590
Deferred tax liabilities	20	4	14,459	1,882
Deferred income		<u>2,257</u>	<u>3,649</u>	<u>7,872</u>
Total non-current liabilities		<u>512,833</u>	<u>956,498</u>	<u>2,738,043</u>

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		As at December 31,		
	<i>Notes</i>	2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current liabilities				
Borrowings	26	3,062,042	3,554,236	4,511,304
Trade and notes payables	27	700,797	809,350	2,337,474
Contract liabilities	6	18,353	42,256	80,269
Lease liabilities	17	7,079	8,052	8,727
Current income tax liabilities		10,085	2,615	72,177
Financial liabilities at fair value through profit or loss	3.5	2,050	1,962	8,560
Accruals and other payables	28	96,997	153,649	246,541
Other current liabilities		<u>1,041</u>	<u>1,571</u>	<u>3,292</u>
Total current liabilities		<u>3,898,444</u>	<u>4,573,691</u>	<u>7,268,344</u>
Net current assets		<u>982,004</u>	<u>1,113,823</u>	<u>4,671,503</u>
Total liabilities		<u>4,411,277</u>	<u>5,530,189</u>	<u>10,006,387</u>
EQUITY				
Equity attributable to owners of the Company				
Share capital	29	430,329	431,240	467,132
Reserves	32	1,979,545	2,300,974	4,465,811
(Accumulated losses)/retained earnings	31	<u>(481,579)</u>	<u>(320,346)</u>	<u>507,299</u>
Non-controlling interests		1,928,295	2,411,868	5,440,242
		<u>(7,173)</u>	<u>18,899</u>	<u>73,910</u>
Total equity		<u>1,921,122</u>	<u>2,430,767</u>	<u>5,514,152</u>
TOTAL LIABILITIES AND EQUITY		<u>6,332,399</u>	<u>7,960,956</u>	<u>15,520,539</u>

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COMPANY’S STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	2023	2024	2025
		RMB’000	RMB’000	RMB’000
ASSETS				
Non-current assets				
Property, plant and equipment	16	79,677	76,363	85,508
Right-of-use assets		1,554	3,530	1,049
Intangible assets	18	12,154	10,768	7,589
Deferred tax assets	20	89,993	76,817	21,902
Investments in subsidiaries	15	345,740	828,321	934,686
Other non-current assets	23	10,613	14,872	10,932
Total non-current assets		<u>539,731</u>	<u>1,010,671</u>	<u>1,061,666</u>
Current assets				
Inventories	24	3,123,557	2,733,117	6,831,280
Trade and notes receivables	21	1,089,125	1,119,659	1,551,865
Prepayments and other receivables	22	328,119	929,125	1,801,699
Notes receivables at fair value through other comprehensive income	3.5	1,000	—	—
Financial assets at fair value through profit or loss	3.5	5,147	138,565	62,613
Term deposits and restricted cash	25	205,187	380,447	631,323
Cash and cash equivalents	25	90,313	179,323	507,410
Other current assets	23	88,907	111,421	99,599
Total current assets		<u>4,931,355</u>	<u>5,591,657</u>	<u>11,485,789</u>
Total assets		<u><u>5,471,086</u></u>	<u><u>6,602,328</u></u>	<u><u>12,547,455</u></u>
LIABILITIES				
Non-current liabilities				
Borrowings	26	153,000	—	1,142,950
Lease liabilities		—	649	—
Deferred tax liabilities	20	—	14,454	1,881
Deferred income		2,257	3,649	3,568
Total non-current liabilities		<u>155,257</u>	<u>18,752</u>	<u>1,148,399</u>

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	<i>Notes</i>	As at December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Current liabilities				
Borrowings	26	2,778,772	2,652,245	2,750,724
Trade and notes payables	27	315,676	1,169,995	3,202,010
Contract liabilities		8,073	7,979	20,766
Lease liabilities		1,726	2,812	1,079
Current income tax liabilities		—	—	6,305
Financial liabilities at fair value through profit or loss	3.5	1,113	147	3,677
Accruals and other payables	28	32,798	124,321	286,336
Other current liabilities		<u>1,023</u>	<u>1,037</u>	<u>2,692</u>
Total current liabilities		<u>3,139,181</u>	<u>3,958,536</u>	<u>6,273,589</u>
Total liabilities		<u>3,294,438</u>	<u>3,977,288</u>	<u>7,421,988</u>
EQUITY				
Share capital	29	430,329	431,240	467,132
Reserves	32	1,976,916	2,313,970	4,429,824
(Accumulated losses)/retained earnings	31	<u>(230,597)</u>	<u>(120,170)</u>	<u>228,511</u>
Total equity		<u>2,176,648</u>	<u>2,625,040</u>	<u>5,125,467</u>
TOTAL LIABILITIES AND EQUITY		<u>5,471,086</u>	<u>6,602,328</u>	<u>12,547,455</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests RMB’000	Total equity RMB’000
	Share capital RMB’000 (Note 29)	Reserves RMB’000 (Note 32)	Retained earnings/ accumulated losses RMB’000 (Note 31)	Sub-total RMB’000		
Balance at January 1, 2023	430,329	1,848,448	142,780	2,421,557	—	2,421,557
Loss for the year	—	—	(624,359)	(624,359)	(6,508)	(630,867)
Other comprehensive loss	—	(438)	—	(438)	—	(438)
Total comprehensive loss for the year	<u>—</u>	<u>(438)</u>	<u>(624,359)</u>	<u>(624,797)</u>	<u>(6,508)</u>	<u>(631,305)</u>
Share-based payment expenses	—	130,870	—	130,870	—	130,870
Transactions with non-controlling interests	—	665	—	665	(665)	—
Balance at December 31, 2023	<u>430,329</u>	<u>1,979,545</u>	<u>(481,579)</u>	<u>1,928,295</u>	<u>(7,173)</u>	<u>1,921,122</u>

	Attributable to owners of the Company				Non-controlling interests RMB’000	Total equity RMB’000	
	Share capital RMB’000 (Note 29)	Treasury shares RMB’000	Reserves RMB’000 (Note 32)	Accumulated losses RMB’000 (Note 31)			Sub-total RMB’000
Balance at January 1, 2024	430,329	—	1,979,545	(481,579)	1,928,295	(7,173)	1,921,122
Profit/(loss) for the year	—	—	—	161,233	161,233	(25,989)	135,244
Other comprehensive loss	—	—	(1,476)	—	(1,476)	—	(1,476)
Total comprehensive (loss)/ income for the year	<u>—</u>	<u>—</u>	<u>(1,476)</u>	<u>161,233</u>	<u>159,757</u>	<u>(25,989)</u>	<u>133,768</u>
Capital contribution from non-controlling interests	—	—	—	—	—	37,912	37,912
Exercise of share options	1,614	—	18,297	—	19,911	—	19,911
Share-based payment expenses	—	—	323,905	—	323,905	14,149	338,054
Repurchase of ordinary shares	—	(20,000)	—	—	(20,000)	—	(20,000)
Cancellation of ordinary shares	(703)	20,000	(19,297)	—	—	—	—
Balance at December 31, 2024	<u>431,240</u>	<u>—</u>	<u>2,300,974</u>	<u>(320,346)</u>	<u>2,411,868</u>	<u>18,899</u>	<u>2,430,767</u>

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	Attributable to owners of the Company				Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000 (Note 29)	Treasury shares RMB'000	Reserves RMB'000 (Note 32)	Retained earnings RMB'000 (Note 31)			
Balance at January 1, 2025	431,240	—	2,300,974	(320,346)	2,411,868	18,899	2,430,767
Profit/(loss) for the year	—	—	—	853,428	853,428	(13,780)	839,648
Other comprehensive loss	—	—	(5,976)	—	(5,976)	—	(5,976)
Total comprehensive (loss)/ income for the year	—	—	(5,976)	853,428	847,452	(13,780)	833,672
Issuance of shares	30,025	—	1,840,660	—	1,870,685	—	1,870,685
Capital contribution from non-controlling interests	—	—	54,566	—	54,566	57,835	112,401
Exercise of share options	7,266	—	155,450	—	162,716	—	162,716
Share-based payment expenses	—	—	242,949	—	242,949	10,956	253,905
Repurchase of ordinary shares	—	(149,994)	—	—	(149,994)	—	(149,994)
Cancellation of ordinary shares	(1,399)	149,994	(148,595)	—	—	—	—
Appropriations to statutory reserves	—	—	25,390	(25,390)	—	—	—
Appropriations to special reserves	—	—	393	(393)	—	—	—
Balance at December 31, 2025	<u>467,132</u>	<u>—</u>	<u>4,465,811</u>	<u>507,299</u>	<u>5,440,242</u>	<u>73,910</u>	<u>5,514,152</u>

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended December 31,		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cash flows from operating activities				
Cash (used in)/generated from operations	33(a)	(1,793,049)	531,284	(1,969,807)
Interest received		4,341	7,307	5,303
Income tax paid		(373)	(8,844)	—
Net cash (used in)/generated from operating activities		<u>(1,789,081)</u>	<u>529,747</u>	<u>(1,964,504)</u>
Cash flows from investing activities				
Proceeds from disposal of investments		—	650	600,474
Proceeds from return on investments		6,134	1,902	1,375
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		83	866	596
Proceeds from settlement of derivative financial instruments		—	—	240
Government grants received in relation to assets		—	2,050	4,402
Payments for purchase of investments		(41,518)	(46,028)	(703,550)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(416,344)	(968,447)	(1,520,504)
Payments for settlement of derivative financial instruments		(2,238)	(2,638)	—
Movements of restricted cash		—	—	(9,218)
Net cash used in investing activities		<u>(453,883)</u>	<u>(1,011,645)</u>	<u>(1,626,185)</u>
Cash flows from financing activities				
Issuance of shares		—	—	1,876,210
Capital contributions from the non-controlling interests		—	37,912	112,401
Proceeds from share options exercised		—	19,911	162,716
Proceeds from borrowings		4,149,135	5,255,081	7,814,489
Repayments of borrowings		(2,177,608)	(4,334,593)	(5,113,056)
Principal elements of lease payments		(7,173)	(11,320)	(10,641)
Interests paid		(112,713)	(146,344)	(185,661)
Payments for repurchase of shares		—	(20,000)	(149,994)
Movements of restricted cash		(144,330)	(54,723)	(164,614)
Payment for [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Net cash generated from financing activities		<u>1,681,179</u>	<u>744,855</u>	<u>4,327,690</u>

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	<i>Notes</i>	Year ended December 31,		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net (decrease)/increase in cash and cash equivalents		(561,785)	262,957	737,001
Cash and cash equivalents at beginning of the year		690,077	132,142	411,142
Effects of exchange rate changes on cash and cash equivalents		<u>3,850</u>	<u>16,043</u>	<u>(45,537)</u>
Cash and cash equivalents at the end of the year	25	<u><u>132,142</u></u>	<u><u>411,142</u></u>	<u><u>1,102,606</u></u>

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

BIWIN Storage Technology Co., Ltd. (深圳佰維存儲科技股份有限公司) (hereinafter referred to as “the Company”), formerly known as Shenzhen Taishengwei Technology Co., Ltd. (深圳泰勝微科技有限公司), is a joint stock company with limited liability incorporated in the People’s Republic of China (the “PRC”) on September 6, 2010. The Company was listed on Shanghai Stock Exchange (stock code: 688525) on December 30, 2022. The registered office and principal place of business of the Company is located at No. 1213 Liuxian Avenue, Pingshan Community, Taoyuan Street, Nanshan District, Shenzhen, Guangdong Province, PRC.

The Company and its subsidiaries (hereinafter collectively referred to as “the Group”) provide high-performance semiconductor memory solutions for different application scenarios, including smart mobile and emerging edge AI devices, PC and enterprise storage, intelligent automotive and other applications, as well as advanced packaging and testing services.

The Company’s principal subsidiaries during the Track Record Period and as at the date of this report are set out in Note 15.

The statutory consolidated financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合伙)).

The Historical Financial Information are presented in Renminbi (“RMB”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB’000) except when otherwise indicated.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group has been prepared in accordance with all applicable International Financial Reporting Standards (“IFRS Accounting Standards”) issued by the International Accounting Standards Board (“IASB”). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income (“FVOCI”) and financial assets at fair value through profit or loss (“FVTPL”).

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policy information has been set out in Note 37 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 ‘Sale or Contribution of Assets between an Investor and its Associate or Joint Venture’	To be determined
Amendments to IFRS 9 and IFRS 7 ‘Amendments to the Classification and Measurement of Financial Instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7 ‘Contracts Referencing Nature-dependent Electricity’	January 1, 2026
Annual Improvements — Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18 ‘Presentation and Disclosure in Financial Statements’	January 1, 2027
IFRS 19 ‘Subsidiaries without Public Accountability: Disclosures’	January 1, 2027
Amendments to IFRS 21, ‘Translation to a hyperinflationary presentation currency’	January 1, 2027

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group’s consolidated financial statements when they become effective.

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
EUR exchange rate —			
Increase 5%	(310,831)	20	(30)
Decrease 5%	<u>310,831</u>	<u>(20)</u>	<u>30</u>

Other foreign currencies of changes have no significant impact on foreign exchange risk.

(b) Interest Rate Risk

The Group’s interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2023, 2024 and 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB948,616,000, RMB1,465,809,000 and RMB3,844,784,000 respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB4,743,000, and RMB7,329,000 and RMB19,224,000, for the years ended December 31, 2023, 2024 and 2025, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, term deposits and restricted cash, as well as trade and notes receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group’s maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as term deposits and restricted cash are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risk from trade and notes receivables and other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group performs impairment assessments under the expected credit loss (“ECL”) model on financial assets at amortized cost, mainly including trade and notes receivables and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Credit risk of cash and cash equivalents, term deposits and restricted cash

Cash and cash equivalents, term deposits and restricted cash are mainly placed with reputable financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss on these financial assets was immaterial as at December 31, 2023, 2024 and 2025.

Credit risk of trade and notes receivables

For trade and notes receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from the initial recognition of the trade and notes receivables. The expected loss rates are based on the historical payment profiles, historical credit loss rates by industry, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the loss allowance of trade and notes receivables as at December 31, 2023, 2024 and 2025 are included in Note 21.

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Credit risk of other receivables

Other receivables at the end of each of the periods are mainly comprised of tax refund receivables, security deposits and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 12 months past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12-month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3). Details of the loss allowance of other receivables as at December 31, 2023, 2024 and 2025 are included in Note 22.

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group’s liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents, term deposits and restricted cash or to retain adequate financing arrangements to meet the Group’s liquidity requirements.

The tables below analyze the Group’s financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of each Track Record Period to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Apart from borrowings and lease liabilities, balances due within one year equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year RMB’000	Between 1 and 2 years RMB’000	Between 2 and 5 years RMB’000	Over 5 years RMB’000	Total RMB’000
As at December 31, 2023					
Trade and notes payables	700,797	—	—	—	700,797
Accruals and other payables (excluding non-financial liabilities)	54,066	—	—	—	54,066
Lease liabilities	7,529	6,062	1,569	—	15,160
Financial liabilities at FVTPL	2,050	—	—	—	2,050
Borrowings	3,147,718	255,005	259,900	—	3,662,623
	<u>3,912,160</u>	<u>261,067</u>	<u>261,469</u>	<u>—</u>	<u>4,434,696</u>
	Less than 1 year RMB’000	Between 1 and 2 years RMB’000	Between 2 and 5 years RMB’000	Over 5 years RMB’000	Total RMB’000
As at December 31, 2024					
Trade and notes payables	809,350	—	—	—	809,350
Accruals and other payables (excluding non-financial liabilities)	31,032	—	—	—	31,032
Lease liabilities	8,588	9,149	1,506	—	19,243
Financial liabilities at FVTPL	1,962	—	—	—	1,962
Borrowings	3,626,313	139,185	229,551	710,623	4,705,672
	<u>4,477,245</u>	<u>148,334</u>	<u>231,057</u>	<u>710,623</u>	<u>5,567,259</u>

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	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at December 31, 2025					
Trade and notes payables	2,337,474	—	—	—	2,337,474
Accruals and other payables (excluding non-financial liabilities)	32,996	—	—	—	32,996
Lease liabilities	11,171	5,837	5,564	67,805	90,377
Financial liabilities at FVTPL	8,560	—	—	—	8,560
Borrowings	4,571,740	838,220	1,597,427	342,041	7,349,428
	<u>6,961,941</u>	<u>844,057</u>	<u>1,602,991</u>	<u>409,846</u>	<u>9,818,835</u>

3.4 Capital Management

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

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may issue new shares, sell assets to reduce debt or raise additional funding from shareholders or banks as and when necessary. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Total assets	6,332,399	7,960,956	15,520,539
Total liabilities	4,411,277	5,530,189	10,006,387
Debt to asset ratio	<u>69.66%</u>	<u>69.47%</u>	<u>64.47%</u>

3.5 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at 31 December, 2023	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Financial assets at FVOCI				
— Notes receivables (i)	—	—	1,000	1,000
Financial assets at FVTPL				
— Unlisted equity investments	—	—	50,130	50,130
— Derivative financial assets (ii)	—	5,885	—	5,885
— Wealth management products issued by bank (ii)	—	650	—	650
	<u>—</u>	<u>6,535</u>	<u>51,130</u>	<u>57,665</u>
Financial liabilities at FVTPL				
— Derivative financial liabilities (ii)	—	2,050	—	2,050

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As at December 31, 2024	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Financial assets at FVTPL				
— Unlisted equity investments	—	—	55,800	55,800
— Listed equity investments (iii)	—	—	133,712	133,712
— Derivative financial assets (ii)	—	5,283	—	5,283
	<u>—</u>	<u>5,283</u>	<u>189,512</u>	<u>194,795</u>
Financial liabilities at FVTPL				
— Derivative financial liabilities (ii)	—	1,962	—	1,962
	<u>—</u>	<u>1,962</u>	<u>—</u>	<u>1,962</u>
As at December 31, 2025	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Financial assets at FVTPL				
— Unlisted equity investments	—	—	288,530	288,530
— Listed equity investments	62,433	—	—	62,433
— Wealth management products (iv)	—	—	1,406	1,406
— Derivative financial assets (ii)	—	1,968	—	1,968
	<u>62,433</u>	<u>1,968</u>	<u>289,936</u>	<u>354,337</u>
Financial liabilities at FVTPL				
— Derivative financial liabilities (ii)	—	8,560	—	8,560
	<u>—</u>	<u>8,560</u>	<u>—</u>	<u>8,560</u>

- (i) These notes receivables were classified and measured at FVOCI as they are held within a business model with the objective of both collecting contractual cash flows and selling.

The fair value of bank acceptance notes receivables measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Given that the maturities are of a short-term nature, the impact of fair value changes is immaterial.

- (ii) The fair values of derivative financial assets and liabilities (including foreign exchange options and forward contracts) and wealth management products are based on quoted market prices provided by the respective financial institutions.
- (iii) The fair value of listed equity investments subject to a lock-up period was assessed by the management of the Company with reference to the valuation conducted by an independent professional valuer.
- (iv) The fair value of wealth management products issued by the insurance company is determined by discounting expected future cash flows using current market rates for instruments with similar terms, credit risk, and remaining maturities. As the impact of any fair value fluctuations is immaterial, the carrying amount of these products is considered a reasonable approximation of their fair value.

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

The Company

As at December 31, 2023	Level 1 <i>RMB'000</i>	Level 2 <i>RMB'000</i>	Level 3 <i>RMB'000</i>	Total <i>RMB'000</i>
Financial assets at FVOCI				
— Notes receivables	—	—	1,000	1,000
Financial assets at FVTPL				
— Derivative financial assets	—	5,147	—	5,147
	<u>—</u>	<u>5,147</u>	<u>1,000</u>	<u>6,147</u>
Financial liabilities at FVTPL				
— Derivative financial liabilities	—	1,113	—	1,113
	<u>—</u>	<u>1,113</u>	<u>—</u>	<u>1,113</u>

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As at December 31, 2024	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Total RMB’000
Financial assets at FVTPL				
— Listed equity investments	—	—	133,712	133,712
— Derivative financial assets	—	4,853	—	4,853
	<u>—</u>	<u>4,853</u>	<u>133,712</u>	<u>138,565</u>
Financial liabilities at FVTPL				
— Derivative financial liabilities	—	147	—	147
	<u>—</u>	<u>147</u>	<u>—</u>	<u>147</u>
As at December 31, 2025	Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000	Total RMB’000
Financial assets at FVTPL				
— Listed equity investments	62,433	—	—	62,433
— Derivative financial assets	—	180	—	180
	<u>62,433</u>	<u>180</u>	<u>—</u>	<u>62,613</u>
Financial liabilities at FVTPL				
— Derivative financial liabilities	—	3,677	—	3,677
	<u>—</u>	<u>3,677</u>	<u>—</u>	<u>3,677</u>

(b) Valuation Inputs and Relationships to Fair Value

Description	Fair value as at December 31,			Valuation techniques	Significant unobservable input(s)	Range of inputs	Relationship of unobservable input(s) to fair values
	2023 RMB’000	2024 RMB’000	2025 RMB’000				
Notes receivables at FVOCI	1,000	—	—	Discounted cash flow	Discount rate	1.25%–1.65%	An increase in discount rate would result in decrease in fair value, and vice versa.
Listed equity investments at FVTPL	—	133,712	—	Black-Scholes model	Lack of marketability discount (“DLOM”)	12.55%	An increase in DLOM would result in decrease in fair value, and vice versa.
Unlisted equity investments at FVTPL	—	—	121,923	Black-Scholes model	Lack of marketability discount (“DLOM”)	31.77%	An increase in DLOM would result in decrease in fair value, and vice versa.
Unlisted equity investments at FVTPL	50,130	55,800	166,607	Recent transaction price approach	N/A	N/A	N/A
Wealth management products	—	—	1,406	Discounted cash flow	Discount rate	3.50%	An increase in discount rate would result in decrease in fair value, and vice versa.

As at December 31, 2023, if the discount rate had been higher/lower by 0.5%, the fair value of notes receivables at FVOCI would almost remain constant. The impact of discount rate to the fair value of notes receivables at FVOCI is immaterial.

As at December 31, 2024, if the DLOM had been higher/lower by 0.5%, the fair value of listed equity investments at FVTPL would have been approximately RMB764,000 lower/higher.

As at December 31, 2025, if the DLOM had been higher/lower by 0.5%, the fair value of unlisted equity investments at FVTPL would have been approximately RMB893,000 lower/higher.

As at December 31, 2025, if the discount rate had been higher/lower by 0.5%, the fair value of wealth management products would have been approximately RMB33,000 lower/higher.

(c) Fair value measurements using significant unobservable inputs (level 3)

For the financial assets and financial liabilities, including level 3 fair values, the Group’s finance department performs the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

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The changes in Level 3 financial assets are analyzed below:

	Financial assets at FVTPL and FVOCI		
	Unlisted equity investments at FVTPL	Listed equity investments at FVTPL	Notes receivables at FVOCI
	RMB'000	RMB'000	RMB'000
At January 1, 2023	10,000	—	—
Additions	40,130	—	4,371
Disposals/settlements	—	—	(3,371)
At December 1, 2023	<u>50,130</u>	<u>—</u>	<u>1,000</u>
	Financial assets at FVTPL and FVOCI		
	Unlisted equity investments at FVTPL	Listed equity investments at FVTPL	Notes receivables at FVOCI
	RMB'000	RMB'000	RMB'000
At January 1, 2024	50,130	—	1,000
Additions	3,900	42,128	11,208
Disposals/settlements	—	—	(12,208)
Changes in fair value changes through profit or loss	1,770	91,584	—
At December 1, 2024	<u>55,800</u>	<u>133,712</u>	<u>—</u>
	Financial assets at FVTPL and FVOCI		
	Unlisted equity investments at FVTPL	Listed equity investments at FVTPL	Wealth management products
	RMB'000	RMB'000	RMB'000
At January 1, 2025	55,800	133,712	—
Additions	207,144	—	1,406
Changes in fair value changes through profit or loss	25,586	41,231	—
Transfer to Level 1	—	(174,943)	—
At December 1, 2025	<u>288,530</u>	<u>—</u>	<u>1,406</u>

Other than the reclassification of certain listed equity investments from Level 3 to Level 1 upon the lapse of the lock-up restriction, there were no transfers into or out of Level 3 during the Track Record Period.

(d) Financial instruments carried at other than fair value

The carrying amounts of the Group’s financial assets carried at other than fair value, including trade and note receivables, other receivables, term deposits and restricted cash, cash and cash equivalents, and the Group’s financial liabilities carried at other than fair value, including trade and note payables, lease liabilities, accruals and other payables, borrowings approximate to their fair values as of December 31, 2023, 2024 and 2025.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Allowance for Expected Credit Loss of Receivables

The loss allowances for receivables are based on assumptions about the risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs are disclosed in Note 21.

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(b) Estimated Net Realizable Value of Inventories

In accordance with the Group’s accounting policy, the Group estimates net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for executed sales contracts, management estimates the net realizable amount based on the contracted price. For raw materials and work-in-progress, management has established a model in estimating the net realizable amount at which the inventories can be realizable in the normal course of business after considering the manufacturing cycles, production capacity and forecasts, estimated future conversion costs and selling prices. Management also takes into account the price or cost fluctuations and other related matters occurring after the end of the year which reflect conditions that existed at the end of each year.

It is reasonably possible that if there is a significant change in circumstances including the Group’s business and the external environment, outcomes would be significantly affected.

(c) Property, Plant and Equipment and Intangible Assets — Estimated Useful Lives and Residual Values

The Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortization charges for its property, plant and equipment and intangible assets. These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumptions of related assets. The depreciation/amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation/amortization expense in future periods.

(d) Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets, including property, plant and equipment, right-of-use assets, intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(e) Share-based Payment Expenses

The Group granted restricted share units to employees. The fair value of the restricted share units is determined using the Black-Scholes model at the grant date, and is expected to be expensed over the respective vesting periods in combination with significant assumptions, including risk-free interest rate, expected volatility and dividend yield.

(f) Income Tax and Deferred Taxation

The Group estimates its income tax provision and deferred taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Group operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provisions in the period in which the determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, inventories, property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the unused tax losses and the deductible temporary differences can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group’s results or financial position.

5. OPERATING SEGMENT INFORMATION

Information is reported to the executive directors of the Company, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and performance assessment. The accounting policies are the same as the Group’s accounting policies described in Note 37. No other analysis of the Group’s results nor assets and liabilities is regularly provided to the CODM for review and the CODM reviews the overall results and financial position of the Group as a whole. Accordingly, the CODM has identified one operating segment and only entity-wide disclosures, geographical information and major customers are presented in accordance with IFRS 8 “Operating Segments”.

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(a) Geographical information

The Company is domiciled in Chinese Mainland. The amount of the Group’s revenue from contracts with external customers by locations is shown in the table below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese Mainland	2,042,525	3,369,468	5,272,387
Other countries or regions	1,548,227	3,325,717	6,030,093
	<u>3,590,752</u>	<u>6,695,185</u>	<u>11,302,480</u>

(b) Revenue from Major Customers

The major customers who contributed 10% or more of the Group’s revenue for the years ended December 31, 2023, 2024 and 2025 are set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	N/A*	N/A*	N/A*
Customer B	N/A*	1,152,107	N/A*
Customer C	N/A*	N/A*	1,248,818
Customer D	N/A*	N/A*	1,186,816

* Less than 10% of the Group’s revenue for respective years.

6. REVENUE

Disaggregation of revenue from contracts of products and services by solution type:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Smart mobile and emerging edge AI devices	1,181,945	3,710,234	4,944,585
PC and enterprise storage	1,766,489	2,041,436	3,639,875
Intelligent automotive and other applications	528,250	836,396	2,548,506
Advanced packaging and testing services	114,068	107,119	169,514
	<u>3,590,752</u>	<u>6,695,185</u>	<u>11,302,480</u>

The timing of revenue recognition is shown in the table below:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At a point in time:			
— Products	3,476,684	6,588,066	11,132,966
— Services	114,068	107,119	169,514
	<u>3,590,752</u>	<u>6,695,185</u>	<u>11,302,480</u>

(a) Contract liabilities

Contract liabilities of the Group were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfilment of performance obligations.

The Group recognized the following liabilities related to contracts with customers:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract liabilities in relation of sale of goods	<u>18,353</u>	<u>42,256</u>	<u>80,269</u>

As at January 1, 2023, the Group’s contract liabilities from customers amounted to approximately RMB6,767,000.

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The following table shows the Group’s revenue recognized in the Track Record Period related to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue recognized that was included in the beginning balance	6,365	16,488	37,610

All of the contract liabilities are expected to be recognised as income within one year.

(b) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers a good or service to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company’s obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Sales of goods

The Group provides high-performance semiconductor memory solutions for different application scenarios, including smart mobile and emerging edge AI devices, PC and enterprise storage, intelligent automotive and other applications.

Revenue from domestic sales of products shall be recognized at a point in time based on the sales contracts, settlement vouchers and other documents upon completion of product delivery and the buyer’s acceptance of the products. Upon the acceptance, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

Revenue from oversea sales of products shall be recognized at a point in time when the products have completed customs declaration, obtained the bill of lading, and passed the ship’s rail; or upon the buyer’s acceptance. At this point, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

(ii) Rendering of services

The Group also provides advanced packaging and testing services, and the revenue shall be recognized at a point in time when the performance obligation is satisfied and the right to receive payment is obtained.

7. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (i)	11,866	19,908	23,238
Value-added tax (“VAT”) refund (ii)	520	15,331	23,967
Interest income (iii)	1,362	609	9,237
Others	237	234	554
	<u>13,985</u>	<u>36,082</u>	<u>56,996</u>

(i) The amount represents various subsidies received from the PRC local government authorities as incentives mainly for the Group’s research and development (“R&D”) activities and financing activities. Unconditional government grants are recognized in profit and loss when received while conditional government grants are recognized in profit or loss when the Group fulfilled the conditions.

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- (ii) In accordance with the Notice of Ministry of Finance (“MOF”), the State Taxation Administration (“STA”) on VAT policies for Software Products which was promulgated by MOF and STA in October 2011 and came into effect in January 2011, enterprises engaged in the sales of self-developed software in the PRC are entitled to the VAT refund to the portion of VAT actually paid which exceeds 3% of the related sale amounts.
- (iii) The amount mainly comprises interest income on the Group’s term deposits classified as financial assets at amortized cost calculated using the effective interest method. Interest income from cash and cash equivalent is included in “Finance income and finance costs” (Note 11).

8. OTHER (LOSSES)/GAINS, NET

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Net gains/(losses) on disposal of financial instruments	5,528	(2,865)	6,064
Fair value changes on financial instruments	3,237	96,689	58,050
Net foreign exchange (losses)/gains	(13,138)	16,703	(31,958)
Net (losses)/gains on disposal of property, plant and equipment and other non-current assets	(68)	313	397
Others	1,091	(349)	(309)
	<u>(3,350)</u>	<u>110,491</u>	<u>32,244</u>

9. EXPENSE BY NATURE

Expenses included in cost of sales, general and administrative expenses, selling and marketing expenses and R&D expenses are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw materials and consumables used	3,159,318	4,986,316	8,141,998
Employee benefit expenses (Note 10)	476,878	873,940	1,156,785
External processing costs	205,476	230,465	374,776
Depreciation and amortization	68,790	115,564	179,004
Impairment losses on inventories, property, plant and equipment and intangible assets	138,275	60,544	10,556
License fees	37,539	36,278	46,975
Marketing, conference and traveling expenses	46,104	67,338	95,643
Professional service fees	21,101	25,843	54,445
Utility costs	23,233	39,090	54,243
Transportation and storage costs	12,782	17,387	22,812
Auditors’ remuneration	1,055	1,855	827
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Other expenses	42,136	77,496	137,345
	<u>4,232,687</u>	<u>6,532,116</u>	<u>10,276,023</u>

10. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS’ REMUNERATION)

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, wages and bonuses	305,556	471,830	805,333
Housing fund, medical insurance and other social insurance	14,012	24,134	35,450
Share-based payment expenses (ii)	130,870	338,054	253,905
Pension costs — defined contribution plan (i)	13,982	26,385	42,679
Other employee benefits	12,458	13,537	19,418
	<u>476,878</u>	<u>873,940</u>	<u>1,156,785</u>

- (i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.
- (ii) Represents the amount recognized as expense during the Track Record Period in accordance with IFRS 2 “Share-based Payment”.

During the years ended December 31, 2023, 2024 and 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

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(a) Directors’ and Supervisors’ Remuneration

Directors’ and supervisors’ remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2023	Fees RMB’000	Salaries, wages and bonuses RMB’000	Retirement benefits RMB’000	Housing fund and other benefits RMB’000	Share-based payment expenses RMB’000	Total remuneration before tax RMB’000
Executive directors:						
Mr. Sun Chengsi	—	2,740	28	14	15,616	18,398
Mr. He Han	—	2,336	17	11	13,985	16,349
Mr. Xu Qian	—	2,036	8	10	8,641	10,695
Non-executive directors:						
Mr. Zhang Shuai	—	—	—	—	—	—
Mr. Wang Zanzhang	—	—	—	—	—	—
Mr. Zhao Kunfeng	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Chang Junfeng (i)	80	—	—	—	—	80
Mr. Fang Jibin	80	—	—	—	—	80
Mr. Tan Lifeng	80	—	—	—	—	80
Mr. Chen Xin (ii)	—	—	—	—	—	—
Supervisors:						
Mr. Wang Pan	—	438	29	51	—	518
Mr. Luo Xue	—	—	—	—	—	—
Mr. Li Shuaiduo	—	478	19	25	28	550
Total	240	8,028	101	111	38,270	46,750
Year ended December 31, 2024						
	Fees RMB’000	Salaries, wages and bonuses RMB’000	Retirement benefits RMB’000	Housing fund and other benefits RMB’000	Share-based payment expenses RMB’000	Total remuneration before tax RMB’000
Executive directors:						
Mr. Sun Chengsi	—	3,655	29	14	52,649	56,347
Mr. He Han	—	3,236	19	11	48,505	51,771
Mr. Xu Qian	—	7,106	10	9	5,871	12,996
Mr. Wang Can (iv)	—	2,010	63	53	15,146	17,272
Non-executive directors:						
Mr. Zhang Shuai	—	—	—	—	—	—
Mr. Wang Zanzhang (iii)	—	—	—	—	—	—
Mr. Zhao Kunfeng	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Chen Xin (ii)	98	—	—	—	—	98
Mr. Wang Yuan (v)	18	—	—	—	—	18
Mr. Fang Jibin	80	—	—	—	—	80
Mr. Tan Lifeng	80	—	—	—	—	80
Supervisors:						
Mr. Wang Pan	—	465	26	53	—	544
Mr. Luo Xue	—	—	—	—	—	—
Mr. Li Shuaiduo	—	415	10	30	—	455
Total	276	16,887	157	170	122,171	139,661

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Year ended December 31, 2025	Fees RMB'000	Salaries, wages and bonuses RMB'000	Retirement benefits RMB'000	Housing fund and other benefits RMB'000	Share-based payment expenses RMB'000	Total remuneration before tax RMB'000
Executive directors:						
Mr. Sun Chengsi	—	9,873	36	68	41,196	51,173
Mr. He Han	—	9,702	74	30	38,095	47,901
Mr. Xu Qian	—	9,034	14	55	4,591	13,694
Mr. Wang Can (iv)	—	9,452	86	48	11,588	21,174
Mr. Liu Yang (xii)	—	6,880	9	6	2,699	9,594
Non-executive directors:						
Mr. Zhang Shuai (vi)	—	—	—	—	—	—
Mr. Zhao Kunfeng (vii)	—	—	—	—	—	—
Mr. Liu Shigang (viii)	—	—	—	—	—	—
Independent non-executive directors:						
Mr. Wang Yuan (v)	100	—	—	—	—	100
Mr. Fang Jibin (ix)	77	—	—	—	—	77
Mr. Tan Lifeng	100	—	—	—	—	100
Mr. Qi Jin (x)	23	—	—	—	—	23
Supervisors:						
Mr. Wang Pan (xi)	—	282	13	22	—	317
Mr. Luo Xue (xi)	—	—	—	—	—	—
Mr. Li Shuaiduo (xi)	—	752	6	13	—	771
Total	300	45,975	238	242	98,169	144,924

- (i) Mr. Chang Junfeng was resigned as independent Director of the Company in December 2023
- (ii) Mr. Chen Xin was appointed as an independent non-executive director of the Company in December 2023 and resigned in October 2024.
- (iii) Mr. Wang Zanzhang resigned as a non-executive director of the Company in April 2024.
- (iv) Mr. Wang Can was appointed as an executive director of the Company in May 2024.
- (v) Mr. Wang Yuan was appointed as an independent non-executive director of the Company in October 2024.
- (vi) Mr. Zhang Shuai was resigned as a non-executive director of the Company in September 2025.
- (vii) Mr. Zhao Kunfeng was resigned as a non-executive director of the Company in May 2025.
- (viii) Mr. Liu Shigang was appointed as a non-executive director of the Company in October 2025.
- (ix) Mr. Fang Jibin was resigned as an independent non-executive director of the Company in October 2025.
- (x) Mr. Qi Jin was appointed as an independent non-executive director of the Company in October 2025.
- (xi) Pursuant to the 2024 Annual General Meeting of Shareholders on May 22nd, 2025, the Company abolished the board of supervisors. Therefore, the remuneration disclosed only covers the period from January 2025 to May 2025.
- (xii) Mr. Liu Yang was appointed as an executive director of the Company in May 2025.

(b) Directors’ and Supervisors’ Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director’s services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors’ and supervisors’ services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

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Save as disclosed in Note 35, there were no other significant transactions, arrangements and contracts in relation to the Group’s business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include 3, 4 and 4 directors respectively whose emoluments are reflected in the analysis shown in Note 10(a) above. The emoluments paid to the remaining 2, 1 and 1 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wages, salaries and bonuses and benefits in kind	2,469	1,380	6,065
Share-based payment expenses	10,916	13,900	3,969
	<u>13,385</u>	<u>15,280</u>	<u>10,034</u>

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2023	2024	2025
HKD1,500,001 to HKD2,000,000	—	—	—
HKD2,000,001 to HKD2,500,000	—	—	—
HKD5,000,001 to HKD5,500,000	—	—	—
HKD6,000,001 to HKD6,500,000	1	—	—
HKD8,000,001 to HKD8,500,000	1	—	—
HKD11,000,001 to HKD11,500,000	—	—	1
HKD16,500,001 to HKD17,000,000	—	1	—
Total	<u>2</u>	<u>1</u>	<u>1</u>

11. FINANCE INCOME AND FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Finance income:			
Interest income from financial assets held for cash management purposes	<u>4,341</u>	<u>7,307</u>	<u>5,303</u>
Finance costs:			
Interest expenses on lease liabilities	(543)	(755)	(1,181)
Interest expenses on borrowings	(112,774)	(145,287)	(165,292)
Net exchange gains/(losses) on foreign currency borrowings	1,450	818	(5,868)
Others	<u>(1,363)</u>	<u>(1,987)</u>	<u>(2,991)</u>
	<u>(113,230)</u>	<u>(147,211)</u>	<u>(175,332)</u>

12. INCOME TAX (CREDIT)/EXPENSE

The income tax (credit)/expense of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax	—	355	70,865
Deferred income tax	<u>(111,161)</u>	<u>29,180</u>	<u>22,061</u>
	<u>(111,161)</u>	<u>29,535</u>	<u>92,926</u>

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The income tax on the Group’s profit/(loss) before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the consolidated entities as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Profit/(loss) before income tax	(742,028)	164,779	932,574
Calculated at the PRC taxation rate of the Company (15%)	(111,304)	24,717	139,886
Effect of different tax rates applicable to subsidiaries (a)	(3,759)	527	(10,823)
Tax effect of:			
Adjustment of income tax for previous periods	(46)	350	(1,673)
Tax rate adjustment	3,882	(1,482)	694
Non-deductible expenses for tax purposes	634	878	2,634
Utilization of previously unrecognized tax losses	—	—	(8,287)
Tax losses and other temporary differences not recognized as deferred tax assets	25,449	55,180	34,255
Super deduction for R&D expenditure	(26,017)	(50,635)	(63,760)
	(111,161)	29,535	92,926
(a) PRC Corporate Income Tax			

In accordance with the relevant regulations of the Enterprise Income Tax laws (the “EIT laws”) of the PRC, the applicable statutory tax rate of the PRC entities is 25% unless those subject to tax exemption set out below.

During the Track Record Period, the Company and certain subsidiaries have obtained their High and New Technology Enterprises (“HNTE”) status and hence they are entitled to a preferential corporate income tax rate of 15% for a valid period of 3 years. This status is subject to a requirement that they reapply for HNTE status every three years. The Company will apply for the renewal of the HNTE status for all of the Company and these subsidiaries, and the Company believes it is more likely than not that the Company and each of these subsidiaries will continue to qualify as a HNTE after the three-year period. Therefore, deferred tax of these entities was calculated at a rate of 15% starting from the year when they were accredited as HNTEs.

During the Track Record Period, certain subsidiaries are eligible as Small Low-profit Enterprise* (小型微利企业). An entity eligible as a Small Low-profit Enterprise is subject to preferential tax treatments up to December 31, 2027. The annual taxable income of a Small Low-profit Enterprise which is not more than RMB3,000,000, 75% of its taxable income is not subject to EIT and the remaining 25% of its taxable income is subject to EIT at a tax rate of 20%.

Pursuant to the *Notice of the State Council on Issuing Several Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and Software Industry in the New Era* (Guo Fa [2020] No. 8), integrated circuit design, equipment, materials, packaging, and testing enterprises, as well as software enterprises that are encouraged by the state, are exempt from corporate income tax for the first two years starting from their first profitable year, and are subject to a 50% reduction of the statutory tax rate of 25% for the third through fifth years. One subsidiary of the Company became profitable in 2024 and is therefore exempt from corporate income tax for the years 2024 and 2025.

All other major Chinese Mainland incorporated entities of the Company were subject to a 25% corporate income tax rate for all the years presented.

According to the relevant laws and regulations promulgated by MOF and STA, enterprises engaging in R&D activities are entitled to claim 200% from January 2021 onwards of their R&D expenses incurred as tax deductible expenses when determining their assessable profits for that year (the “Super Deduction for R&D”).

(b) Hong Kong Profits Tax

Under Hong Kong two-tiered profits tax rates regime, the first HKD2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD2 million will be taxed at 16.5% for the Track Record Period. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

(c) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions had been calculated on the estimated assessable profit for the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

(d) OECD Pillar Two Model Rules

Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules” were issued on May 23, 2023 which are effective upon issuance and require retrospective application. The amendments provide a temporary exception from deferred tax accounting for the income tax arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Cooperation and Development (“OECD”).

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The Group is within the scope of global minimum tax (“GMT”) under the OECD Pillar Two model rules (“Pillar Two”). Subject to tax legislation enacting Pillar Two Being passed in the jurisdictions where the Company and its subsidiaries operate, the Group is liable to pay a top-up tax for any deficiency between the minimum tax rate of 15% and the effective tax rate per respective jurisdiction. The Group applies the IAS 12 exception to recognition and disclosure information about deferred tax assets and liabilities relating to Pillar Two income taxes.

For those jurisdictions where the Pillar Two legislation was enacted but not effective at the reporting date, the Group has no related current tax exposure. However, certain subsidiaries of the Company are located in jurisdictions where Pillar Two legislation has been enacted, specifically Hong Kong, effective since 1 January, 2025. Based on the Group’s assessment, there is no material related current tax exposure in these jurisdictions for the year ended 31 December 2025.

13. DIVIDENDS

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

14. (LOSS)/EARNINGS PER SHARE

(a) Basic (Loss)/Earnings Per Share

The calculation of basic (loss)/earnings per share is based on the following:

	Year ended December 31,		
	2023	2024	2025
(Loss)/profit attributable to owners of the Company (RMB’000)	(624,359)	161,233	853,428
Weighted average number of ordinary shares in issue (thousands)	430,329	430,336	455,751
Basic (loss)/earnings per share (RMB per share)	(1.45)	0.37	1.87

(b) Diluted (Loss)/Earnings Per Share

The calculation of diluted (loss)/earnings per share is based on the following:

	Year ended December 31,		
	2023	2024	2025
(Loss)/profit attributable to owners of the Company (RMB’000)	(624,359)	161,233	853,428
Weighted average number of ordinary shares in issue (thousands)	430,329	430,336	455,751
Adjustments for potential shares arising from outstanding restricted share units (thousands)	—	5,602	14,622
Weighted average number of ordinary shares used in calculating diluted (loss)/earnings per share (thousands)	430,329	435,938	470,373
Diluted (loss)/earnings per share (RMB per share)	(1.45)	0.37	1.81

For the year ended December 31, 2023, the restricted share units were not included in the calculation of diluted earnings per share because their inclusion would have anti-dilutive.

15. SUBSIDIARIES

During the Track Record Period, the Company’s principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and operation	Share capital registered/paid-up capital ’000	Equity interest and voting right directly held by the Company as at December 31,			Principal activities
			2023	2024	2025	
1 Greater Bay Advanced Technology Co., Ltd. (廣東泰來封測科技有限公司) (“Greater Bay”)	Chinese Mainland	RMB493,000/ RMB493,000	100.00%	100.00%	100.00%	Advanced packaging and module manufacturing
2 Chengdu BIWIN Storage Technology Co., Ltd. (成都佰維存儲科技有限公司)	Chinese Mainland	RMB20,000/ RMB20,000	100.00%	100.00%	100.00%	Memory products development and testing

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Name of subsidiary	Place of incorporation and operation	Share capital registered/paid-up capital ’000	Equity interest and voting right directly held by the Company as at December 31,			Principal activities
			2023	2024	2025	
3 BIWIN Semiconductor (HK) Company Limited (佰維存儲科技有限公司)	Hong Kong	USD3,000/ USD3,000	100.00%	100.00%	100.00%	Overseas procurement and sales

The statutory auditors of the above subsidiaries of the Company during the Track Record Period are set out below:

Name of subsidiary	2023	Name of statutory auditors		2025
		2024	2024	
1 Greater Bay Advanced Technology Co., Ltd. (廣東泰來封測科技有限公司) (b)	Shenzhen Nanyue Certified Public Accountants (General Partnership)	Shenzhen Nanyue Certified Public Accountants (General Partnership)	—	
2 Chengdu BIWIN Storage Technology Co., Ltd. (成都佰維存儲科技有限公司) (a)	—	—	—	
3 BIWIN Semiconductor (HK) Company Limited (佰維存儲科技有限公司) (b)	CIG CPA LIMITED Certified Public Accountants (Practising)	Kristine Wong & Co. Certified Public Accountants	—	

- (a) No audited financial statements were issued for the years ended December 31, 2023, 2024 and 2025 as the entity was not required to issue audited financial statements under the statutory requirements of its place of incorporation.
- (b) No audited financial statements were issued for the years ended December 31 2025 as these entities were undergoing an audit.
- (c) The English names of the subsidiaries are direct translation or transliteration of their Chinese registered names.

The Company

	As at December 31,		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Investments in subsidiaries	345,740	828,321	934,686

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment	Construction in progress	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At January 1, 2023							
Cost	286,868	376,693	2,931	59,538	171,445	27,498	924,973
Accumulated depreciation	(8,680)	(135,740)	(1,656)	(29,557)	—	(17,301)	(192,934)
Carrying amounts	278,188	240,953	1,275	29,981	171,445	10,197	732,039
Year ended December 31, 2023							
Opening carrying amounts	278,188	240,953	1,275	29,981	171,445	10,197	732,039
Additions	2,391	31,179	1,025	12,656	406,375	4,289	457,915
Transfers from construction in progress	130,612	171,918	—	—	(302,530)	—	—
Disposals	—	(57)	—	(94)	—	(644)	(795)
Depreciation charges	(8,790)	(34,490)	(753)	(7,345)	—	(5,767)	(57,145)
Closing carrying amounts	402,401	409,503	1,547	35,198	275,290	8,075	1,132,014
At December 31, 2023							
Cost	419,871	579,061	3,956	71,437	275,290	31,143	1,380,758
Accumulated depreciation	(17,470)	(169,558)	(2,409)	(36,239)	—	(23,068)	(248,744)
Carrying amounts	402,401	409,503	1,547	35,198	275,290	8,075	1,132,014

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	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
At January 1, 2024							
Cost	419,871	579,061	3,956	71,437	275,290	31,143	1,380,758
Accumulated depreciation	(17,470)	(169,558)	(2,409)	(36,239)	—	(23,068)	(248,744)
Carrying amounts	402,401	409,503	1,547	35,198	275,290	8,075	1,132,014
Year ended December 31, 2024							
Opening carrying amounts	402,401	409,503	1,547	35,198	275,290	8,075	1,132,014
Additions	4,015	4,788	2,020	9,558	478,503	10,914	509,798
Transfers from construction in progress	5,183	370,826	—	24,000	(400,009)	—	—
Disposals	—	(281)	(136)	(102)	—	—	(519)
Depreciation charges	(10,474)	(64,060)	(790)	(14,071)	—	(7,321)	(96,716)
Closing carrying amounts	401,125	720,776	2,641	54,583	353,784	11,668	1,544,577
At December 31, 2024							
Cost	429,069	949,796	4,393	104,518	353,784	42,057	1,883,617
Accumulated depreciation	(27,944)	(229,020)	(1,752)	(49,935)	—	(30,389)	(339,040)
Carrying amounts	401,125	720,776	2,641	54,583	353,784	11,668	1,544,577
	Buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
At January 1, 2025							
Cost	429,069	949,796	4,393	104,518	353,784	42,057	1,883,617
Accumulated depreciation	(27,944)	(229,020)	(1,752)	(49,935)	—	(30,389)	(339,040)
Carrying amounts	401,125	720,776	2,641	54,583	353,784	11,668	1,544,577
Year ended December 31, 2025							
Opening carrying amounts	401,125	720,776	2,641	54,583	353,784	11,668	1,544,577
Additions	—	54,786	1,502	22,864	1,485,085	7,935	1,572,172
Transfers from construction in progress	369,811	412,642	—	6,759	(789,212)	—	—
Disposals	—	(25)	(67)	(39)	—	(337)	(468)
Depreciation charges	(15,438)	(99,877)	(1,039)	(21,694)	—	(8,889)	(146,937)
Impairment	—	(10,006)	—	(45)	—	—	(10,051)
Closing carrying amounts	755,498	1,078,296	3,037	62,428	1,049,657	10,377	2,959,293
At December 31, 2025							
Cost	798,880	1,416,889	4,724	133,882	1,049,657	49,655	3,453,687
Accumulated depreciation and impairment	(43,382)	(338,593)	(1,687)	(71,454)	—	(39,278)	(494,394)
Carrying amounts	755,498	1,078,296	3,037	62,428	1,049,657	10,377	2,959,293

(a) Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	10–45 years
Machinery and equipment	10 years
Motor vehicles	5 years
Electronic and other equipment	3–10 years
Leasehold improvement	Shorter of their useful life or lease term

See Note 37 for the other accounting policies relevant to property, plant and equipment.

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(b) Depreciation of the Group’s property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Cost of sales	38,999	71,661	115,208
Selling and marketing expenses	334	244	1,170
General and administrative expenses	5,928	11,962	12,451
R&D expenses	11,884	12,849	18,108
	<u>57,145</u>	<u>96,716</u>	<u>146,937</u>

(c) As at December 31, 2023, 2024 and 2025, property, plant and equipment with carrying amounts of approximately RMB297,942,000, RMB356,797,000 and RMB 736,310,000 were pledged for secured bank borrowings.

(d) As of 31 December 2025, the Group, assisted by an independent qualified professional valuer, conducted an impairment review of certain idle machinery and electronic equipment with a carrying amount of RMB69,059,000. Consequently, an impairment loss of approximately RMB10,051,000 was recognized in profit or loss. The recoverable amount of these assets was determined based on their fair value less costs of disposal (classified as a Level 3 fair value measurement). The fair value was derived from either quoted prices of similar assets in the secondary trading market, or through the price adjustment method based on the condition factor under the market approach, or by reference to scrap metal recovery prices.

The Company

	Machinery and equipment RMB’000	Motor vehicles RMB’000	Electronic equipment RMB’000	Construction in progress RMB’000	Leasehold improvement RMB’000	Total RMB’000
At January 1, 2023						
Cost	186,465	2,931	29,492	910	26,030	245,828
Accumulated depreciation	(120,509)	(1,657)	(18,454)	—	(17,051)	(157,671)
Carrying amounts	<u>65,956</u>	<u>1,274</u>	<u>11,038</u>	<u>910</u>	<u>8,979</u>	<u>88,157</u>
Year ended December 31, 2023						
Opening carrying amounts	65,956	1,274	11,038	910	8,979	88,157
Additions	5,510	747	3,487	—	1,096	10,840
Transfers from construction in progress	910	—	—	(910)	—	—
Disposals	(57)	—	(90)	—	—	(147)
Depreciation charges	(9,666)	(703)	(3,669)	—	(5,135)	(19,173)
Closing carrying amounts	<u>62,653</u>	<u>1,318</u>	<u>10,766</u>	<u>—</u>	<u>4,940</u>	<u>79,677</u>
At December 31, 2023						
Cost	192,157	3,678	32,658	—	27,126	255,619
Accumulated depreciation	(129,504)	(2,360)	(21,892)	—	(22,186)	(175,942)
Carrying amounts	<u>62,653</u>	<u>1,318</u>	<u>10,766</u>	<u>—</u>	<u>4,940</u>	<u>79,677</u>
At January 1, 2024						
Cost	192,157	3,678	32,658	—	27,126	255,619
Accumulated depreciation	(129,504)	(2,360)	(21,892)	—	(22,186)	(175,942)
Carrying amounts	<u>62,653</u>	<u>1,318</u>	<u>10,766</u>	<u>—</u>	<u>4,940</u>	<u>79,677</u>
Year ended December 31, 2024						
Opening carrying amounts	62,653	1,318	10,766	—	4,940	79,677
Additions	—	1,850	1,516	11,395	2,790	17,551
Transfers from construction in progress	7,085	—	4,310	(11,395)	—	—
Disposals	(281)	(136)	(101)	—	—	(518)
Depreciation charges	(10,528)	(714)	(4,188)	—	(4,917)	(20,347)
Closing carrying amounts	<u>58,929</u>	<u>2,318</u>	<u>12,303</u>	<u>—</u>	<u>2,813</u>	<u>76,363</u>

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	Machinery and equipment RMB'000	Motor vehicles RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Leasehold improvement RMB'000	Total RMB'000
At December 31, 2024						
Cost	194,362	3,944	38,011	—	29,916	266,233
Accumulated depreciation	(135,433)	(1,626)	(25,708)	—	(27,103)	(189,870)
Carrying amounts	58,929	2,318	12,303	—	2,813	76,363
At January 1, 2025						
Cost	194,362	3,944	38,011	—	29,916	266,233
Accumulated depreciation	(135,433)	(1,626)	(25,708)	—	(27,103)	(189,870)
Carrying amounts	58,929	2,318	12,303	—	2,813	76,363
Year ended December 31, 2025						
Opening carrying amounts	58,929	2,318	12,303	—	2,813	76,363
Additions	10,042	665	13,162	2,000	6,043	31,912
Disposals	(27)	(67)	(23)	—	—	(117)
Depreciation charges	(9,590)	(857)	(5,924)	—	(3,105)	(19,476)
Impairment	(3,156)	—	(18)	—	—	(3,174)
Closing carrying amounts	56,198	2,059	19,500	2,000	5,751	85,508
At December 31, 2025						
Cost	204,062	3,437	51,045	2,000	35,958	296,502
Accumulated depreciation and impairment	(147,864)	(1,378)	(31,545)	—	(30,207)	(210,994)
Carrying amounts	56,198	2,059	19,500	2,000	5,751	85,508

17. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Right-of-use assets			
Land-use rights	12,827	92,384	90,475
Buildings	14,147	16,552	11,889
Production facilities	—	—	56,887
	26,974	108,936	159,251
Lease liabilities			
Current	7,079	8,052	8,727
Non-current	7,572	10,107	61,590
	14,651	18,159	70,317

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were approximately RMB13,613,000, RMB93,506,000 and RMB63,902,000, respectively.

As at December 31, 2023, 2024 and 2025, land-use rights with carrying amounts of approximately RMB12,827,000, RMB12,534,000 and RMB90,475,000, respectively were pledged for secured bank borrowings.

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(b) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss and the consolidated statements of cash flows contain the following amounts relating to leases:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	7,499	11,486	13,547
Interest expenses (Note 11)	543	755	1,181
Expenses relating to short-term and low value leases not included in lease liabilities	586	263	4,033
	<u>8,628</u>	<u>12,504</u>	<u>18,761</u>

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025 were approximately RMB8,302,000, RMB12,338,000 and RMB15,855,000 respectively.

The Group leases land-use rights properties, offices and production facilities as lessee. Lease contracts for properties and offices are typically made for fixed periods from 1 to 6 years. Lease contract for production facilities is made for 15 years. Lease contracts for land-use rights are made for 50 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 37 for the other accounting policies relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Software	License rights	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023			
Cost	43,342	2,538	45,880
Accumulated amortization	<u>(8,791)</u>	<u>(2,079)</u>	<u>(10,870)</u>
Carrying amounts	<u>34,551</u>	<u>459</u>	<u>35,010</u>
Year ended December 31, 2023			
Opening carrying amounts	34,551	459	35,010
Additions	17,295	637	17,932
Amortization charges	<u>(4,057)</u>	<u>(89)</u>	<u>(4,146)</u>
Closing carrying amounts	<u>47,789</u>	<u>1,007</u>	<u>48,796</u>
At December 31, 2023			
Cost	60,637	3,175	63,812
Accumulated amortization	<u>(12,848)</u>	<u>(2,168)</u>	<u>(15,016)</u>
Carrying amounts	<u>47,789</u>	<u>1,007</u>	<u>48,796</u>
Year ended December 31, 2024			
Opening carrying amounts	47,789	1,007	48,796
Additions	38,249	10	38,259
Amortization charges	<u>(7,144)</u>	<u>(218)</u>	<u>(7,362)</u>
Closing carrying amounts	<u>78,894</u>	<u>799</u>	<u>79,693</u>
At December 31, 2024			
Cost	98,886	3,185	102,071
Accumulated amortization	<u>(19,992)</u>	<u>(2,386)</u>	<u>(22,378)</u>
Carrying amounts	<u>78,894</u>	<u>799</u>	<u>79,693</u>
Year ended December 31, 2025			
Opening carrying amounts	78,894	799	79,693
Additions	3,638	3,500	7,138
Amortization charges	<u>(17,543)</u>	<u>(977)</u>	<u>(18,520)</u>
Impairment (i)	<u>(4,864)</u>	<u>(141)</u>	<u>(5,005)</u>
Closing carrying amounts	<u>60,125</u>	<u>3,181</u>	<u>63,306</u>

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	Software RMB'000	License rights RMB'000	Total RMB'000
At December 31, 2025			
Cost	102,534	6,673	109,207
Accumulated amortization and impairment	<u>(42,409)</u>	<u>(3,492)</u>	<u>(45,901)</u>
Carrying amounts	<u>60,125</u>	<u>3,181</u>	<u>63,306</u>

(i) The software and license rights were fully impaired to zero, as they were determined to have no future usability.

(a) Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Cost of sales	45	585	451
Selling and marketing expenses	16	42	41
General and administrative expenses	1,152	1,469	2,211
R&D expenses	<u>2,933</u>	<u>5,266</u>	<u>15,817</u>
	<u>4,146</u>	<u>7,362</u>	<u>18,520</u>

(b) *Amortization Methods and Periods*

(i) *Software*

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

(ii) *License rights*

License rights are stated at historical cost less accumulated amortization. They are initially measured at the present value of the consideration given to acquire the license at the time of the acquisition.

The Group amortizes intangible assets with a limited useful life, using the straight-line method over the following periods:

Software	3–10 years
License rights	5 years

(c) *Research and Development*

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

The Company

	Software RMB'000
At January 1, 2023	
Cost	19,911
Accumulated amortization	<u>(6,895)</u>
Carrying amounts	<u>13,016</u>

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	Software <i>RMB'000</i>
Year ended December 31, 2023	
Opening carrying amounts	13,016
Additions	508
Amortization charges	<u>(1,370)</u>
Closing carrying amounts	<u>12,154</u>
At December 31, 2023	
Cost	20,419
Accumulated amortization	<u>(8,265)</u>
Carrying amounts	<u>12,154</u>
Year ended December 31, 2024	
Opening carrying amounts	12,154
Additions	404
Amortization charges	<u>(1,790)</u>
Closing carrying amounts	<u>10,768</u>
At December 31, 2024	
Cost	20,823
Accumulated amortization	<u>(10,055)</u>
Carrying amounts	<u>10,768</u>
Year ended December 31, 2025	
Opening carrying amounts	10,768
Additions	2,226
Amortization charges	(2,243)
Impairment	<u>(3,162)</u>
Closing carrying amounts	<u>7,589</u>
At December 31, 2025	
Cost	23,049
Accumulated amortization and impairment	<u>(15,460)</u>
Carrying amounts	<u>7,589</u>

19. FINANCIAL INSTRUMENTS BY CATEGORY

(a) The detailed information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets			
Financial assets measured at fair value:			
Wealth management products at FVTPL <i>(Note 3.5)</i>	650	—	1,406
Notes receivables at FVOCI <i>(Note 3.5)</i>	1,000	—	—
Equity investments at FVTPL <i>(Note 3.5)</i>	50,130	189,512	350,963
Derivative financial assets <i>(Note 3.5)</i>	5,885	5,283	1,968
Financial assets measured at amortized cost:			
Trade and notes receivables <i>(Note 21)</i>	613,677	815,211	1,584,696
Other receivables (excluding non-financial assets) <i>(Note 22)</i>	48,142	85,767	88,793
Term deposits and restricted cash <i>(Note 25)</i>	207,130	382,880	641,755
Cash and cash equivalents <i>(Note 25)</i>	<u>132,142</u>	<u>411,142</u>	<u>1,102,606</u>
	<u>1,058,756</u>	<u>1,889,795</u>	<u>3,772,187</u>

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	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities			
Financial liabilities measured at fair value:			
Derivative financial liabilities (Note 3.5)	2,050	1,962	8,560
Financial liabilities measured at amortized cost:			
Trade and notes payables (Note 27)	700,797	809,350	2,337,474
Accruals and other payables (excluding non-financial liabilities) (Note 28)	54,066	31,032	32,996
Lease liabilities (Note 17)	14,651	18,159	70,317
Borrowings (Note 26)	3,565,042	4,482,519	7,178,003
	<u>4,336,606</u>	<u>5,343,022</u>	<u>9,627,350</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets measured at fair value:			
Notes receivables at FVOCI (Note 3.5)	1,000	—	—
Equity investments at FVTPL (Note 3.5)	—	133,712	62,433
Derivative financial assets (Note 3.5)	5,147	4,853	180
Financial assets measured at amortized cost:			
Trade and notes receivables (Note 21)	1,089,125	1,119,659	1,551,865
Other receivables (excluding non-financial assets) (Note 22)	192,078	888,297	1,772,459
Term deposits and restricted cash (Note 25)	205,187	380,447	631,323
Cash and cash equivalents (Note 25)	90,313	179,323	507,410
	<u>1,582,850</u>	<u>2,706,291</u>	<u>4,525,670</u>

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities			
Financial liabilities measured at fair value:			
Derivative financial liabilities (Note 3.5)	1,113	147	3,677
Financial liabilities measured at amortized cost:			
Trade and notes payables (Note 27)	315,676	1,169,995	3,202,010
Accruals and other payables (excluding non-financial liabilities) (Note 28)	16,476	36,057	164,211
Lease liabilities (Note 17)	1,726	3,461	1,079
Borrowings (Note 26)	2,931,772	2,652,245	3,893,674
	<u>3,266,763</u>	<u>3,861,905</u>	<u>7,264,651</u>

(b) Transfer of financial assets

During the years ended December 31, 2023, 2024 and 2025, there was no derecognized notes receivables or trade receivables. The Group had no continuing involvement in any financial assets that were transferred and derecognized.

20. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

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The Group

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Gross deferred tax assets	166,549	152,445	125,264
Offsetting against deferred tax liabilities	<u>(2,277)</u>	<u>(2,256)</u>	<u>(10,088)</u>
Net deferred tax assets	<u>164,272</u>	<u>150,189</u>	<u>115,176</u>
Gross deferred tax liabilities	2,281	16,715	11,970
Offsetting against deferred tax assets	<u>(2,277)</u>	<u>(2,256)</u>	<u>(10,088)</u>
Net deferred tax liabilities	<u>4</u>	<u>14,459</u>	<u>1,882</u>

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) *Deferred Tax Assets*

	Impairment provisions and loss allowances RMB'000	Tax losses RMB'000	Unrealized profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2023	20,750	31,818	—	—	52,568
Credited to profit or loss (Note 12)	<u>18,731</u>	<u>90,750</u>	<u>2,135</u>	<u>2,365</u>	<u>113,981</u>
At December 31, 2023	<u>39,481</u>	<u>122,568</u>	<u>2,135</u>	<u>2,365</u>	<u>166,549</u>

	Impairment provisions and loss allowances RMB'000	Tax losses RMB'000	Unrealized profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2024	39,481	122,568	2,135	2,365	166,549
Credited/(charged) to profit or loss (Note 12)	<u>6,183</u>	<u>(24,732)</u>	<u>4,325</u>	<u>120</u>	<u>(14,104)</u>
At December 31, 2024	<u>45,664</u>	<u>97,836</u>	<u>6,460</u>	<u>2,485</u>	<u>152,445</u>

	Impairment provisions and loss allowances RMB'000	Tax losses RMB'000	Unrealized profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At January 1, 2025	45,664	97,836	6,460	2,485	152,445
(Charged)/credited to profit or loss (Note 12)	<u>(9,441)</u>	<u>(31,221)</u>	<u>5,857</u>	<u>7,624</u>	<u>(27,181)</u>
At December 31, 2025	<u>36,223</u>	<u>66,615</u>	<u>12,317</u>	<u>10,109</u>	<u>125,264</u>

(b) *Deferred Tax Liabilities*

	Fair value changes on financial assets RMB'000	Right-of-use assets RMB'000	Unrealized profits RMB'000	Total RMB'000
At January 1, 2023	—	—	20	20
Charged/(credited) to profit or loss (Note 12)	<u>—</u>	<u>2,281</u>	<u>(20)</u>	<u>2,261</u>
At December 31, 2023	<u>—</u>	<u>2,281</u>	<u>—</u>	<u>2,281</u>

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	Fair value changes on financial assets <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Unrealized profits <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2024	—	2,281	—	2,281
Charged/(credited) to profit or loss (<i>Note 12</i>)	14,459	(25)	—	14,434
At December 31, 2024	<u>14,459</u>	<u>2,256</u>	<u>—</u>	<u>16,715</u>
	Fair value changes on financial assets <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Unrealized profits <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2025	14,459	2,256	—	16,715
(Credited)/charged to profit or loss (<i>Note 12</i>)	(12,578)	7,833	—	(4,745)
At December 31, 2025	<u>1,881</u>	<u>10,089</u>	<u>—</u>	<u>11,970</u>

(c) *Deferred Tax Assets Not Recognized*

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate future taxable profit:

	As at December 31,		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Accumulated deductible losses	12,192	54,642	62,627
Deductible temporary differences	<u>129,645</u>	<u>418,075</u>	<u>509,205</u>
	<u>141,837</u>	<u>472,717</u>	<u>571,832</u>

The tax losses which has not been recognized as deferred tax assets can be carried forward to future years. As at December 31, 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
2026	3	3	—
2027	25	24	—
2028	12,164	7,052	5,346
2029	—	31,445	13,430
2030	—	—	37,052
Unlimited	<u>—</u>	<u>16,118</u>	<u>6,799</u>
	<u>12,192</u>	<u>54,642</u>	<u>62,627</u>

The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023 <i>RMB'000</i>	2024 <i>RMB'000</i>	2025 <i>RMB'000</i>
Gross deferred tax assets	90,226	77,336	22,059
Offsetting against deferred tax liabilities	<u>(233)</u>	<u>(519)</u>	<u>(157)</u>
Net deferred tax assets	<u>89,993</u>	<u>76,817</u>	<u>21,902</u>
Gross deferred tax liabilities	233	14,973	2,038
Offsetting against deferred tax assets	<u>(233)</u>	<u>(519)</u>	<u>(157)</u>
Net deferred tax liabilities	<u>—</u>	<u>14,454</u>	<u>1,881</u>

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The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) *Deferred Tax Assets*

	Impairment provisions and loss allowances <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2023	16,938	2,127	—	19,065
Credited to profit or loss	<u>15,656</u>	<u>55,246</u>	<u>259</u>	<u>71,161</u>
At December 31, 2023	<u>32,594</u>	<u>57,373</u>	<u>259</u>	<u>90,226</u>

	Impairment provisions and loss allowances <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2024	32,594	57,373	259	90,226
Credited/(charged) to profit or loss	<u>(875)</u>	<u>(12,275)</u>	<u>260</u>	<u>(12,890)</u>
At December 31, 2024	<u>31,719</u>	<u>45,098</u>	<u>519</u>	<u>77,336</u>

	Impairment provisions and loss allowances <i>RMB'000</i>	Tax losses <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2025	31,719	45,098	519	77,336
Charged to profit or loss	<u>(9,822)</u>	<u>(45,098)</u>	<u>(357)</u>	<u>(55,277)</u>
At December 31, 2025	<u>21,897</u>	<u>—</u>	<u>162</u>	<u>22,059</u>

(b) *Deferred Tax Liabilities*

	Fair value change <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2023	—	—	—
Charged to profit or loss	<u>—</u>	<u>233</u>	<u>233</u>
At December 31, 2023	<u>—</u>	<u>233</u>	<u>233</u>

	Fair value change <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2024	—	233	233
Charged to profit or loss	<u>14,444</u>	<u>296</u>	<u>14,740</u>
At December 31, 2024	<u>14,444</u>	<u>529</u>	<u>14,973</u>

	Fair value change <i>RMB'000</i>	Right-of-use assets <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2025	14,444	529	14,973
Credited to profit or loss	<u>(12,563)</u>	<u>(372)</u>	<u>(12,935)</u>
At December 31, 2025	<u>1,881</u>	<u>157</u>	<u>2,038</u>

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21. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	621,551	826,841	1,606,902
Less: credit loss allowance	<u>(7,874)</u>	<u>(11,630)</u>	<u>(22,206)</u>
	<u>613,677</u>	<u>815,211</u>	<u>1,584,696</u>

(a) Movements in the Group’s credit loss allowance for trade receivables are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	7,477	7,874	11,630
Credit loss allowance recognized, net	1,428	3,692	10,659
Currency translation differences	70	64	(83)
Loss allowance written off	<u>(1,101)</u>	<u>—</u>	<u>—</u>
At the end of the year	<u>7,874</u>	<u>11,630</u>	<u>22,206</u>

(b) The Group generally grants credit terms of up to 90 days to the customers. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 3 months	582,982	791,904	1,519,309
3 months to 1 year	37,569	28,245	67,284
1 to 2 years	362	6,151	17,757
2 to 3 years	635	—	2,552
Over 3 years	<u>3</u>	<u>541</u>	<u>—</u>
	<u>621,551</u>	<u>826,841</u>	<u>1,606,902</u>

(c) As at December 31, 2023, 2024 and 2025, the ECL allowance was determined as follows for trade receivables:

	Gross carrying amount	ECL allowance	Expected credit loss rate
As at December 31, 2023			
Assessed based on grouping	<u>621,551</u>	<u>7,874</u>	1.27%
	Gross carrying amount	ECL allowance	Expected credit loss rate
As at December 31, 2024			
Assessed based on grouping	823,104	9,843	1.20%
Assessed individual	<u>3,737</u>	<u>1,787</u>	47.82%
	<u>826,841</u>	<u>11,630</u>	
	Gross carrying amount	ECL allowance	Expected credit loss rate
As at December 31, 2025			
Assessed based on grouping	1,605,198	20,502	1.28%
Assessed individual	<u>1,704</u>	<u>1,704</u>	100%
	<u>1,606,902</u>	<u>22,206</u>	

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The Company

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Notes receivables (i)	200,000	—	—
Trade receivables	892,024	1,123,029	1,560,349
Less: credit loss allowance	<u>(2,899)</u>	<u>(3,370)</u>	<u>(8,484)</u>
	<u>1,089,125</u>	<u>1,119,659</u>	<u>1,551,865</u>

(i) As the drawer of these notes receivables was a subsidiary, no credit loss allowance was recognized.

The Company’s notes receivables consist solely of bank acceptance notes, and the Company assessed that there was no significant credit risk associated with its bank acceptance notes as the Company did not expect that there would be any significant losses from non-performance by these reputable banks.

The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 3 months	879,721	1,114,468	1,558,323
3 months to 1 year	12,303	8,069	2,026
1 to 2 years	<u>—</u>	<u>492</u>	<u>—</u>
	<u>892,024</u>	<u>1,123,029</u>	<u>1,560,349</u>

22. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Prepayments:			
Prepayments for goods	<u>183,411</u>	<u>101,578</u>	<u>154,804</u>
Other receivables:			
Security deposits	27,391	20,752	29,760
Tax refund receivables	20,036	64,675	58,533
Others	<u>2,968</u>	<u>3,880</u>	<u>5,604</u>
	<u>50,395</u>	<u>89,307</u>	<u>93,897</u>
Less: credit loss allowance	<u>233,806</u>	<u>190,885</u>	<u>248,701</u>
	<u>(2,253)</u>	<u>(3,540)</u>	<u>(5,104)</u>
	<u>231,553</u>	<u>187,345</u>	<u>243,597</u>

(a) Set out below is the information about credit risk exposure on the Group’s other receivables:

	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Total RMB'000
As at December 31, 2023				
Expected loss rate	1.50%	10.00%	23.26%	
Gross carrying amount	42,439	1,762	6,194	50,395
Loss allowance	<u>636</u>	<u>176</u>	<u>1,441</u>	<u>2,253</u>
As at December 31, 2024				
Expected loss rate	1.09%	10.00%	43.15%	
Gross carrying amount	81,365	2,330	5,612	89,307
Loss allowance	<u>885</u>	<u>233</u>	<u>2,422</u>	<u>3,540</u>
As at December 31, 2025				
Expected loss rate	1.10%	10.00%	61.73%	
Gross carrying amount	86,633	636	6,628	93,897
Loss allowance	<u>949</u>	<u>64</u>	<u>4,091</u>	<u>5,104</u>

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- (b) The loss allowances for other receivables for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Opening loss allowance	1,809	2,253	3,540
Loss allowance recognized, net	411	1,267	2,435
Currency translation differences	33	66	(839)
Loss allowance written off	—	(46)	(32)
	<u>2,253</u>	<u>3,540</u>	<u>5,104</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Prepayments:			
Prepayments for goods	<u>136,041</u>	<u>40,828</u>	<u>29,240</u>
Other receivables:			
Due from subsidiaries	167,635	821,419	1,711,453
Tax refund receivables	20,036	64,675	58,533
Security deposits	4,008	1,827	2,340
Others	<u>1,251</u>	<u>1,358</u>	<u>1,458</u>
	<u>192,930</u>	<u>889,279</u>	<u>1,773,784</u>
	328,971	930,107	1,803,024
Less: credit loss allowance	<u>(852)</u>	<u>(982)</u>	<u>(1,325)</u>
	<u>328,119</u>	<u>929,125</u>	<u>1,801,699</u>

23. OTHER CURRENT AND NON-CURRENT ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other current assets			
Prepaid corporate income tax	7,322	8,341	16,094
Deductible input VAT	128,870	203,415	282,100
[REDACTED] expenses to be capitalized	[REDACTED]	[REDACTED]	[REDACTED]
Others	<u>—</u>	<u>2,834</u>	<u>98</u>
	<u>136,192</u>	<u>214,590</u>	<u>312,452</u>
Other non-current assets			
Prepayment for property, plant and equipment	16,256	311,747	70,848
Others	<u>13,509</u>	<u>22,500</u>	<u>44,805</u>
	<u>29,765</u>	<u>334,247</u>	<u>115,653</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other current assets			
Prepaid corporate income tax	5,432	16,094	16,094
Deductible input VAT	83,475	92,698	69,345
[REDACTED] expenses to be capitalized	[REDACTED]	[REDACTED]	[REDACTED]
Others	<u>—</u>	<u>2,629</u>	<u>—</u>
	<u>88,907</u>	<u>111,421</u>	<u>99,599</u>

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	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Other non-current assets			
Prepayment for property, plant and equipment	3,949	7,002	2,284
Others	6,664	7,870	8,648
	<u>10,613</u>	<u>14,872</u>	<u>10,932</u>

24. INVENTORIES

The Group

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Finished goods	1,870,938	2,170,443	2,510,861
Raw materials	1,413,826	1,047,488	3,375,156
Work in progress	362,810	367,104	1,376,192
Semi-finished goods	63,594	79,451	470,196
Outsourced processing materials	76,991	109,483	271,151
Goods in transit	6,931	40,336	37,783
Low-value consumables	6,178	6,807	20,801
	<u>3,801,268</u>	<u>3,821,112</u>	<u>8,062,140</u>
Less: provision for impairment	<u>(249,049)</u>	<u>(283,761)</u>	<u>(193,723)</u>
	<u>3,552,219</u>	<u>3,537,351</u>	<u>7,868,417</u>

- (i) At December 31, 2024, inventories with carrying amounts of approximately RMB61,635,000 were pledged for secured bank borrowings.
- (ii) Provision for inventories recorded as cost of revenue during the years ended December 31, 2023 and 2024 were RMB138,275,000 and RMB60,544,000, respectively. Reversal for inventories recorded as cost of revenue during the years ended December 31, 2025 was RMB4,515,000.
- (iii) The written off of provisions for inventories during the years ended December 31, 2023, 2024 and 2025, were RMB16,315,000, RMB26,421,000, RMB84,517,000, respectively.
- (iv) The impact of foreign exchange gain as at December 31, 2022, 2023 and 2024 were approximately RMB372,000, RMB589,000 and RMB1,006,000, respectively.

The analysis of the amount of inventories recognized as cost of sales and included in profit or loss is as follows:

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount of inventories sold	3,508,746	5,451,525	8,840,521
Impairment losses on inventories	138,275	60,544	(4,515)
	<u>3,647,021</u>	<u>5,512,069</u>	<u>8,836,006</u>

The Company

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Finished goods	1,666,134	1,857,083	2,116,686
Raw materials	1,246,331	595,633	2,891,798
Work in progress	343,594	465,932	1,278,915
Semi-finished goods	63,173	—	442,375
Outsourced processing materials	15,998	—	201,378
Goods in transit	298	17,915	21,475
Low-value consumables	1,568	3,665	8,492
	<u>3,337,096</u>	<u>2,940,228</u>	<u>6,961,119</u>
Less: provision for impairment	<u>(213,539)</u>	<u>(207,111)</u>	<u>(129,839)</u>
	<u>3,123,557</u>	<u>2,733,117</u>	<u>6,831,280</u>

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25. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

The Group

(a) Cash and Cash Equivalents

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	339,272	794,022	1,744,361
Less: term deposits and restricted cash (i)	<u>(207,130)</u>	<u>(382,880)</u>	<u>(641,755)</u>
Cash and cash equivalents	<u>132,142</u>	<u>411,142</u>	<u>1,102,606</u>

(i) As at December 31, 2023, 2024 and 2025, the Group’s bank deposits of approximately RMB207,130,000, RMB382,880,000 and RMB641,734,000 were primarily pledged as a guarantee for the bank facilities, including acceptance notes, letter of credit deposits and derivative financial instruments.

(b) Cash and Bank Balances are Denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	276,495	740,854	1,257,564
USD	61,843	51,839	485,079
HKD	78	551	921
EUR	518	490	526
Other currencies	<u>338</u>	<u>288</u>	<u>271</u>
	<u>339,272</u>	<u>794,022</u>	<u>1,744,361</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	295,500	559,770	1,138,733
Less: term deposits and restricted cash	<u>(205,187)</u>	<u>(380,447)</u>	<u>(631,323)</u>
Cash and cash equivalents	<u>90,313</u>	<u>179,323</u>	<u>507,410</u>

26. BORROWINGS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Borrowings			
— Secured	3,008,086	3,851,925	4,268,366
— Unsecured	552,399	622,347	2,905,956
Interest payables	<u>4,557</u>	<u>8,247</u>	<u>3,681</u>
	<u>3,565,042</u>	<u>4,482,519</u>	<u>7,178,003</u>
Less: current-portion for long-term borrowings	(261,590)	(266,267)	(237,174)
short-term borrowings	<u>(2,800,452)</u>	<u>(3,287,969)</u>	<u>(4,274,130)</u>
	<u>(3,062,042)</u>	<u>(3,554,236)</u>	<u>(4,511,304)</u>
	<u>503,000</u>	<u>928,283</u>	<u>2,666,699</u>

(a) As at December 31, 2023, 2024 and 2025, the annual interest rates of short-term borrowings were ranged from 2.00% to 8.50% p.a., 0.85% to 10.80% p.a. and 0.60% to 4.62% p.a., respectively.

As at December 31, 2023, 2024 and 2025, the annual interest rates of long-term borrowings were ranged from 3.75% to 7.40% p.a., 2.70% to 4.15% p.a. and 2.60% to 3.76% p.a., respectively.

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- (b) As at December 31, 2023, secured borrowings mainly included: (i) borrowings with a principal amount of approximately RMB1,850,686,000 guaranteed by Mr. Sun; (ii) borrowings with a principal amount of approximately RMB461,000,000 guaranteed by Mr. Sun and Greater Bay; (iii) borrowings with a principal amount of approximately RMB450,000,000 were secured by pledged buildings and guaranteed by Mr. Sun and the Company; (iv) borrowings with a principal amount of approximately RMB246,400,000 were secured by pledged bank deposits and guaranteed by Mr. Sun.

As at December 31, 2024, secured borrowings mainly included: (i) borrowings with a principal amount of approximately RMB2,511,014,000 guaranteed by Mr. Sun; (ii) borrowings with a principal amount of approximately RMB97,143,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB209,950,000 were guaranteed by Mr. Sun and the Company; (iv) borrowings with a principal amount of approximately RMB852,859,000 were secured by pledged buildings, machinery and equipment and guaranteed by Mr. Sun and the Company; (v) borrowings with a principal amount of approximately RMB133,000,000 were secured by pledged bank deposits and guaranteed by Mr. Sun; (vi) borrowings with a principal amount of approximately RMB47,959,000 were secured by pledged inventories and guaranteed by Mr. Sun.

As at December 31, 2025, secured borrowings mainly included: (i) borrowings with a principal amount of approximately RMB1,860,315,000 guaranteed by Mr. Sun; (ii) borrowings with a principal amount of approximately RMB253,090,000 guaranteed by the Company; (iii) borrowings with a principal amount of approximately RMB378,488,000 were secured by pledged bank deposits; (iv) borrowings with a principal amount of approximately RMB49,979,000 were secured by pledged bank deposits and guaranteed by Mr. Sun; (v) borrowings with a principal amount of approximately RMB1,467,649,000 were secured by pledged buildings, machinery and equipment and land-use rights and guaranteed by Mr. Sun and the Company; (vi) borrowings with a principal amount of approximately RMB250,000,000 were secured by pledged buildings, machinery and equipment and land-use rights and guaranteed by and the Company; (vii) borrowings with a principal amount of approximately RMB8,845,000 were secured by the pledge of discounted bank acceptance notes. Of the borrowings guaranteed by Mr. Sun, borrowings with a principal amount of approximately RMB2,480,993,000 will be released upon [REDACTED] of H shares, and the remaining borrowings with a principal amount of approximately RMB896,950,000 will continue to be guaranteed.

- (c) As at December 31, 2023, 2024 and 2025, the Group’s borrowings were repayable as follows:

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 1 year	3,062,042	3,554,236	4,511,304
Between 1 and 2 years	253,000	106,078	811,850
Between 2 and 5 years	250,000	150,000	1,535,399
Over 5 years	—	672,205	319,450
	<u>3,565,042</u>	<u>4,482,519</u>	<u>7,178,003</u>

- (d) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are short-term nature.

The Company

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Borrowings			
— Secured	2,807,905	2,264,405	1,431,397
— Unsecured	120,000	384,344	2,460,415
Interest payables	<u>3,867</u>	<u>3,496</u>	<u>1,862</u>
	<u>2,931,772</u>	<u>2,652,245</u>	<u>3,893,674</u>
Less: current-portion for long-term borrowings	(161,012)	(153,174)	(41,661)
short-term borrowings	<u>(2,617,760)</u>	<u>(2,499,071)</u>	<u>(2,709,063)</u>
	<u>(2,778,772)</u>	<u>(2,652,245)</u>	<u>(2,750,724)</u>
	<u>153,000</u>	<u>—</u>	<u>1,142,950</u>

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27. TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Trade payables	691,742	685,304	1,601,326
Notes payables	9,055	124,046	736,148
	<u>700,797</u>	<u>809,350</u>	<u>2,337,474</u>

(a) As at December 31, 2023, 2024 and 2025, trade payables include payables for construction and equipment were RMB122,122,000, RMB116,503,000 and RMB223,699,000, respectively.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 3 months	530,768	486,881	1,396,491
3 months to 1 year	104,198	172,372	185,513
1 to 2 years	52,885	21,045	16,021
2 to 3 years	3,891	5,006	3,125
Over 3 years	—	—	176
	<u>691,742</u>	<u>685,304</u>	<u>1,601,326</u>

As at December 31, 2023, 2024 and 2025, the carrying amounts of trade and notes payables were denominated in RMB, which approximated their fair values.

The Company

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Trade payables	114,317	511,277	1,249,647
Notes payables	201,359	658,718	1,952,363
	<u>315,676</u>	<u>1,169,995</u>	<u>3,202,010</u>

As at December 31, 2023, 2024 and 2025, trade payables include payables for construction and equipment were RMB2,539,000, RMB1,147,000 and RMB1,181,000, respectively.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 3 months	104,851	501,325	1,154,439
3 months to 1 year	6,633	8,046	78,825
1 to 2 years	143	613	15,091
2 to 3 years	2,690	1,293	1,292
	<u>114,317</u>	<u>511,277</u>	<u>1,249,647</u>

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28. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Salaries, wages and benefits	34,884	53,195	162,719
Taxes other than income tax payables	8,047	69,422	50,826
Security deposits	40,094	6,617	7,094
Accruals and others	13,972	24,415	25,902
	<u>96,997</u>	<u>153,649</u>	<u>246,541</u>

The Company

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Due to subsidiaries	3,795	27,730	152,967
Salaries, wages and benefits	14,651	21,409	79,985
Taxes other than income tax payables	1,671	66,855	42,140
Security deposits	4,470	2,332	32
Accruals and others	8,211	5,995	11,212
	<u>32,798</u>	<u>124,321</u>	<u>286,336</u>

29. SHARE CAPITAL

The Group and the Company

	Year ended December 31,					
	2023		2024		2025	
	Share capital RMB'000	Number of shares '000	Share capital RMB'000	Number of shares '000	Share capital RMB'000	Number of shares '000
At the beginning of the year	430,329	430,329	430,329	430,329	431,240	431,240
Shares issued (i)	—	—	—	—	30,025	30,025
Issue of shares under share incentive scheme	—	—	1,614	1,614	7,266	7,266
Shares repurchase and cancellation (ii)	—	—	(703)	(703)	(1,399)	(1,399)
At the end of the year	<u>430,329</u>	<u>430,329</u>	<u>431,240</u>	<u>431,240</u>	<u>467,132</u>	<u>467,132</u>

(i) In April 2025, the Company issued approximately 30,025,000 new shares at RMB63.28 per share through a [REDACTED], raising total gross proceeds of approximately RMB1,900,000,000. After deducting issuance costs of approximately RMB29,315,000, the net proceeds amounted to approximately RMB1,870,685,000. Of this amount, approximately RMB30,025,000 was allocated to share capital and approximately RMB1,840,660,000 to share premium.

(ii) Pursuant to the resolution approved at the Second Extraordinary General Meeting of 2024 on June 17, 2024, the Company repurchased 703,464 treasury shares for a total consideration of RMB19,997,680 and subsequently canceled them.

Pursuant to the resolution approved at the Second Extraordinary General Meeting of 2024 on December 24, 2024, the Company repurchased 1,399,091 treasury shares for a total consideration of RMB149,977,433 and subsequently canceled them.

30. SHARE INCENTIVE SCHEME

Pursuant to the restricted share unit incentive scheme approved at 7th meeting of the second board of directors in March 2020 (the “2020 Restricted Share Incentive Plan”), the Company granted 1,350,000 restricted shares to 23 incentive participants at an issue price of RMB5.35 per share. Under this scheme, the shares are vested based on the service conditions with 3-year lockup period.

THIS DOCUMENT IS IN DRAFT FORM, INCOMPLETE AND SUBJECT TO CHANGE. THE INFORMATION IN THIS DOCUMENT MUST BE READ IN CONJUNCTION WITH THE SECTION HEADED “WARNING” ON THE COVER OF THIS DOCUMENT.

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The movements in the number of outstanding unvested restricted share units granted under the 2020 Restricted Share Incentive Plan during the Track Record Period were as follows:

	Year ended December 31,		
	2023 '000	2024 '000	2025 '000
At the beginning of the year	1,210	—	—
Granted	—	—	—
Exercised	(1,185)	—	—
Forfeited	(25)	—	—
At the end of the year	<u>—</u>	<u>—</u>	<u>—</u>

Pursuant to the restricted share unit incentive scheme approved at the 11th meeting of the third board of directors in August 2023 (the “2023 Restricted Share Incentive Plan”), the Company granted 11,190,000 share options to 230 incentive participants, having the right to purchase 1 ordinary share of the Company per option. The grant date was August 8, 2023, and the exercise price was RMB12.33 per share. Under this scheme, the options are vested based on the service conditions and performance conditions. The options shall be subject to different vesting service periods from the vesting commencement date: i) 15% of the granted options are vested on the first anniversary from the vesting commencement date; ii) 45% of the granted options are vested on the second anniversary from the vesting commencement date; and iii) 40% of granted options are vested on the third anniversary from the vesting commencement date.

Pursuant to the restricted share unit incentive scheme approved at interim shareholders’ meeting in March 2024 (the “2024 Restricted Share Incentive Plan”), the Company granted 15,000,000 share options to incentive participants, having the right to purchase 1 ordinary share of the Company per option. The grant date was March 14, 2024, and the exercise price was RMB36.00 per share. The initial grant amounted to 12,350,000 share options granted to 10 incentive participants, while the reserved grant amounted to 2,650,000 share options granted to 353 incentive participants. The reserved grant date was May 7, 2024. Under this scheme, the options are vested based on the service conditions and performance conditions. The options shall be subject to different vesting service periods from the vesting commencement date: i) 30% of the granted options are vested on the first anniversary from the vesting commencement date; ii) 30% of the granted options are vested on the second anniversary from the vesting commencement date; and iii) 40% of granted options are vested on the third anniversary from the vesting commencement date.

Pursuant to the restricted share unit incentive scheme approved at the 3rd meeting of the fourth board of directors in August 2025 (the “2025 Restricted Share Incentive Plan”), the Company granted 3,415,900 share options to 413 incentive participants, having the right to purchase 1 ordinary share of the Company per option. The grant date was August 8, 2025, and the exercise price was RMB36 per share. Under this scheme, the options are vested based on the service conditions and performance conditions. The options shall be subject to different vesting service periods from the vesting commencement date: i) 30% of the granted options are vested on the first anniversary from the vesting commencement date; ii) 30% of the granted options are vested on the second anniversary from the vesting commencement date; and iii) 40% of granted options are vested on the third anniversary from the vesting commencement date.

The movements in the number of the outstanding share options granted under the 2023 Restricted Share Incentive Plan and 2024 Restricted Share Incentive Plan during the Track Record Period were as follows:

	Year ended December 31,		
	2023 '000	2024 '000	2025 '000
At the beginning of the year	—	11,123	24,082
Granted	11,190	15,000	3,416
Exercised	—	(1,614)	(7,266)
Forfeited	(67)	(427)	(2,270)
At the end of the year	<u>11,123</u>	<u>24,082</u>	<u>17,962</u>

The weighted average remaining contractual life of share options outstanding as at December 31, 2023, 2024 and 2025 was 1.86 years, 1.23 years and 0.69 years, respectively.

The fair value of the share options at grant date were determined by management using the Black-Scholes model. The significant inputs used in valuations were listed as below:

	Share Incentive Scheme			
	August 2023	March 2024	May 2024	August 2025
Expected price volatility	12.91%–14.91%	13.32%–15.09%	13.50%–14.55%	15.50%–19.49%
Expected option life (year)	1–3 years	1–3 years	1–3 years	1–3 years
Risk-free interest rate	1.50%–2.75%	1.50%–2.75%	1.50%–2.75%	1.50%–2.75%
Dividend yield	0.00%	0.00%	0.00%	0.00%
Share price at date of grant (RMB)	69.29	51.00	51.09	62.93

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The volatility of the comparable companies for the period close to the expected time to exercise. The risk-free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as other respective grant dates.

The total expenses arising from share-based payments during the Track Record Period are recorded as part of employee benefit expenses (Note 10).

31. (ACCUMULATED LOSSES)/RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
At the beginning of the year	142,780	(481,579)	(320,346)
(Loss)/profit for the year	(624,359)	161,233	853,428
Appropriation to statutory reserves	—	—	(25,390)
Appropriation in respect of safety and production funds, net	—	—	(393)
At the end of the year	(481,579)	(320,346)	507,299

The Company

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
At the beginning of the year	171,922	(230,597)	(120,170)
(Loss)/profit for the year	(402,519)	110,427	374,071
Appropriation to statutory reserves	—	—	(25,390)
At the end of the year	(230,597)	(120,170)	228,511

32. RESERVES

The Group

	Share premium RMB'000	Statutory reserves RMB'000	Other comprehensive income (i) RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2023	1,814,485	22,039	2,402	9,522	1,848,448
Foreign currency differences	—	—	(438)	—	(438)
Share-based payment expenses	—	—	—	130,870	130,870
Transactions with non-controlling interests	—	—	—	665	665
Balance at December 31, 2023	1,814,485	22,039	1,964	141,057	1,979,545
Balance at January 1, 2024	1,814,485	22,039	1,964	141,057	1,979,545
Foreign currency differences	—	—	(1,476)	—	(1,476)
Share-based payment expenses	—	—	—	323,905	323,905
Exercise of share options	111,316	—	—	(93,019)	18,297
Shares repurchase and cancellation	(19,297)	—	—	—	(19,297)
Balance at December 31, 2024	1,906,504	22,039	488	371,943	2,300,974

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	Share premium RMB'000	Statutory reserves RMB'000	Special reserves RMB'000	Other comprehensive income (i) RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2025	1,906,504	22,039	—	488	371,943	2,300,974
Issuance of shares (<i>Note 29(i)</i>)	1,840,660	—	—	—	—	1,840,660
Capital contribution from non-controlling interests	54,566	—	—	—	—	54,566
Foreign currency differences	—	—	—	(5,976)	—	(5,976)
Share-based payment expenses	—	—	—	—	242,949	242,949
Exercise of share options	371,275	—	—	—	(215,825)	155,450
Cancellation of ordinary shares	(148,595)	—	—	—	—	(148,595)
Appropriations to statutory reserves	—	25,390	—	—	—	25,390
Appropriations to special reserves	—	—	393	—	—	393
Balance at December 31, 2025	4,024,410	47,429	393	(5,488)	399,067	4,465,811

(i) The balances of other comprehensive income as at December 31, 2023, 2024 and 2025 represent exchange differences on translation of foreign operations.

The Company

	Share premium RMB'000	Statutory reserves RMB'000	Other reserves RMB'000	Total RMB'000
Balance at January 1, 2023	1,814,485	22,039	9,522	1,846,046
Share-based payment expenses	—	—	130,870	130,870
Balance at December 31, 2023	1,814,485	22,039	140,392	1,976,916
Balance at January 1, 2024	1,814,485	22,039	140,392	1,976,916
Share-based payment expenses	—	—	338,054	338,054
Exercise of share options	111,316	—	(93,019)	18,297
Shares repurchase and cancellation	(19,297)	—	—	(19,297)
Balance at December 31, 2024	1,906,504	22,039	385,427	2,313,970
Balance at January 1, 2025	1,906,504	22,039	385,427	2,313,970
Issuance of shares (<i>Note 29(i)</i>)	1,840,660	—	—	1,840,660
Share-based payment expenses	—	—	242,949	242,949
Exercise of share options	371,275	—	(215,825)	155,450
Cancellation of ordinary shares	(148,595)	—	—	(148,595)
Appropriations to statutory reserves	—	25,390	—	25,390
Balance at December 31, 2025	3,969,844	47,429	412,551	4,429,824

33. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of (Loss)/profit Before Income Tax to Net Cash (Used in)/Generated from Operations:

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
(Loss)/profit before income tax for the year	(742,028)	164,779	932,574
Adjustments for:			
Interest income	(5,703)	(7,916)	(14,540)
Finance costs	113,230	147,211	175,332
Depreciation and amortization	68,790	115,564	179,004
Net losses/(gains) on disposal of property, plant and equipment and other non-current assets	68	(313)	(397)

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	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net impairment losses on financial assets	1,839	4,959	13,094
Impairment losses on assets	138,275	60,544	10,556
Net gains on financial instruments	(8,765)	(93,824)	(64,114)
Net foreign exchange losses/(gains)	13,138	(16,703)	31,958
Share-based payment expenses	130,870	338,054	253,905
Change in working capital:			
Increase in receivables	(490,392)	(351,040)	(980,969)
Increase in payables	724,407	216,234	1,819,498
Increase in inventories	(1,736,778)	(46,265)	(4,325,708)
Cash (used in)/generated from operations	(1,793,049)	531,284	(1,969,807)
(b) Net Debt Reconciliation			
	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At January 1, 2023	1,588,218	8,211	1,596,429
Financing cash flows	1,971,527	(7,173)	1,964,354
Interest paid	(112,170)	(543)	(112,713)
Interest accrued	112,774	543	113,317
Other non-cash movements	4,693	13,613	18,306
At December 31, 2023	3,565,042	14,651	3,579,693
At January 1, 2024	3,565,042	14,651	3,579,693
Financing cash flows	920,488	(11,320)	909,168
Interest paid	(145,589)	(755)	(146,344)
Interest accrued	145,287	755	146,042
Other non-cash movements	(2,709)	14,828	12,119
At December 31, 2024	4,482,519	18,159	4,500,678
At January 1, 2025	4,482,519	18,159	4,500,678
Financing cash flows	2,701,433	(10,641)	2,690,792
Interest paid	(184,480)	(1,181)	(185,661)
Interest accrued	165,292	1,181	166,473
Other non-cash movements	13,239	62,799	76,038
At December 31, 2025	7,178,003	70,317	7,248,320

34. CONTINGENCIES AND COMMITMENTS

34.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Historical Financial Information.

34.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment commitments:			
— Contracted, but not provided for	5,566	89,347	271,998
— Authorized, but not contracted	3,090,000	2,737,197	1,897,569
Equity investment commitments:			
— Contracted, but not provided for	70,000	70,000	—
	3,165,566	2,896,544	2,169,567

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35. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder’s families. Members of key management and their close family member are also considered as related parties of the Group.

(a) Names and Relationship with Related Parties

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group during the Track Record Period.

Name of the major related parties	Relationship with the Group
Mr. Sun	Ultimate controlling shareholder
Shenzhen Hemei Jingyi Semiconductor Technology Co., Ltd. (深圳和美精藝半導體科技股份有限公司) (“Hemei Jingyi”)	A director of the Company is a director of this entity
Shenzhen Memory Industry Association (深圳市存儲器行業協會)	A close relative of the Company’s ultimate shareholder is this entity’s legal representative
Huizhou Zhongkai High-tech Zone Lefengyuan Catering Management Service Department (惠州市仲愷高新區樂豐園餐飲管理服務部) (“Huizhou Zhongkai”)	A person acting in concert of the Company’s ultimate shareholder is key management personnel of this entity
Dongguan Taiyi Electronic Technology Co., Ltd. (東莞市台易電子科技有限公司) (“Dongguan Taiyi”)	A director of the Company is a director of this entity
Niuxin Semiconductor (Shenzhen) Co., Ltd. (牛芯半導體(深圳)股份有限公司) (“Niuxin Semiconductor”)	A director of the Company is a director of this entity
Huizhou Baoyin Precision Manufacturing Co., Ltd. (惠州市寶銀精密製造有限公司) (“Huizhou Baoyin”)	A close relative of the Company’s ultimate shareholder is this entity’s director and financial controller

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following significant transactions with related parties:

(b) Significant Transactions with Related Parties

	Year ended December 31,		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Purchasing goods:			
Hemei Jingyi	34,090	34,570	—
Dongguan Taiyi	—	7	255
Niuxin Semiconductor	—	—	2,660
Huizhou Baoyin	—	—	1
	<u>34,090</u>	<u>34,577</u>	<u>2,916</u>
Acceptance of services:			
Huizhou Zhongkai	<u>7,744</u>	<u>8,082</u>	<u>9,963</u>
Sponsorship fee:			
Shenzhen Memory Industry Association	<u>340</u>	<u>519</u>	<u>793</u>
	As at December 31,		
	2023 RMB’000	2024 RMB’000	2025 RMB’000
Guarantee provided by the ultimate controlling shareholders			
Bank borrowings	2,547,086	3,544,832	3,377,943
Trade and notes payables	<u>344,391</u>	<u>175,427</u>	<u>111,662</u>
	<u>2,891,477</u>	<u>3,720,259</u>	<u>3,489,605</u>

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(c) Balances with Related Parties

	As at December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Trade payables:			
Hemei Jingyi	7,875	11,233	—
Dongguan Taiyi	—	—	207
Niuxin Semiconductor	—	—	423
	<u>7,875</u>	<u>11,233</u>	<u>630</u>
Other payables:			
Huizhou Zhongkai	<u>1,567</u>	<u>624</u>	<u>1,777</u>

All the balances with the related parties are trade in natures.

(d) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company’s directors and supervisors as disclosed in Note 10(a), was as follows:

	Year ended December 31,		
	2023 RMB'000	2024 RMB'000	2025 RMB'000
Salaries, wages and bonuses	11,000	21,964	63,254
Retirement benefits	152	220	464
Housing fund and other benefits	201	255	503
Share-based payment expenses	<u>46,231</u>	<u>141,601</u>	<u>113,724</u>
	<u>57,584</u>	<u>164,040</u>	<u>177,945</u>

As at December 31, 2023, 2024 and 2025, approximately RMB1,868,000, RMB1,057,000 and RMB33,452,000 of payroll payables which were unpaid as at year end are included in accruals and other payables. The share-based payments provided to key management personnel consist of restricted share incentive schemes which are equity-settled, see Note 30.

36. EVENTS AFTER THE REPORTING PERIOD

On March 19, 2026, a final dividend in respect of the year ended December 31, 2025 of RMB2.14 per 10 shares (tax inclusive) has been proposed by the Board of Directors. The profit distribution plan has been reviewed and approved at the 11th meeting of the Fourth Board of Directors, and is subject to further review and approval at the 2025 Annual General Meeting. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

37. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by 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.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group’s voting rights in an investee are sufficient to give it power, including:

- the size of the Group’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and

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- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

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

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

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

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.

Non-controlling interests 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.

Changes in the Group’s ownership interests in existing subsidiaries

Changes in the Group’s ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group’s relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group’s and the non-controlling interests’ proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee’s net assets including goodwill.

(3) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company’s functional and the Group’s presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. 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. They are deferred in equity if they relate to qualifying cash flow hedges.

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Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

(4) Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

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

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

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

(5) Intangible Assets

Intangible assets mainly include software and license rights. They are initially recognized and measured at cost or fair value of intangible assets acquired through business combination. The Group amortizes these intangible assets with a limited useful life using the straight-line method over its estimated useful life.

When determining the length of useful lives of these intangible assets, management take into account the (i) estimated period during which such assets can bring economic benefits to the Group; and (ii) the useful life estimated by comparable companies in the market.

Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred to develop new products is capitalized only when the Group can demonstrate the technical feasibility of completing intangible assets so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the assets will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

(6) Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(7) Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

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(8) Contract Assets and Contract Liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in “Impairment of financial assets and contract assets” above and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration in advance of performance. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(9) Investments and Other Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value through profit and loss, gains and losses will be recorded in profit or loss.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Debt instruments

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

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- FVTPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statements of comprehensive income. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

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(iv) Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. Details, please refer to credit risks in Note 3.2.

(10) Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

(11) Contract Fulfilment Costs

The Group recognizes the contract fulfilment costs from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

The contract fulfilment costs recognized shall be amortized to profit or loss on a systematic basis that is consistent with the transfer to the customer of the services to which the asset relates.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of contract fulfilment cost recognized exceeds:

- the remaining amount of consideration that the entity expects to receive in exchange for the services to which the asset relates; less
- the costs that relate directly to providing those services and that have not been recognized as expenses.

(12) Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Costs of inventories are determined on the moving weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Share Capital

Share capital are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases the Company’s equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(14) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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(15) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(16) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(17) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group’s liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group’s defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

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(iv) Basic Pensions

The Group’s employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(18) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 30.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument granted or is otherwise beneficial to the employee as measured at the date of modification.

(19) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Group’s financial statement in the period in which the dividends are approved by the entities’ shareholders or directors, where appropriate.

(20) Interest Income

Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

Interest income from financial instruments is calculated by effective interest method and recognized in profit or loss for the current period. Interest income comprises premiums or discounts, or the amortization based on effective rates of other difference between the initial carrying amount and the due amount of interest-earning assets.

The effective interest method is a method of calculating the amortized cost of a financial asset or liability and the interest income or interest costs based on effective rates. The effective interest rate is the rate at which the estimated future cash flows during the period of expected duration of the financial instruments or applicable shorter period are discounted to the current carrying amount of the financial instruments. When calculating the effective interest rate, the Group estimates cash flows by considering all contractual terms of the financial instrument (e.g., early repayment options, similar options, etc.), but without considering future credit losses. The calculation includes all fees and interest paid or received that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

Interest income from impaired financial assets is calculated at the interest rate that is used for discounting estimated future cash flow when measuring the impairment loss.

(21) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(22) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

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Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(23) Government Grant

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(24) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period’s taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

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For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Current and deferred tax are 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.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(25) Leases

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

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

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

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

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

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

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

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025.